

# Taragon Property Fund

ANNUAL REPORT 2006

ABN 32 224 732 497 ARSN 107 276 184

## Company Particulars

### Taragon Property Fund

ARSN 107 276 184 ABN 32 224 732 497

#### RESPONSIBLE ENTITY

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

#### REGISTERED OFFICE

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

#### CUSTODIAN

J P Morgan Trust Australia Limited  
Level 35, 259 George Street  
Sydney NSW 2000  
ABN 49 050 294 052  
Telephone: (02) 9250 4111  
Facsimile: (02) 9247 4913

#### DIRECTORS OF THE RESPONSIBLE ENTITY

Geoffrey Pattison Leaver (*Chairman and Executive Director*)  
Alexander Damien Beard (*Executive Director*)  
Kim Warren McGrath (*Non-Executive Director*)

#### SOLICITORS TO THE RESPONSIBLE ENTITY

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

#### COMPLIANCE COMMITTEE

Mei Ling Perry (*Chairman*)  
Russell Wheeler  
Peter Kalantzis

#### COMPANY SECRETARY

John Andrew Hunter

#### UNIT REGISTRY

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
Perth WA 6000  
Telephone: (08) 9323 2000  
Facsimile: (08) 9323 2033

#### AUDITORS TO THE FUND

Deloitte Touche Tohmatsu  
225 George Street  
Sydney NSW 2000  
Telephone: (02) 9322 7000  
Facsimile: (02) 9322 7001

#### STOCK EXCHANGE LISTING

Australian Stock Exchange Limited

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## Chairman's Report

Dear Unitholder

On behalf of the Board of CVC Property Managers Limited (formerly Taragon Management Limited), I present the 2006 Annual Report for Taragon Property Fund.

As indicated in the financial report for the half year to 31 December, the 2006 financial year has been disappointing, with a loss of \$1,451,962. This is primarily the result of the decision to discontinue the proposed development of the High Wycombe site in Perth and its subsequent sale at a price below the carrying book value.

The sale is a turning point for the Taragon Property Fund as the later part of this year has been one of consolidation and refocusing the operations, starting with the acquisition of Taragon Management Limited by the ASX listed investment company CVC Limited.

Since inception over 20 years ago, CVC Limited has a proven record of successful property related deals, ranging from acquiring direct property, accumulating meaningful shareholdings in listed property developers and providing development funding.

With the assistance of CVC Limited, CVC Property Managers Limited will build on this platform of property successes and grow the Fund's property portfolio.

The upcoming Annual General Meeting will provide an opportunity to present to you the growth strategy of the Fund including a number of new initiatives identified. The date of the meeting will be forwarded to you shortly.

In the meantime, I would be pleased to talk with you regarding your investment any time.

Kind regards



Geoffrey Leaver  
*Chairman*

## Directors' Report

The Directors of CVC Property Managers Limited (ACN 066 092 028), (formerly Taragon Management Limited), (the "Responsible Entity"), submit herewith the annual financial report of Taragon Property Fund (the "Fund") for the financial year ended 30 June 2006. 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:

**Geoffrey Pattison Leaver** (*Chairman and Executive Director*)  
B. Econ. (Syd) SEP (Stanford)  
Appointed 23 December 2005

Mr Leaver has been involved in Funds Management and Financial Planning for over 20 years in a variety of senior management roles with such companies as Prudential Australia Pty Ltd, Tower Australia Limited and Bridges Personal Investment Services.

**Alexander Damien Beard** (*Executive Director*)  
B. Com. (Uni. of NSW)  
Appointed 23 December 2005  
Fellow of the Institute of Chartered Accountants in Australia.  
Member of the Australian Institute of Company Directors.

During the past three years Mr Beard has also served as a Director of the following other listed companies: CVC Limited, Greens Foods Limited, SMC Gold Limited and Australian Visual Communications 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  
Appointed 10 December 2004

**Phillip Tjandra Sulistio** (*Chairman*)  
Appointed 28 March 2003, resigned 23 December 2005  
Managing Director of Spurbest Pty Limited, a Sydney property developer and investor.

**John Falconer** (*Non-Executive Director*)  
Appointed 28 March 2003, resigned 23 December 2005  
Fellow of the Institute of Chartered Accountants and Associate of the Securities Institute of Australia.

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)  
Appointed 21 March 2006  
Member of the Institute of Chartered Accountants in Australia.

### Michael John Bower

Appointed 23 December 2005, resigned 21 March 2006  
Member of the Institute of Chartered Accountants in Australia.  
Member of the Institute of Chartered Accountants in England and Wales.

### PRINCIPAL ACTIVITIES

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

The Fund's principal activities during the financial year were the ownership and development of property 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.

### REVIEW OF OPERATIONS

#### Results

The results of the operations of the Fund are disclosed in the Income Statement of these financial statements. The net loss attributable to unitholders for the year ended 30 June 2006 was \$1,451,962 (2005: profit - \$91,087).

The Fund was the owner of 14 separate parcels of commercial land at High Wycombe Business Park, WA at 1 July 2005. During the current financial year, the Directors of the Responsible Entity decided to discontinue the development of the Western Australian property and instead entered into a conditional contract to sell the site to a third party. On 28 February 2006, lots 107, 108, 117, 118 and 121 were sold for \$1,620,000 and a deferred settlement agreement was entered into to sell the remaining lots, being 101 and 109 to 116 inclusive by 28 February 2007 for \$1,380,000.

#### Distributions

No distribution has been declared during the financial year or since the end of the financial year (2005: 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

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has 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.

## Directors' Report

### 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.

### 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

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 3 to the financial statements.

The auditor's independence declaration is included on page 4 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 14 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 14 to the financial statements.

The number of interests in the Fund issued during the financial year, withdrawals from the Fund during the financial year, and the number of interests in the Fund at the end of the financial year are disclosed in note 14 to the financial statements.

The value of the Fund's assets attributable to unitholders as at the end of the financial year is disclosed in the balance sheet as "Net Assets Attributable to Unitholders" and the basis of valuation is included in note 1 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



Geoffrey Pattison Leaver  
*Director*

CVC Property Managers Limited  
4 August 2006

The Board of Directors  
CVC Property Managers Limited  
Level 42, 259 George St  
Sydney NSW 2000

4 August 2006

Dear Board Members

**CVC Property Managers Limited, the Responsible Entity for Taragon Property Fund**

In accordance with s.307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of CVC Property Managers Limited, the Responsible Entity for Taragon Property Fund.

As lead audit partner for the audit of the financial statements of Taragon Property Fund for the financial year ended 30 June 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Adam Thompson  
Partner  
Chartered Accountants

## Income Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
<b>INCOME</b>			
Net gain on sale of investment property		-	11,509
Interest income		23,307	-
Other income		1,140	-
Change in fair value of investment property		-	395,000
<b>Total income</b>	2(a)	<b>24,447</b>	406,509
<b>EXPENSES</b>			
Net loss on sale of property, plant and equipment		812,783	-
Change in fair value of investment property		435,420	-
Administrative expenses		133,111	266,621
Borrowing costs		5,255	755
Property-related expenses		89,840	48,046
<b>Total expenses</b>	2(b)	<b>1,476,409</b>	315,422
<b>(Loss)/profit attributable to unitholders</b>		<b>(1,451,962)</b>	91,087
<b>FINANCE COSTS ATTRIBUTABLE TO UNITHOLDERS</b>			
Net (decrease)/increase in net assets attributable to unitholders		(1,451,962)	91,087
<b>Net loss</b>		<b>-</b>	-
Basic and diluted earnings per unit (cents per unit)	10	<b>(9.63)</b>	0.60

Notes to the financial statements are included on pages 9 to 20.

## Balance Sheet

AS AT 30 JUNE 2006

	Notes	2006 \$	2005 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	11	1,140,882	225,434
Trade and other receivables	4	132,568	-
Assets held for sale	5	1,329,580	-
<b>Total current assets</b>		<b>2,603,030</b>	225,434
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	-	2,217,183
Investment property	7	-	1,765,000
<b>Total non-current assets</b>		-	3,982,183
<b>TOTAL ASSETS</b>		<b>2,603,030</b>	4,207,617
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	180,346	332,971
<b>Total current liabilities</b>		<b>180,346</b>	332,971
<b>TOTAL LIABILITIES (EXCLUDING LIABILITIES ATTRIBUTABLE TO UNITHOLDERS)</b>		<b>180,346</b>	332,971
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>2,422,684</b>	3,874,646
<b>LIABILITIES ATTRIBUTABLE TO UNITHOLDERS</b>		<b>(2,422,684)</b>	(3,874,646)
<b>NET ASSETS</b>		-	-

In accordance with AASB 132 *Financial Instruments: Presentation*, Unitholders' funds are classified as a liability and accordingly the Fund has no equity for financial statement purposes for the current or prior financial periods.

Notes to the financial statements are included on pages 9 to 20.

## Statement of Recognised Income and Expense

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
Net profit/(loss) for the period	-	-
Total recognised income and expense for the period	-	-

*Notes to the financial statements are included on pages 9 to 20.*

## Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	Notes	2006 \$	2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash payments in the course of operations		(484,360)	(83,508)
Interest received		18,338	6,509
Finance costs paid (excluding distributions to unitholders)		(5,255)	(755)
<b>Net cash used in operating activities</b>	11(b)	<b>(471,277)</b>	<b>(77,754)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investment property		-	629,000
Payment for property, plant and equipment		(233,275)	(453,657)
Proceeds from sale of property, plant and equipment		1,620,000	-
<b>Net cash provided by investing activities</b>		<b>1,386,725</b>	<b>175,343</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		350,000	-
Repayment of borrowings		(350,000)	(900)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(900)</b>
<b>Net increase in cash and cash equivalents held</b>		<b>915,448</b>	<b>96,689</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>225,434</b>	<b>128,745</b>
<b>Cash and cash equivalents at the end of the financial year</b>	11(a)	<b>1,140,882</b>	<b>225,434</b>

Notes to the financial statements are included on pages 9 to 20.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

## 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 (formerly Taragon Management Limited) ABN 72 066 092 028 is the Responsible Entity of the Fund. The Responsible Entity's registered office is Level 42, 259 George Street, 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, Australian Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis, except for investment properties, which have been measured at fair value. Management is required to make judgements, estimates and assumptions in relation to the carrying value of assets and liabilities, that have significant risk of material adjustments in the next year and these have been disclosed in the relevant notes to the financial statements.

The financial statements were authorised for issue by the Directors on 4 August 2006.

### Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS). The Fund changed its accounting policies on 1 July 2005 to comply with AIFRS. The transition to AIFRS is accounted for in accordance with Australian Accounting Standards AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, with 1 July 2004 being the date of transition. Reconciliations of AIFRS equity and profit for 30 June 2005 to the balances reported in the 30 June 2005 financial report and at transition to AIFRS are detailed in note 17.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005, and in the preparation of the opening AIFRS balance sheet at 1 July 2004 (as disclosed in note 17), the Fund's date of transition. The following accounting policies have been adopted in the preparation and presentation of the financial report:

### 1.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund 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.

#### Sale of property, plant and equipment

The gain or loss on sale of property, plant and equipment is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. On 28 February 2006 lots 107, 108, 117, 118 and 121 were sold and the loss on the sale has been recorded in profit or loss.

#### Sale of investment properties

On 28 February 2006 a binding deferred settlement agreement was signed to settle lots 101 and 109 to 116 inclusive on 28 February 2007. A revaluation has been recorded in profit or loss to reflect the fair value of the investment properties as a result of the agreement.

### 1.2 Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### 1.3 Trade and Other Receivables

Receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Fund will not be able to collect the debts, and bad debts are written off when identified.

### 1.4 Income Tax

Under current income tax legislation the Fund is not liable to pay income tax as income of the Fund 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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Continued)

#### 1.5 Goods and Services Tax

Management fees, custody fees and other expenses are recognised net of the amount of goods and services tax ("GST") recoverable from the Australian Tax Office ("ATO") as a reduced input tax credit ("RITC").

Accounts payable and accrued expenses are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to the taxation authority is classified as operating cash flows.

#### 1.6 Investment Property

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 Property, Plant and Equipment

Property under development is recorded at original cost or valuation at the time that the property was placed under development plus development expenditure at cost. During the year the development of the property was discontinued and the asset was sold.

#### 1.8 Trade and Other Payables

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

#### 1.9 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.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

#### 1.10 Net Assets Attributable to Unitholders' Liability

In accordance with AASB 132 *Financial Instruments: Presentation*, Unitholders' funds are classified as a liability.

#### 1.11 Distributions

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

#### 1.12 Comparative Figures

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
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### NOTE 2: INCOME AND EXPENSES

Profit/(loss) before income tax has been determined after:

#### (a) Income

Interest receipts – other entities	23,307	-
Net gain on sale of investment property	-	11,509
Other income	1,140	-
Change in fair value of investment property	-	395,000
	<b>24,447</b>	<b>406,509</b>

#### (b) Expenses

Legal fees	37,091	51,550
Tax, audit and accounting fees	32,432	43,809
Consulting fees	47,115	51,536
Management fees	48,659	58,928
Rates and taxes - property	10,378	47,499
Change in fair value of investment property	435,420	-
Net loss on sale of property, plant and equipment	812,783	-
Other expenses	52,531	62,100
	<b>1,476,409</b>	<b>315,422</b>

### NOTE 3: REMUNERATION OF AUDITORS

Auditing or reviewing the financial report	39,900	30,700
Other non-audit services – tax return preparation	-	2,000
	<b>39,900</b>	<b>32,700</b>

The auditor of the Fund is Deloitte Touche Tohmatsu.

### NOTE 4: TRADE AND OTHER RECEIVABLES

Interest	4,970	-
Goods and services tax	127,598	-
	<b>132,568</b>	<b>-</b>

### NOTE 5: ASSETS HELD FOR SALE

Investment property	1,329,580	-
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In accordance with the deferred settlement agreement signed on 28 February 2006 the sale of the investment property is expected to be settled on 28 February 2007.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
<b>NOTE 6: PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Property, Plant and Equipment</b>		
<b>Gross carrying amount – at cost</b>		
Opening balance	2,217,183	-
Transfer from investment property	-	1,656,000
Additions	233,275	561,183
Disposals	(2,450,458)	-
Closing balance	-	2,217,183

During the year the Directors made a decision to discontinue the proposed development of the High Wycombe site and on 28 February 2006, lots 107, 108, 117, 118 and 121 were sold for \$1,620,000.

### NOTE 7: INVESTMENT PROPERTY

Land—fair value	-	1,765,000
Opening balance	1,765,000	3,650,000
Transfer to property, plant and equipment	-	(1,656,000)
Fair value adjustment	(435,420)	395,000
Additions	-	-
Disposals	-	(624,000)
Reclassification to assets held for sale	(1,329,580)	-
Closing balance	-	1,765,000

A deferred settlement agreement was signed to sell lots 101 and 109 to 116 inclusive, by 28 February 2007 for \$1,380,000 which have been reclassified to assets held for sale at note 5.

### NOTE 8: TRADE AND OTHER PAYABLES

<b>Unsecured:</b>		
Trade creditors	133,946	283,761
Accruals	46,400	41,820
Other creditors	-	7,390
	<b>180,346</b>	<b>332,971</b>

Payables are non-interest bearing and are normally settled within 60 days.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
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### NOTE 9: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Movements in net assets attributable to unitholders were as follows:

Unitholder's funds at start of year	3,874,646	3,783,559
Profit/(loss) for the year attributable to unitholders	(1,451,962)	91,087
	<b>2,422,684</b>	3,874,646
Number of units on issue at the beginning and end of the financial year	<b>15,076,938</b>	15,076,938
	<b>2006</b>	2005
Net tangible asset backing (cents per unit)	<b>16.07</b>	25.36

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 10: EARNINGS PER UNIT

	<b>2006</b>	2005
Basic and diluted earnings per unit (cents per unit)	<b>(9.63)</b>	0.60
	<b>2006</b>	2005
	<b>\$</b>	<b>\$</b>
Earnings used in the calculation of basic and diluted earnings per unit	<b>(1,451,962)</b>	91,087
Weighted average number of units used in the calculation of basic and diluted earnings per unit	<b>15,076,938</b>	15,076,938

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

	2006 \$	2005 \$
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### NOTE 11: NOTES TO THE CASH FLOW STATEMENT

#### (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 cash flow statement is reconciled to the balance sheet as follows:

Cash at bank	1,140,882	225,434
Total cash and cash equivalents	1,140,882	225,434

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

Net loss	-	-
Finance costs attributable to unitholders	(1,451,962)	91,087
Net loss attributable to unitholders	(1,451,962)	91,087
<i>Non cash flows in profit/(loss)</i>		
Profit on sale of investment property	-	(5,000)
Loss on sale of property, plant and equipment	812,783	-
Change in fair value of investment property	435,420	(395,000)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(132,568)	48,406
(Decrease)/increase in trade and other payables	(134,950)	182,753
Net cash used in operating activities	(471,277)	(77,754)

### NOTE 12: SEGMENT INFORMATION

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

### NOTE 13: FINANCIAL INSTRUMENTS

#### (a) Significant accounting policies

Details of the significant accounting policies adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

#### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund does not have any significant credit risk exposures to any single counterparty or counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, represents the Fund's maximum exposure to credit risk without taking into account the value of any collateral or other security obtained in relation to those assets.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 13: FINANCIAL INSTRUMENTS (Continued)

#### (c) Interest rate risk

The following table details the Fund's exposure to interest rate risk:

	Average interest rate		Variable interest rate		Non-interest bearing	
	2006	2005	2006	2005	2006	2005
	%	%	\$	\$	\$	\$
<b>Financial Assets</b>						
Cash and cash equivalents	5.60	5.42	1,140,882	225,434	-	-
Trade and other receivables	-	-	-	-	132,568	-
<b>Total Financial Assets</b>			<b>1,140,882</b>	<b>225,434</b>	<b>132,568</b>	<b>-</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	-	180,346	332,971
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>180,346</b>	<b>332,971</b>
<b>Net Financial Assets/(Liabilities)</b>			<b>1,140,882</b>	<b>225,434</b>	<b>(47,778)</b>	<b>(332,971)</b>

	2006	2005
	\$	\$
<b>Reconciliation of net financial assets to net assets:</b>		
Net financial assets as above – variable rate	1,140,882	225,434
Net financial assets/(liabilities) as above – non-interest bearing	(47,778)	(332,971)
Non-financial assets and liabilities:		
Assets held for sale	1,329,580	-
Investment property	-	1,765,000
Property, plant and equipment	-	2,217,183
<b>Net assets attributable to unitholders per balance sheet</b>	<b>2,422,684</b>	<b>3,874,646</b>

#### (d) Net fair value

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 14: RELATED PARTY DISCLOSURE

#### (a) Key management personnel

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

- Geoffrey Pattison Leaver (*Chairman and Executive Director* – appointed 23 December 2005)
- Alexander Damien Beard (*Executive Director* – appointed 23 December 2005)
- Kim Warren McGrath (*Non-Executive Director*)
- John Falconer (*Non-Executive Director* – resigned 23 December 2005)
- Phillip Tjandra Sulistio (*Executive Director* – resigned 23 December 2005)

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

#### (b) Remuneration of key management personnel

No amounts were paid by the Fund directly to key management personnel. The table below discloses the remuneration received by key management personnel from the Responsible Entity. 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 Base Salary Fees	Post - employment benefits Superannuation	Other **	Total
Geoffrey P. Leaver*	<b>2006</b>	<b>96,567</b>	<b>8,691</b>	-	<b>105,258</b>
	2005	-	-	-	-
Alexander D. Beard*	<b>2006</b>	<b>62,580</b>	<b>2,253</b>	-	<b>64,833</b>
	2005	-	-	-	-
Kim W. McGrath	<b>2006</b>	<b>25,750</b>	<b>2,318</b>	-	<b>28,068</b>
	2005	38,625	1,856	-	40,481
Phillip T. Sulistio***	<b>2006</b>	-	-	-	-
	2005	-	-	-	-
John Falconer	<b>2006</b>	<b>10,000</b>	-	-	<b>10,000</b>
	2005	27,875	-	-	27,875
<b>Total</b>	<b>2006</b>	<b>194,897</b>	<b>13,262</b>	-	<b>208,159</b>
	2005	66,500	1,856	-	68,356

\* Messrs Leaver and Beard are employees of CVC Managers Pty Limited, a subsidiary of CVC Limited, the parent of the Responsible Entity. Messrs Leaver and Beard are not remunerated by the Responsible Entity. The amount disclosed is for the period 23 December 2005 to 30 June 2006 and represents the total remuneration paid by CVC Managers Pty Limited as this can not be apportioned between their responsibilities as Director of the Responsible Entity and other unrelated duties.

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

\*\*\* Mr Sulistio was not remunerated by the Responsible Entity for his responsibilities as Director.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 14: RELATED PARTY DISCLOSURE (Continued)

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

	Units held at 1 July 2005 No.	Movement in units held during year No.	Units held at 30 June 2006 No.
Alexander D. Beard	-	-	-
Geoffrey P. Leaver	-	-	-
Phillip T. Sulistio	7,421,266	(2,940,002)	4,481,264
John Falconer	510,000	-	510,000
Kim W. McGrath	-	-	-
	7,931,266	(2,940,002)	4,991,264

#### (d) Responsible Entity, Manager and Custodian

The Responsible Entity of the Fund is CVC Property Managers Limited (formerly Taragon Management Limited) ABN 72 066 092 028, AFSL 229 809.

CVC Property Managers Limited also acts as manager of the Fund and JP Morgan Trust 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 Fund. The ultimate parent of the Responsible Entity, CVC Limited, holds 2,940,002 units in the Fund (2005: nil).

#### (f) Loans to key management personnel

No loans were made by the Fund 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 \$48,659 (2005 - \$58,928) were paid to CVC Property Managers Limited of which \$3,605 was included in trade creditors at year end;
- (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 2006 unless stated otherwise;
- (iii) Custodian fees of \$15,000 (2005 - \$15,000) were paid to JP Morgan Australia Limited as Custodian of the Fund of which \$7,500 is included in accruals at year end; and
- (iv) Establishment fees paid of nil (2005 - \$900) on behalf of the Fund were repaid to CVC Property Managers Limited.

### NOTE 15: EVENTS SUBSEQUENT TO YEAR END

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has 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 16: ADDITIONAL INFORMATION

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 17: IMPACTS OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

For all periods up to and including the year ended 30 June 2005, the Fund prepared its financial statements in accordance with Australian Generally Accepted Accounting Principles (AGAAP). These financial statements for the year ended 30 June 2006 are the first the Fund is required to prepare in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS).

Accordingly, the Fund has prepared financial statements that comply with AIFRS applicable for periods beginning on or after 1 January 2005 and the significant accounting policies meeting those requirements are described in note 1. In preparing these financial statements, the Fund has started from an opening balance sheet as at 1 July 2004, the Fund's date of transition to AIFRS, and made those changes in accounting policies and other restatements required by AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*.

This note explains the principal adjustments made by the Fund in restating its AGAAP balance sheet as at 1 July 2004 and its previously published AGAAP financial statements for the year ended 30 June 2005.

#### Explanation of material adjustments to the cash flow statement

There is no material differences between the cash flow statement presented under AIFRS and the cash flow statement presented under previous AGAAP.

#### Effects of AIFRS on the balance sheet as at 1 July 2004

	Notes	Previous AGAAP* \$	Effect of transition to AIFRS \$	AIFRS \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		128,745	-	128,745
Trade and other receivables		45,101	-	45,101
<b>Total current assets</b>		<b>173,846</b>	<b>-</b>	<b>173,846</b>
<b>NON-CURRENT ASSETS</b>				
Investment property		3,650,000	-	3,650,000
<b>Total non-current assets</b>		<b>3,650,000</b>	<b>-</b>	<b>3,650,000</b>
<b>TOTAL ASSETS</b>		<b>3,823,846</b>	<b>-</b>	<b>3,823,846</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables		40,287	-	40,287
<b>Total current liabilities</b>		<b>40,287</b>	<b>-</b>	<b>40,287</b>
<b>TOTAL LIABILITIES</b>		<b>40,287</b>	<b>-</b>	<b>40,287</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	(a)	-	(3,783,559)	(3,783,559)
<b>NET ASSETS</b>		<b>3,783,559</b>	<b>(3,783,559)</b>	<b>-</b>
<b>UNITHOLDERS' FUNDS</b>				
Settled sum	(a)	60	(60)	-
Units on issue	(a)	5,799,590	(5,799,590)	-
Accumulated losses	(a)	(2,016,091)	2,016,091	-
<b>Total Unitholders' Funds</b>		<b>3,783,559</b>	<b>(3,783,559)</b>	<b>-</b>

\*Reported balance sheet under previous AGAAP.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 17: IMPACTS OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (Continued)

Effects of AIFRS on the balance sheet as at 30 June 2005

Notes	Previous AGAAP* \$	Effect of transition to AIFRS \$	AIFRS \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	225,434	-	225,434
<b>Total current assets</b>	<b>225,434</b>	<b>-</b>	<b>225,434</b>
<b>NON-CURRENT ASSETS</b>			
Investment property	1,765,000	-	1,765,000
Property, plant and equipment	2,217,183	-	2,217,183
<b>Total non-current assets</b>	<b>3,982,183</b>	<b>-</b>	<b>3,982,183</b>
<b>TOTAL ASSETS</b>	<b>4,207,617</b>	<b>-</b>	<b>4,207,617</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	332,971	-	332,971
<b>Total current liabilities</b>	<b>332,971</b>	<b>-</b>	<b>332,971</b>
<b>TOTAL LIABILITIES</b>	<b>332,971</b>	<b>-</b>	<b>332,971</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (LIABILITY)</b>	<b>(a) -</b>	<b>(3,874,646)</b>	<b>(3,874,646)</b>
<b>NET ASSETS</b>	<b>3,874,646</b>	<b>(3,874,646)</b>	<b>-</b>
<b>UNITHOLDERS' FUNDS</b>			
Settled sum	(a) 60	(60)	-
Units on issue	(a) 5,799,590	(5,799,590)	-
Asset revaluation reserve	(b) 395,000	(395,000)	-
Accumulated losses	(a) (2,320,004)	2,320,004	-
<b>Total Unitholders' Funds</b>	<b>3,874,646</b>	<b>(3,874,646)</b>	<b>-</b>

\*Reported balance sheet under previous AGAAP.

## Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

### NOTE 17: IMPACTS OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (Continued)

Effects of AIFRS on the income statement for the financial year ended 30 June 2005

	Notes	Previous AGAAP* \$	Effect of transition to AIFRS \$	AIFRS \$
<b>INCOME</b>				
Revenue	(b)	635,509	(635,509)	-
Cost of goods sold	(b)	(624,000)	624,000	-
Gross profit		11,509	(11,509)	-
Net gain on sale of investment property		-	11,509	11,509
Change in fair value of investment property	(b)	-	395,000	395,000
<b>Total income</b>		11,509	395,000	406,509
<b>EXPENSES</b>				
Administrative expenses		266,621	-	266,621
Borrowing costs		755	-	755
Property-related expenses		48,046	-	48,046
<b>Total expenses</b>		315,422	-	315,422
<b>(Loss)/profit attributable to unitholders</b>		(303,913)	395,000	91,087
Net (decrease)/increase in net assets attributable to unitholders		-	91,087	91,087
<b>Net loss</b>		(303,913)	303,913	-

\*Reported income statement under previous AGAAP.

#### (a) Unitholders' funds

On 1 July 2005 the Fund applied AIFRS which requires net assets attributable to the unitholders to be classified and disclosed as a liability in the balance sheet. The income statement format has also been updated to reflect the treatment of unitholders' funds as a financial liability.

#### (b) Investment property

AASB 140 *Investment Property* allows investment property to be accounted for using either the cost method or the fair value method. The Directors have elected to measure investment properties using the fair value method under AIFRS, which requires all changes in fair value to go directly to the income statement. This differs from the previous accounting policy because any increments in fair value under the previous accounting policy were taken to the asset revaluation reserve to the extent that they are not reversing a previous fair value decrement.

Consequently, revaluation increments of \$395,000 have been transferred from the asset revaluation reserve to the income statement for the financial year ended 30 June 2005.

Under AGAAP, the Fund recognised the gain or loss on disposal of property, plant and equipment on a "gross" basis by recognising the proceeds from sale as revenue, and the carrying amount of the property, plant and equipment disposed as an expense. Under AIFRS, the gain or loss on disposal is recognised on a "net" basis, and is classified as income, rather than revenue. Accordingly, the "gross" amounts have been reclassified within the income statement for AIFRS reporting purposes.

## Directors' Declaration

The Directors of the Responsible Entity declare that:

- (a) the financial statements and notes, set out in pages 5 to 20, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Fund as at 30 June 2006 and performance, as represented by the results of its operations and cash flows, for the year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001; and
- (b) 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 s.295A of the Corporations Act 2001 for the financial year ending 30 June 2006.

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



Geoffrey Pattison Leaver  
*Director*  
CVC Property Managers Limited  
4 August 2006

## Independent Audit Report

TO THE UNITHOLDERS OF TARAGON PROPERTY FUND

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### Scope

#### *The financial report and Directors' responsibility*

The financial report comprises the statement of balance sheet, income statement, cash flow statement, statement of recognised income and expense, a summary of significant accounting policies, accompanying notes to the financial statements, and the Directors' declaration for Taragon Property Fund (the "Fund"), for the financial year ended 30 June 2006 as set out on pages 5 to 21.

The Directors of CVC Property Managers Limited (the "Responsible Entity") are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit approach*

We have conducted an independent audit of the financial report in order to express an opinion on it to the unitholders of the Fund. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Corporations Act 2001 and Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the Fund's financial position, and performance as represented by the results of its operations and its cash flows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion, the financial report of the Fund is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Fund's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



DELOITTE TOUCHE TOHMATSU



Adam Thompson  
Partner  
Chartered Accountants  
Sydney, 4 August 2006

## Corporate Governance Statement

The Board of Directors of the Responsible Entity is responsible for the corporate governance of the Fund. The Board guides and monitors the business and affairs of the Fund on behalf of the unitholders. At the date of this report the Directors in office are as follows:

Geoffrey Pattison Leaver (*Chairman and Executive Director*)  
Alexander Damien Beard (*Executive Director*)  
Kim Warren McGrath (*Independent Director*)

The respective roles of the Board and management of the Responsible Entity are set out in the Compliance Plan which is available to members.

In March 2003, the ASX Corporate Governance Council (the "Council") issued 'Principles of Good Corporate Governance and Best Practice Recommendations'. In this report, the Council suggested 'best practices' for running entities. However, it acknowledged that 'a one size fits all' approach is inappropriate and that it is unwise to command all companies to follow a single set of rules when for individual companies, with differing circumstances, the recommendations may be unnecessary or may even be counter-productive. In particular it acknowledged that it may be inappropriate or uneconomic for smaller companies, such as the Fund, to follow the same rules as Australia's largest listed companies. Instead the Council chose to issue a full suite of recommendations and require companies to adopt an 'if not why not' approach to reporting compliance with the recommendations. Companies are at liberty to determine whether each recommendation is appropriate to it but are required to disclose any recommendations not followed throughout each reporting period, with explanations, in the Corporate Governance Statement of the annual report.

The Company did not comply with all the recommendations throughout the financial year ended 30 June 2006. The Fund has categorised the recommendations it did not follow into two distinct categories and these are discussed in detail below.

### The Board of Directors

The Board comprises one independent Director and two executive Directors of the Responsible Entity. Although the Board comprises a majority of executive Directors, the Compliance Committee comprises three independent members. These are as follows:

Mei Ling Perry (*Chairman*)  
Russell Wheeler  
Peter Kalantzis

The Compliance Committee meets on a regular basis.

The role of the Compliance Committee is to monitor the extent of the Responsible Entity's compliance with the Fund's Compliance Plan, Constitution, the Corporations Act 2001 and any offer documents to ensure that the Responsible Entity acts in the best interests of the members.

In these circumstances the Company did not comply with the following best practice recommendations throughout the financial year ended 30 June 2006:

- > having a majority of independent Directors;
- > having an independent Chairman;
- > having a nomination committee of the Board; and
- > having a remuneration committee of the Board.

### Cost and benefits of compliance

A number of the best practice recommendations require the creation of formal documentation for policies and procedures that the Fund already substantially performs. The Fund's compliance plan sets out the arrangements the Responsible Entity has to follow to ensure that breaches of the Corporations Act, the Constitution, Australian Financial Services Licence conditions and industry or internal standards are identified, reported and rectified if necessary. The Fund considered that to create documentation specifically would have had minimal additional benefit but substantial additional expense. The Fund is also mindful to not adopt such procedures solely for the sake of adoption or where they could actually inhibit the proper function or opportunities of the Fund.

In these circumstances the Board determined it appropriate to delay the adoption of such formal policies and procedures until such time as industry standards, that could be tailored to the Fund at minimal expense, became accepted and then to consider each policy's appropriateness for the Fund. The Fund is currently in the process of preparing such documentation for consideration by the Board and dissemination. However, in these circumstances, the Fund obviously did not comply with the following best practice recommendations throughout the financial year ended 30 June 2006:

- > having a formal policy for trading in the Fund's securities;
- > having written policies and procedures to ensure compliance with ASX listing rule disclosure requirements;
- > having documented a "communications strategy" to promote effective communication with unitholders;
- > having established policies on risk oversight and management;
- > having disclosed the process for performance evaluation of the Board, its committees and individual Directors; and
- > having established, distinguished and disclosed a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

### Other information

The Fund has a policy of allowing Directors to take reasonable independent legal advice in the furtherance of their duties at the expense of the Fund.

The Fund did not perform a performance evaluation of the Board and its members during the year ended 30 June 2006.

Remuneration of the non-executive Director of the Responsible Entity is reviewed by the remaining executive Directors of the Board. The Fund does not have any schemes for retirement benefits, other than statutory superannuation, for non-executive Directors.

## Australian Stock Exchange Information

The following information is current as at 31 July 2006.

### Substantial holders

The names of the Fund's substantial holders and the number of ordinary units in which each has a relevant interest as disclosed in substantial holder notices given to the Fund are as follows:

Spurbest Holdings Pty Limited .....	4,481,264 ordinary units
CVC Limited .....	2,940,002 ordinary units
Bow Lane Nominees Pty Limited.....	1,400,000 ordinary units
Australian Executor Trustees Limited.....	1,300,584 ordinary units
Predaze Pty Limited .....	935,000 ordinary units

### Voting rights

All issued units are of one class, namely ordinary voting units. Each unitholder is entitled to one vote on a show of hands on any matter put to a vote by a show of hands 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.

### Distribution schedule

The distribution of unitholders and their unitholdings was as follows:

Unit range	Unitholders	Units	%
1 - 1,000	69	57,389	0.38
1,001 - 5,000	124	361,256	2.40
5,001 - 10,000	32	253,472	1.68
10,001 - 100,000	53	1,864,561	12.37
100,001 - over	9	12,540,260	83.17
<b>Total</b>	<b>287</b>	<b>15,076,938</b>	<b>100.00</b>

### Unmarketable parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.35 per unit	1,429	87	77,610

As at 31 July 2006, the top 20 unitholders and their unitholdings were as follows:

Unitholder Name	No. of Units	%
Spurbest Holdings Pty Limited	4,481,264	29.72
CVC Limited	2,940,002	19.50
Bow Lane Nominees Pty Limited	1,400,000	9.29
Australian Executor Trustees Limited	1,300,584	8.63
Predaze Pty Limited	935,000	6.20
Serawati Capital Pty Limited	750,000	4.97
J F T Nominees Pty Ltd	510,000	3.38
Maxim Super Fund Pty Ltd	116,739	0.77
Mr John H Rowe and Mrs. Daisy E Rowe	106,668	0.71
Mr C Mackey	100,000	0.66
Mr A C Kelly	74,757	0.50
Estate Late J P C Dunn	68,422	0.45
Arcadia Pty Limited	66,667	0.44
B Mendelawitz Pty Limited	66,667	0.44
JNF Breakey Pty Limited	66,667	0.44
K Honner Nominees Pty Limited	66,667	0.44
Mr P B Lowe and Mrs E L Lowe	66,667	0.44
Maxim Super Fund Pty Ltd Maxim MNT Con Staff S/F	66,667	0.44
Posselt Nominees Pty Limited	66,667	0.44
Mr J. H. Rowe and Mrs D. E. Rowe	66,667	0.44
<b>TOTAL TOP 20</b>	<b>13,316,772</b>	<b>88.30</b>

# Taragon Property Fund



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