

*platform* for growth

2007 Annual Report

## Company Particulars

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### *responsible entity*

CVC Trinity Property Managers Limited  
(formerly 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

### *directors of the responsible entity*

Geoffrey Pattison Leaver (Chairman and Executive Director)  
Alexander Damien Beard (Executive Director)  
Kim Warren McGrath (Non-Executive Director)  
Ben McCarthy (Executive Director)  
Bruce Baker (Executive Director)

### *compliance committee*

Mei Ling Perry (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

### *stock exchange listing*

Gould Ralph Pty Limited  
Level 42, 259 George Street Sydney NSW 2000

### *custodian*

Trust Company Limited  
Level 4, 35 Clarence Street Sydney NSW 2001  
ACN 113 947 309

### *solicitors to responsible entity*

DLA Phillips Fox  
Waterfront Place  
1 Eagle Street Brisbane QLD 4000

### *auditors to the fund*

HLB Mann Judd (NSW Partnership)  
Chartered Accountants  
Level 19, 207 Kent Street Sydney NSW 2000

# Chairman's Report

for the year ended  
30 June 2007

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On behalf of the Board of CVC Trinity Property Managers Limited, I present the 2007 Annual Report for CVC Trinity Property Fund (ASX:CJT).

It is pleasing to report a return to profitability of \$44,752 for the year ended 30 June 2007. We anticipate this positive trend will continue as further properties are acquired over the next twelve months.

The highlights of the past year include:

- > In November 2006, a joint venture was reached with listed property group Trinity (ASX:TCQ) to jointly manage the Fund. It has been publicly announced that our objective is to acquire up to \$200 million in property assets by the end of 2008.
- > The identification of a second property for the Fund – a modern \$21 million office/warehouse in Frenchs Forest Sydney leased 100% to Ricoh Australia. This property offers a strong initial yield of 7.43% and is anchored by an excellent tenant for the next six years. Settlement is due October 2007.
- > A Development Approval was obtained for the construction of a bulky goods centre at Belrose Sydney. Construction has been delayed due to an objection received by a competing bulky goods centre in the immediate precinct. The Manager is taking appropriate legal advice to ensure we can commence construction in as short a time as the current law allows.

Although the Fund is not in a position to undertake a distribution this year ended 30 June 2007, we anticipate with the acquisition of income producing properties, a distribution should be paid 30 June 2008.

To allow unitholders to keep abreast of latest developments, announcements can be viewed on [www.cvc.com.au](http://www.cvc.com.au) by following the links.

In the meantime, I would be pleased to discuss any aspect of your investment at any time.

**Geoffrey Leaver**  
*Chairman*

# Directors' Report

for the year ended  
30 June 2007

The Directors of CVC Trinity Property Managers Limited (formerly CVC Property Managers Limited) (ACN 066 092 028), (the "Responsible Entity"), submit herewith the annual financial report of CVC Trinity Property Fund (formerly Taragon Property Fund) (the "Fund") and its controlled entities (The "Group") for the financial year ended 30 June 2007. 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)

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 Harry Beard (Executive Director)

B. Com. (Uni. of NSW).

Fellow of the Institute of Chartered Accountants in Australia. During the past three years Mr Beard has also served as a Director of the following other listed companies: CVC Limited, Greens Foods Limited, Tamaya Resources Limited (SMC Gold Limited), Cellnet Group Limited, Mercury Mobility Limited and Blue 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 Mines Limited and Oil Basins Limited.

### Ben McCarthy (Executive Director)

BEng (Hons), FFin, MAICD. (Appointed 5 July 2007)

Ben was appointed CEO of Trinity Funds Management Limited in October 2004, prior to the listing of Trinity in December 2004. Mr McCarthy has more than 20 years experience in construction, development, facilities management, project finance and business management and was previously the deputy managing director of

Multiplex Developments and managing director of Multiplex Developments QLD. Mr McCarthy also served as a Director of Queensland Events Corporation.

### Bruce Baker (Executive Director)

LLB, Licensed Real Estate Agent, AAPI. (Appointed 5 July 2007)

Mr Baker joined Trinity Group in January 2007 to head the Group's Property Operations division. Mr Baker was previously State Chief Executive (QLD) and National Director (Investment Sales) for Colliers International. With extensive experience in the property industry spanning 20 years, Mr Baker has an in-depth knowledge of the Australian property investment market.

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), MBA (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 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 Group are disclosed in the Income Statement of these financial statements. The net profit attributable to unitholders for the year ended 30 June 2007 was \$44,752 (2006: loss \$1,451,962).

On 18 December 2006 the conditions of the deferred settlement pertaining to lots 101 and 109 to 116 inclusive of land at High Wycombe Business Park, Perth, Western Australia was completed with the receipt of \$1,380,000.

In accordance with the meeting of unitholders on 21 December 2006 the site at Lot 1 Narrabang Way, Belrose, NSW was purchased for \$15 million which included a deferred settlement agreement of \$2 million paid on 23 April 2007.

# Directors' Report

for the year ended  
30 June 2007

## REVIEW OF OPERATIONS (Cont.)

### Distributions

No distribution has been declared during the financial year or since the end of the financial year (2006: 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.

## 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

During the financial year the auditor, HLB Mann Judd (NSW Partnership) did not provide non-audit services to the Group. 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 13 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 13 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 13 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 Trinity Property Managers Limited  
(formerly CVC Property Managers Limited)

31 August 2007

# Auditor's Independence Declaration

for the year ended  
30 June 2007

## AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CVC Trinity Property Managers Limited:

As lead auditor for the audit of CVC Trinity Property Fund for the year ended 30 June 2007, 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 applies to CVC Trinity Property Fund and the entities it controlled during the year ended 30 June 2007.

**P B MEADE**

*Partner*

**HLB MANN JUDD**

**(NSW Partnership)**

*Chartered Accountants*

Sydney

31 August 2007

*Liability limited by a scheme approved under Professional Standards Legislation.*

# Income Statements

for the financial year  
ended 30 June 2007

	Notes	Consolidated		The Fund	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>INCOME</b>					
Interest income		154,881	23,307	154,881	23,307
Surplus on renegotiation of retention payable		150,000	-	150,000	-
Other income		-	1,140	-	1,140
<b>Total income</b>	2(a)	<b>304,881</b>	<b>24,447</b>	<b>304,881</b>	<b>24,447</b>
<b>EXPENSES</b>					
Net loss on sale of property, plant and equipment		113,304	812,783	113,304	812,783
Change in fair value of investment property		-	435,420	-	435,420
Administrative expenses		118,944	133,111	118,944	133,111
Borrowing costs		-	5,255	-	5,255
Property-related expenses		27,881	89,840	27,793	89,840
<b>Total expenses</b>	2(b)	<b>260,129</b>	<b>1,476,409</b>	<b>260,041</b>	<b>1,476,409</b>
<b>Profit/(loss) attributable to unitholders</b>		<b>44,752</b>	<b>(1,451,962)</b>	<b>44,840</b>	<b>(1,451,962)</b>
<b>FINANCE COSTS ATTRIBUTABLE TO UNITHOLDERS</b>					
Net (decrease)/increase in net assets attributable to unitholders		(2,317)	(1,451,962)	(2,317)	(1,451,962)
<b>Net profit</b>		<b>47,069</b>	<b>-</b>	<b>47,157</b>	<b>-</b>
Basic and diluted earnings per unit (cents per unit)	9	0.13	(9.63)	0.13	(9.63)

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 9 to 20.

# Balance Sheets

as at 30 June 2007

	Notes	Consolidated		The Fund	
		2007 \$	2006 \$	2007 \$	2006 \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	10	3,020,196	1,140,882	3,023,266	1,140,882
Trade and other receivables	4	77,691	132,568	48,419	132,568
Assets held for sale	5	-	1,329,580	-	1,329,580
Current tax assets		25,587	-	25,587	-
<b>Total current assets</b>		<b>3,123,474</b>	<b>2,603,030</b>	<b>3,097,272</b>	<b>2,603,030</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	6	15,319,452	-	-	-
Financial assets	15	-	-	15,339,235	-
<b>Total non-current assets</b>		<b>15,319,452</b>	<b>-</b>	<b>15,339,235</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>18,442,926</b>	<b>2,603,030</b>	<b>18,436,507</b>	<b>2,603,030</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	7	266,317	180,346	259,810	180,346
<b>Total current liabilities</b>		<b>266,317</b>	<b>180,346</b>	<b>259,810</b>	<b>180,346</b>
<b>NON-CURRENT LIABILITIES</b>					
Retention payable	7	1,350,000	-	1,350,000	-
<b>Total non-current liabilities</b>		<b>1,350,000</b>	<b>-</b>	<b>1,350,000</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,616,317</b>	<b>180,346</b>	<b>1,609,810</b>	<b>180,346</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>					
	8	16,826,609	2,422,684	16,826,697	2,422,684
<b>LIABILITIES ATTRIBUTABLE TO UNITHOLDERS</b>					
		-	(2,422,684)	-	(2,422,684)
<b>NET ASSETS</b>		<b>16,826,609</b>	<b>-</b>	<b>16,826,697</b>	<b>-</b>
<b>UNITHOLDERS EQUITY</b>	8	<b>16,826,609</b>	<b>-</b>	<b>16,826,697</b>	<b>-</b>

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

## Statements of Changes in Equity

for the financial year  
ended 30 June 2007

	Consolidated		The Fund	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY</b>				
Net profit for the year	47,069	-	47,157	-
<b>Total recognised income and expenses for the year</b>	<b>47,069</b>	<b>-</b>	<b>47,157</b>	<b>-</b>
<b>TRANSACTIONS WITH UNITHOLDERS IN THEIR CAPACITY AS UNITHOLDERS</b>				
Reclassification of unitholders equity as a result of change of Constitution	2,420,367	-	2,420,367	-
Units issued during the year				
- Units issued	14,491,400	-	14,491,400	-
- Transaction cost of units issued	(132,227)	-	(132,227)	-
<b>Total transactions with unitholders in their capacity as unitholders</b>	<b>16,779,540</b>	<b>-</b>	<b>16,779,540</b>	<b>-</b>
<b>Net increase in equity for the year</b>	<b>16,826,609</b>	<b>-</b>	<b>16,826,697</b>	<b>-</b>
<b>Equity at the beginning of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EQUITY AT THE END OF THE YEAR</b>	<b>16,826,609</b>	<b>-</b>	<b>16,826,697</b>	<b>-</b>

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

# Cash Flow Statements

for the year ended  
30 June 2007

	Notes	Consolidated		The Fund	
		2007	2006	2007	2006
		\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash payments in the course of operations		(231,713)	(484,360)	(226,432)	(484,360)
Interest received		118,839	18,338	118,839	18,338
Finance costs paid (excluding distributions to unitholders)		-	(5,255)	-	(5,255)
<b>Net cash used in operating activities</b>	10(b)	<b>(112,874)</b>	<b>(471,277)</b>	<b>(107,593)</b>	<b>(471,277)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of investment property		1,380,000	-	1,380,000	-
Payment for acquisition of controlled entity net of cash acquired		(5,998,070)	-	-	-
Payment for property, plant and equipment		(248,915)	(233,275)	(80,050)	(233,275)
Payment for units in trust		-	-	(6,077,073)	-
Proceeds from sale of property, plant and equipment		-	1,620,000	-	1,620,000
<b>Net cash provided by investing activities</b>		<b>(4,866,985)</b>	<b>1,386,725</b>	<b>(4,777,123)</b>	<b>1,386,725</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		-	350,000	-	350,000
Repayment of borrowings		-	(350,000)	-	(350,000)
Payment of retention		(500,000)	-	(500,000)	-
Loans provided		-	-	(92,073)	-
Units issued during the year		7,491,400	-	7,491,400	-
Transaction cost of units issued		(132,227)	-	(132,227)	-
<b>Net cash used in financing activities</b>		<b>6,859,173</b>	<b>-</b>	<b>6,767,100</b>	<b>-</b>
<b>Net increase in cash and cash equivalents held</b>		<b>1,879,314</b>	<b>915,448</b>	<b>1,882,384</b>	<b>915,448</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>1,140,882</b>	<b>225,434</b>	<b>1,140,882</b>	<b>225,434</b>
<b>Cash and cash equivalents at the end of the financial year</b>	10(a)	<b>3,020,196</b>	<b>1,140,882</b>	<b>3,023,266</b>	<b>1,140,882</b>

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

# Notes to the Financial Statements

for the year ended  
30 June 2007

## 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 Trinity Property Managers Limited ABN 72 066 092 028 is the Responsible Entity of the Fund. 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 represented by land and buildings which have been measured at fair value.

The financial statements were authorised for issue by the Directors on 31 August 2007.

### 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).

*AASB 7 Financial Instruments: Disclosures* and *AASB 2005-10 Amendments to Australian Accounting Standards* have recently been issued but are effective for reporting periods commencing after 1 January 2007 and has not been adopted for the annual reporting period ended 30 June 2007.

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 and parent entity's financial instruments.

### 1.1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of CVC Trinity Property Fund ("the Fund") and its controlled entities during the year ended 30 June 2007 ("the Group"). 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.

### 1.2 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.

#### *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 in the profit or loss in the year which they arise.

### 1.3 Cash and Cash Equivalents

For the cash flow statement, 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, 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.

# Notes to the Financial Statements

for the year ended  
30 June 2007

## NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)

### 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 Income Tax and Other Taxes

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.

### 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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.

### 1.7 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.

### 1.8 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.

### 1.9 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.

### 1.10 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.

### 1.11 Unit Holders Equity

At a meeting of Unitholders held on 21st December 2006 an amendment was made to the Constitution that the Fund will terminate only on a date determined by the Responsible Entity or 270 days after suspension of the Fully Paid Units from quotation on the Australian Stock Exchange.

### 1.12 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.

### 1.13 Comparative Figures

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

### 1.14 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.

### 1.15 Assets Held For Sale

Assets that have been identified as likely to be sold are valued at the expected sale price and reclassified in the balance sheet as available for sale with any increment or decrement included in the profit or loss. During the year the property located in High Wycombe Perth was sold.

# Notes to the Financial Statements

for the year ended  
30 June 2007

	Consolidated		The Fund	
	2007 \$	2006 \$	2007 \$	2006 \$
<b>NOTE 2: INCOME AND EXPENSES</b>				
Profit/(loss) before income tax has been determined after:				
<b>(a) Income</b>				
Interest receipts – other entities	154,881	23,307	154,881	23,307
Surplus on renegotiation of retention payable	150,000	-	150,000	-
Other income	-	1,140	-	1,140
	<b>304,881</b>	<b>24,447</b>	<b>304,881</b>	<b>24,447</b>
<b>(b) Expenses</b>				
Legal fees	8,935	37,091	8,935	37,091
Tax, audit and accounting fees	44,100	32,432	44,100	32,432
Consulting fees	-	47,115	-	47,115
Management fees	76,476	48,659	76,476	48,659
Change in fair value of investment property	-	435,420	-	435,420
Net loss on sale of property, plant and equipment	113,304	812,783	113,304	812,783
Other expenses	17,314	62,909	17,226	62,909
	<b>260,129</b>	<b>1,476,409</b>	<b>260,041</b>	<b>1,476,409</b>
<b>NOTE 3: REMUNERATION OF AUDITORS</b>				
Amounts received or due and receivable by auditor of the Fund:				
Auditing or reviewing the financial report	27,500	-	27,500	-
Other audit services – compliance plan audit	6,000	-	6,000	-
	<b>33,500</b>	<b>-</b>	<b>33,500</b>	<b>-</b>
Amounts received or due and receivable by firms other than HLB Mann Judd (NSW Partnership):				
Auditing or reviewing the financial report	7,100	32,432	7,100	32,432
Other non-audit services – tax return preparation	3,500	-	3,500	-
	<b>10,600</b>	<b>32,432</b>	<b>10,600</b>	<b>32,432</b>

The auditor of the Group is HLB Mann Judd (NSW Partnership).

# Notes to the Financial Statements

for the year ended  
30 June 2007

	Consolidated		The Fund	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>NOTE 4: TRADE AND OTHER RECEIVABLES</b>				
Interest	15,424	4,970	15,424	4,970
Goods and services tax	62,132	127,598	32,860	127,598
Prepayments	135	-	135	-
	<b>77,691</b>	<b>132,568</b>	<b>48,419</b>	<b>132,568</b>
<b>NOTE 5: ASSETS HELD FOR SALE</b>				
Investment property	-	1,329,580	-	1,329,580
In accordance with the deferred settlement agreement the sale of the High Wycombe property in Perth was completed on 18 December 2006.				
<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	-	2,217,183
Additions	15,319,452	233,275	-	233,275
Disposals	-	(2,450,458)	-	(2,450,458)
Closing balance	<b>15,319,452</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

for the year ended  
30 June 2007

## NOTE 6: PROPERTY, PLANT AND EQUIPMENT (Cont.)

On 23 April 2007 all conditions of the unitholders meeting held on 21 December 2006 had been satisfied and the purchase of the Belrose property in Sydney was completed.

Name	Ownership %	Acquisition Date	Acquisition Price	Total Cost including additions	Date of Latest External Valuation	Independent Valuer	Movement since Independent Valuation	Fair Value 30 June 2007 (a)
Narabang Way Belrose NSW	100%	Apr 2007	\$15 m	\$15.3 m	29 Nov 2006	Colliers International	Nil	\$15.3 m

(a) The fair value of the Narabang Way, Belrose NSW property has been determined by Directors as an estimate based on costs incurred to 30 June 2007.

### No.1 Narabang Way, Belrose, NSW

In December 2006 CVC Trinity Property Fund signed an agreement to purchase the property which involves the construction and development of a 14,157 square metre bulky goods retail facility within the AustLink Business Park.

	Consolidated		The Fund	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>NOTE 7: TRADE AND OTHER PAYABLES</b>				
<b>Current</b>				
<b>Unsecured:</b>				
Trade creditors	60,490	133,946	53,983	133,946
Accruals	205,827	46,400	205,827	46,400
	<b>266,317</b>	<b>180,346</b>	<b>259,810</b>	<b>180,346</b>
<b>Non - Current</b>				
<b>Unsecured:</b>				
Retention payable	1,350,000	-	1,350,000	-

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

Retention payable represents amounts owed to the vendors of the Laudan CVC Property Trust on the completion of the development of the Belrose Lifestyle Retail Centre.

# Notes to the Financial Statements

for the year ended  
30 June 2007

	Consolidated		The Fund	
	2007	2006	2007	2006
	\$	\$	\$	\$
<b>NOTE 8: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>				
<b>Movements in net assets attributable to unitholders were as follows:</b>				
Unitholder's net assets at the start of the year	2,422,684	3,874,646	2,422,684	3,874,646
Profit/(loss) for the year attributable to unitholders	44,752	(1,451,962)	44,840	(1,451,962)
Units issued during the year				
- Units issued	14,491,400	-	14,491,400	-
- Transaction cost of units issued	(132,227)	-	(132,227)	-
Net assets attributable to unitholders	16,826,609	2,422,684	16,826,697	2,422,684
Number of units on issue at the beginning of the financial year	15,076,938		15,076,938	
Units issued during the period	90,571,250		-	
Number of units on issue at the end of the financial year	105,648,188		15,076,938	
	2007		2006	
Net tangible asset backing (cents per unit)	15.93		16.07	
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.				
<b>NOTE 9: EARNINGS PER UNIT</b>				
Basic and diluted earnings per unit (cents per unit)	0.13	(9.63)	0.13	(9.63)
	2007	2006	2007	2006
	\$	\$	\$	\$
Earnings used in the calculation of basic and diluted earnings per unit	44,752	(1,451,962)	44,840	(1,451,962)
Weighted average number of units used in the calculation of basic and diluted earnings per unit	35,447,633	15,076,938	35,447,633	15,076,938

# Notes to the Financial Statements

for the year ended  
30 June 2007

## NOTE 10: 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:

	Consolidated		The Fund	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash at bank	3,020,196	1,140,882	3,023,266	1,140,882
<b>(b) Reconciliation of cash flow from operating activities to (loss)/profit for the period:</b>				
Net profit/(loss) attributable to unitholders	44,752	(1,451,962)	44,840	(1,451,962)
<i>Non cash flows in profit/(loss)</i>				
Loss on sale of property, plant and equipment	113,304	812,783	113,304	812,783
Revaluation of receivable	(50,420)	-	(50,420)	-
Retention payable	(150,000)	-	(150,000)	-
Change in fair value of investment property	-	435,420	-	435,420
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in trade and other receivables	(59,937)	(132,568)	(54,744)	(132,568)
(Decrease)/increase in trade and other payables	(10,573)	(134,950)	(10,573)	(134,950)
Net cash used in operating activities	(112,874)	(471,277)	(107,593)	(471,277)

## NOTE 11: 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 2007

## NOTE 11: FINANCIAL INSTRUMENTS (Cont.)

### (c) Interest rate risk

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

	Average Interest Rate		Variable Interest Rate		Non-interest Bearing	
	2007	2006	2007	2006	2007	2006
	%	%	\$	\$	\$	\$
<b>Financial Assets</b>						
Cash and cash equivalents	6.08	5.60	3,020,196	1,140,882	-	-
Trade and other receivables	-	-	-	-	103,278	132,568
<b>Total Financial Assets</b>			<b>3,020,196</b>	<b>1,140,882</b>	<b>103,278</b>	<b>132,568</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	-	1,616,317	180,346
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>1,616,317</b>	<b>180,346</b>
<b>Net Financial Assets/(Liabilities)</b>			<b>3,020,196</b>	<b>1,140,882</b>	<b>(1,513,039)</b>	<b>(47,778)</b>

	2007	2006
	\$	\$
<b>Reconciliation of net financial assets to net assets</b>		
Net financial assets as above – variable rate	3,020,196	1,140,882
Net financial assets/(liabilities) as above - non-interest bearing	(1,513,039)	(47,778)
<b>Non-financial assets and liabilities:</b>		
Assets held for sale	-	1,329,580
Property, plant and equipment	15,319,452	-
<b>Net assets attributable to unitholders per balance sheet</b>	<b>16,826,609</b>	<b>2,422,684</b>

### (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 12: SEGMENT INFORMATION

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

# Notes to the Financial Statements

for the year ended  
30 June 2007

## NOTE 13: 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)
- > Alexander Damien Harry Beard (Executive Director)
- > Kim Warren McGrath (Non-Executive Director)

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) Compensation 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 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-employment benefits			
		Base Salary Fees	Superannuation	Equity Based	Other **	Total
Geoffrey P. Leaver*	<b>2007</b>	<b>189,000</b>	<b>4,320</b>	<b>18,959</b>	<b>3,605</b>	<b>215,884</b>
	2006	62,580	2,253	9,968	5,230	80,031
Alexander D. H. Beard*	<b>2007</b>	<b>201,835</b>	<b>18,165</b>	<b>37,918</b>	<b>1,939</b>	<b>259,857</b>
	2006	96,567	8,691	19,937	5,230	130,425
Kim W. McGrath	<b>2007</b>	<b>24,000</b>	<b>2,160</b>	-	-	<b>26,160</b>
	2006	25,750	2,318	-	-	28,068
John Falconer	<b>2007</b>	-	-	-	-	-
	2006	10,000	-	-	-	10,000
<b>Total</b>	<b>2007</b>	<b>414,835</b>	<b>24,645</b>	<b>56,877</b>	<b>5,544</b>	<b>501,901</b>
	2006	194,897	13,262	29,905	10,460	248,524

\* Messrs Leaver and Beard are employees of CVC Managers Pty Limited, a subsidiary of CVC Limited, a shareholder of the Responsible Entity. Messrs Leaver and Beard are 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 their responsibilities as Director of the Responsible Entity and other unrelated duties. The 2006 payments relate to the period of 23 December 2005 to 30 June 2006.

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

# Notes to the Financial Statements

for the year ended  
30 June 2007

## NOTE 13: RELATED PARTY DISCLOSURE (Cont.)

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

	Units held at 1 July 2006 No.	Movement in units held during year No.	Units held at 30 June 2007 No.
Alexander D. H. Beard	-	1,250,000	1,250,000
Geoffrey P. Leaver	-	312,500	312,500
	-	1,562,500	1,562,500

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

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

CVC Trinity Property Managers Limited also acts as manager of the Group and Trust Company Australia Limited is the custodian (formerly JP Morgan Trust Australia Limited).

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

The Responsible Entity does not hold, and has not held units in the Group. The Responsible Entity is a company jointly owned by both CVC Limited (ASX Code: CVC) and Trinity Group (ASX Code: TCQ). The interests in the units issued by the Fund to the joint venture parties are as follows:

	Units held at 1 July 2006 No.	Movement in units held during year No.	Units held at 30 June 2007 No.
CVC Limited and its subsidiaries	2,940,002	36,562,500	39,502,502
Trinity Group	-	15,625,000	15,625,000
	2,940,002	52,187,500	55,127,502

### (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 \$76,476 (2006: \$48,659) were paid to CVC Trinity Property Managers Limited (formerly CVC Property Managers Limited) of which \$Nil (2006:\$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 2007 unless stated otherwise;

# Notes to the Financial Statements

for the year ended  
30 June 2007

## NOTE 13: RELATED PARTY DISCLOSURE (Cont.)

### (g) Transactions with related parties (Cont.)

- (iii) Custodian fees of \$15,000 (2006 - \$15,000) were paid to Trust Company Australia Limited as Custodian of the Fund (formerly JP Morgan Australia Limited) of which \$7,500 is included in accruals at year end;
- (iv) On 23 April 2007 all the conditions of the unitholders meeting held on 21 December 2006 had been satisfied and CVC Limited and its subsidiaries sold to the fund its 45% interest in the Lauden CVC Property Trust for a total consideration of \$6,750,000 which includes a deferred consideration of \$900,000. This resulted in the issue of 36,562,500 units at 16.0 cents per unit to CVC Limited; and
- (v) On 24 April 2007 all the conditions of the payment of the Asset Acquisition Fee in relation to the purchase of the Narabang Way, Belrose NSW property, payable to CVC Trinity Property Managers Limited (formerly CVC Property Managers Limited) had been satisfied amounting to \$150,000 which is included in accruals at year end.

## NOTE 14: EVENTS SUBSEQUENT TO YEAR END

On 10 August 2007 contracts were exchanged for the \$21 million purchase of the high-tech office and industrial property located on a 10,290 square metre site at 8 Rodborough Road, Frenchs Forest with primary frontage onto Warringah Road.

An appeal has been received against the granting of the development approval of the Narabang Way, Belrose NSW property by a competitor. Legal advice is being sought by the Directors of the Responsible Entity and it is not possible to quantify the impact of the appeal.

## NOTE 15: FINANCIAL ASSETS

	Consolidated		The Fund	
	2007	2006	2007	2006
Unlisted controlled entities – at cost	-	-	15,339,235	-

### (a) 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	
	2007	2006
	%	%
<b>CVC Trinity Property Fund</b>		
Belrose Unit Trust No. 1	100	-
Belrose Unit Trust No. 2	100	-
Belrose Unit Trust No. 3	100	-
Lauden CVC Property Trust	100	-

# Notes to the Financial Statements

for the year ended  
30 June 2007

## NOTE 15: FINANCIAL ASSETS (Cont.)

### (b) Acquisition and Disposal of Controlled Entities – Lauden CVC Property Trust

On 23 April 2007, CVC Trinity Property Fund acquired 100% of Lauden CVC Property Trust for a consideration of \$13 million, plus a deferred settlement of \$2 million. A summary of the acquisition is as follows:

	\$
<b>Assets and Liabilities of Lauden CVC Property Trust at Acquisition</b>	
Cash assets	1,930
Property, plant and equipment at fair value	15,000,000
Other assets	24,078
Payables	(25,394)
	15,000,614
Discount on acquisition	(614)
Units issued in exchange for property, plant and equipment	(7,000,000)
Retention payable	(2,000,000)
	6,000,000

For the period from acquisition to the end of the financial year, Lauden CVC Property Trust recorded revenues of \$nil and loss of \$88. If Lauden CVC Property Trust had been owned for the whole of the year the revenue included would have been \$3,906, and profit would have been \$2,315.

## NOTE 16: ADDITIONAL INFORMATION

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

## Directors' Declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes of the Fund and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Fund's and consolidated entity's financial position as at 30 June 2007 and of their performance 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.
- (c) 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 2007.

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 Trinity Property Managers Limited  
(formerly CVC Property Managers Limited)  
31 August 2007

# Independent Audit Report

## to the Unitholders of CVC Trinity Property Fund

We have audited the accompanying financial report for both CVC Trinity Property Fund ("the Fund") and the group comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year, which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity, as set out on pages 5 to 21.

### **Directors' Responsibility for the Financial Report**

The Directors of CVC Trinity Property Managers Limited, the responsible entity of 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 compliance with the Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by the directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 Trinity Property Managers Limited on 31 August 2007, would be in the same terms if provided to the Directors as at the date of this auditors' report.

### **Auditors' Opinion**

In our opinion:

- (a) the financial report of CVC Trinity Property Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Fund's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the Fund's financial report also complies with International Financial Reporting Standards as disclosed in note 1.

**HLB MANN JUDD**  
**(NSW Partnership)**  
*Chartered Accountants*

**P B Meade**  
*Partner*

Sydney, 31 August 2007

*Liability limited by a scheme approved under Professional Standards Legislation.*

# Corporate Governance Statement

The Board of Directors of the Responsible Entity is responsible for the corporate governance in its management of the Fund. The Board guides and monitors the Responsible Entity which operates 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 Harry Beard (*Executive Director*)  
Kim Warren McGrath (*Independent Director*)  
Ben McCarthy (*Executive Director*)  
Bruce Baker (*Executive 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 entities, 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 Responsible Entity chose to comply with selected recommendations throughout the financial year ended 30 June 2007. The Responsible Entity has categorised the

recommendations it did not follow into two distinct categories and these are discussed in detail below.

### **The Board of Directors of the Responsible Entity**

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

Mei Ling Perry (Chairperson), B.Eco, M.Corp Law  
Russell Wheeler, B.Laws, B.Arts  
Peter Kalantzis, B. Commerce, Dip Accounting

The Compliance Committee meets on a quarterly basis. The role of the Compliance Committee is to monitor the Responsible Entity's compliance with the Fund's Compliance Plan and Constitution, the *Corporations Act 2001* and any other documents to ensure that the Responsible Entity and its directors and officers act in the best interests of the members.

It was considered that in acting in the best interests of the members, the Company would minimise costs and to this end, it did not comply with the following best practice recommendations throughout the financial year ended 30 June 2007:

- > having a majority of independent Directors;
- > having an independent Chairperson;
- > 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 formal documentation of policies and procedures that the Fund already substantially performs. The Fund's Compliance plan sets out the compliance arrangements the Responsible Entity has to follow, including a requirement to report all suspected and actual material breaches to ASIC within a prescribed time. The Responsible Entity is also required to put in place a Risk Management Statement to identify and deal with risks in the operation of the Fund.

The Responsible Entity considered that, at this early stage of fund management by the current joint venture parties and minimal assets in the Fund, the creation of other documentation specifically for the Fund would have resulted in net substantial additional expenses.

In these circumstances the Board determined it appropriate to delay the documentation of more policies and procedures until warranted by an increase in the scale of operations and also an increase in the volume of funds under management. The Company is currently considering the adoption of the following best practice recommendations, some of which have already been documented for a company related to the Responsible Entity:

- > a formal policy for trading in the Fund's securities;
- > written policies and procedures to ensure compliance with ASX listing rule disclosure requirements;
- > a process for performance evaluation of the Board, its committees and individual Directors, and key executives; and
- > a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

### **Other Information**

The Responsible Entity 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 Responsible Entity did not perform a performance evaluation of the Board and its members during the year ended 30 June 2007.

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

## Australian Stock Exchange Information

The following information was current as at 31 July 2007.

### 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:

CVC Limited	39,502,502 ordinary units
Trinity Funds Management Limited	15,625,000 ordinary units
Wenola Pty Limited	8,162,500 ordinary units
Audace Pty Limited	5,754,631 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	0.05
1,001 - 5,000	123	356,627	0.34
5,001 - 10,000	29	232,599	0.22
10,001 - 100,000	66	2,552,826	2.42
100,001 - over	59	102,448,747	96.97
<b>Total</b>	<b>346</b>	<b>105,648,188</b>	<b>100.00</b>

Unmarketable parcels	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.17 per unit	2,941	135	175,286

As at 31 July 2007, the top 20 unitholders and their unitholdings were as follows:

Unitholder Name	No. of Units	%
CVC Mezzanine Finance Pty Limited	36,562,500	34.61
Trinity Funds Management Limited	15,625,000	14.79
Wenola Pty Limited	8,162,500	7.73
Audace Pty Limited	5,754,631	5.45
Melbourne Corporation of Aust Pty Limited	4,687,500	4.44
Spurbest Holdings Pty Limited	4,481,264	4.24
South Seas Holdings Pty Limited	3,375,000	3.19
ANZ Nominees Limited	3,125,000	2.96
CVC Limited	2,940,002	2.78
Seymour Group Pty Limited	2,525,560	2.39
Kitson Pty Limited	1,432,869	1.36
Bow Lane Nominees Pty Limited	1,400,000	1.33
Australian Executor Trustees Limited	965,531	0.91
Predaze Pty Limited	935,000	0.89
Mr Alexander Beard	625,000	0.59
Mrs Pascale Beard	625,000	0.59
Perryville Investments Pty Limited	625,000	0.59
Tyroc Pty Limited	625,000	0.59
JH Nominees Australia Pty Limited	545,053	0.52
J F T Nominees Pty Ltd	510,000	0.48
<b>TOTAL TOP 20</b>	<b>95,527,410</b>	<b>90.43</b>





**CVC**

# Trinity Property Fund

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