

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES
(FORMERLY CVC TRINITY PROPERTY FUND)**

HALF-YEAR FINANCIAL REPORT

ARSN 107 276 184
ABN 32 224 732 497

For the half-year ended
31 December 2008

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

PARTICULARS

CVC Property Fund

ARSN 107 276 184

ABN 32 224 732 497

RESPONSIBLE ENTITY

CVC Property Managers Limited

Level 42, 259 George St

Sydney NSW 2000

ACN 066 092 028

ABN 72 066 092 028

REGISTERED OFFICE

Level 42, 259 George St

Sydney NSW 2000

Telephone: (02) 9087 8000

Facsimile: (02) 9087 8088

CUSTODIAN

Trust Company Limited

Level 4, 35 Clarence Street

Sydney NSW 2001

ACN 113 947 309

Telephone: (02) 8295 8800

Facsimile: (02) 8295 8675

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 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 (Chairperson)

Russell Wheeler

Peter Kalantzis

AUDITORS TO THE FUND

HLB Mann Judd (NSW Partnership)

Chartered Accountants

Level 19, 207 Kent Street

Sydney, NSW 2000, Australia

Telephone: (02) 9020 4000

Facsimile: (02) 9020 4191

SECRETARY

John Andrew Hunter

UNIT REGISTRY

Gould Ralph Services Pty Limited

Share Registry Division

Level 42, 259 George Street

Sydney, NSW 2000, Australia

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STOCK EXCHANGE LISTING

Australian Stock Exchange Limited

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

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CVC PROPERTY FUND

DIRECTORS' REPORT

The Directors of CVC Property Managers Limited (ACN 066 092 028), (the "Responsible Entity"), submit herewith the financial report of CVC Property Fund ("the Fund") and its controlled entities ("the Group") for the half-year ended 31 December 2008 and the independent review thereon.

Directors

The Directors of the Responsible Entity during and since the end of the half-year are:

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

Operating Results

The net loss for the half-year ended 31 December 2008 amounted to \$775,731.

Review of Operations

During the period the Group sought expressions of interest in relation to sale of both the properties at 8 Rodborough Road Frenchs Forest NSW and Narabang Way, Belrose NSW. At the end of the campaign a decision was made by the Directors that it was a greater benefit to unitholders to retain the properties rather than disposing of them during the current economic environment. In order to retain the properties and commence development of the site at Narabang Way CVC Limited provided an additional \$1.05 million during the period.

Subsequent Events

There are no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial periods subsequent to 31 December 2008.

Auditor's Independence Declaration

A copy of the Independence Declaration given to the Directors by the auditor for the review undertaken by HLB Mann Judd (NSW Partnership) is included on page 3.

This report is made in accordance with a resolution of the Board of Directors of the Responsible Entity.

On behalf of the Directors

Alexander Beard
Director
CVC Property Managers Limited
27 February 2009

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CVC Property Managers Limited:

As lead auditor for the review of CVC Property Fund for the six months ended 31 December 2008, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

P. B. Meade
Partner

HLB MANN JUDD
(NSW Partnership)
Chartered Accountants

Sydney, 27 February 2009

Liability limited by a scheme approved under Professional Standards Legislation.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

CONDENSED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	31 Dec 2008	31 Dec 2007
	\$	\$
INCOME		
Interest income	17,192	77,364
Rental income	783,168	383,161
Outgoings recovered	120,861	58,676
Total income	921,221	519,201
EXPENSES		
Change in fair value of investment property	-	1,603,176
Impairment of property, plant and equipment	559,488	-
Administrative expenses	153,849	151,730
Borrowing cost	887,359	562,797
Property-related expenses	96,256	2,090
Total expenses	1,696,952	2,319,793
Loss attributable to unitholders	(775,731)	(1,800,592)
Net loss	(775,731)	(1,800,592)
Earnings per unit		
Basic and Diluted earnings per unit (cents)	(0.73)	(1.70)

The above income statement should be read in conjunction with the accompanying notes to the Half-Year Report.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

CONDENSED BALANCE SHEET AS AT 31 DECEMBER 2008

		31 December 2008	30 June 2008
	Notes	\$	\$
CURRENT ASSETS			
Cash and cash equivalents		247,727	962,884
Trade and other receivables	2	73,806	24,561
Current tax assets		17,887	17,887
Total current assets		339,420	1,005,332
NON-CURRENT ASSETS			
Property, plant and equipment	3	9,640,472	10,000,000
Investment property	4	18,000,000	18,000,000
Total non-current assets		27,640,472	28,000,000
TOTAL ASSETS		27,979,892	29,005,332
CURRENT LIABILITIES			
Trade and other payables		129,484	152,085
Interest bearing liabilities	6	-	20,875,444
Total current liabilities		129,484	21,027,529
NON-CURRENT LIABILITIES			
Interest bearing liabilities	6	20,648,336	-
Total non-current liabilities		20,648,336	-
TOTAL LIABILITIES		20,777,820	21,027,529
NET ASSETS		7,202,072	7,977,803
UNITHOLDERS' EQUITY	7	7,202,072	7,977,803

The above balance sheet should be read in conjunction with the accompanying notes to the Half-Year Report.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

CONDENSED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	31 Dec 2008 \$	31 Dec 2007 \$
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY			
Net income reflected directly in equity			
Net loss for the half-year		(775,731)	(1,800,592)
Total recognised income and expense for the half-year		<u>(775,731)</u>	<u>(1,800,592)</u>
Net reduction in equity for the half-year		<u>(775,731)</u>	<u>(1,800,592)</u>
Equity at the beginning of the half-year		7,977,803	16,826,609
EQUITY AT THE END OF THE HALF-YEAR	7	<u>7,202,072</u>	<u>15,026,017</u>

The above statement of recognised income and expense should be read in conjunction with the accompanying notes to the Half-Year Report.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

CONDENSED CASH FLOW STATEMENT FOR THE HALF-YEAR YEAR ENDED 31 DECEMBER 2008

	31 Dec 2008	31 Dec 2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments in the course of operations	(324,547)	(169,237)
Cash receipts in the course of operations	904,028	441,837
Interest paid	(614,466)	(416,257)
Interest received	19,788	96,606
Net cash used in operating activities	(15,197)	(47,051)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property	(199,960)	(22,360,163)
Net cash provided by investing activities	(199,960)	(22,360,163)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,050,000	20,750,000
Repayment of borrowings	(1,550,000)	-
Net cash used in financing activities	(500,000)	20,750,000
Net increase in cash and cash equivalents held	(715,157)	(1,657,214)
Cash and cash equivalents at the beginning of the half-year	962,884	3,020,196
Cash and cash equivalents at the end of the half-year	247,727	1,362,982

The above cash flow statement should be read in conjunction with the accompanying notes to the Half-Year Report.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year. This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of Preparation

CVC 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.

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with the requirements of the Trust's Constitution, Accounting Standards AASB 134 *Interim Financial Reporting*, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

In order to finance the purchase of 8 Rodborough Road, Frenchs Forest, NSW CVC Limited provided a short term loan, which was repayable by 31 October 2008. Following the increase in shareholding to 52.6% and the acquisition of the facility provided by Trinity Group Limited, CVC Limited agreed to extend the facility.

The accounting policies are consistent with those of the previous financial period.

NOTE 2: TRADE AND OTHER RECEIVABLES

	31 Dec 2008	30 June 2008
	\$	\$
Interest	-	2,596
Prepayments	73,806	11,905
Other receivables	-	10,060
	<u>73,806</u>	<u>24,561</u>

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Property held for development

Gross carrying amount

Opening balance	10,000,000	15,319,452
Additions	199,960	187,607
Reversal of retention and asset acquisition fee	-	(1,500,000)
Impairment of property, plant and equipment	(559,488)	(4,007,059)
	<u>9,640,472</u>	<u>10,000,000</u>

The fair value of the Narabang Way, Belrose NSW property was independently valued by Colliers International on 21 October 2008.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

31 Dec 2008 30 June 2008
\$ \$

NOTE 4: INVESTMENT PROPERTY

Gross carrying amount

Opening balance	18,000,000	-
Additions	-	22,431,315
Net loss from fair value adjustment	-	(4,431,315)
 Closing balance	18,000,000	18,000,000

The fair value of the investment property located at 8 Rodborough Road, Frenchs Forrest, NSW has been determined by the Directors based upon the estimated market rental yield provided by CB Richard Ellis on 6 August 2008 and following further consultation regarding appropriate yields applicable at 31 December 2008. Based on the range of rental yields provided by CB Richard Ellis at 6 August 2008 the valuation of the property ranges as follows:

Yield	Valuation
8.70%	\$18.0 million
9.25%	\$16.9 million

NOTE 5: VALUATION OF PROPERTIES

The Directors have viewed the carrying values of properties owned by the Group and present the following report.

Name	Ownership %	Acquisition Date	Acquisition Price	Total Cost including additions	Date of Latest External Valuation	Independent Valuer	Movement since Independent Valuation	Consolidated Book Value 31 Dec 2008	Consolidated Book Value 30 June 2008
Narabang Way, Belrose NSW	100%	Apr 2007	\$13.7 million	\$14.1 million	21 October 2008	Colliers International	(\$4.6 million)	\$9.5 million	\$10.0 million
8 Rodborough Rd Frenchs Forest NSW	100%	Oct 2007	\$21 million	\$22.4 million	28 June 2007	Landmark White (NSW)	(\$4.4million)	\$18.0 million	\$18.0 million

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	31 Dec 2008	30 June 2008
	\$	\$
NOTE 6: INTEREST BEARING LIABILITIES		
Current		
Secured:		
Unrelated entity	-	15,750,000
Related entity	-	5,125,444
	-	20,875,444
	-	20,875,444
Non-Current		
Secured:		
Unrelated entity (a)	14,200,000	-
Related entity (b)	6,448,336	-
	20,648,336	-
	20,648,336	-

(a) Borrowings from the unrelated entity, BNZA attract an interest rate of BBSY plus 1.2% per annum and are secured by a first ranking mortgage over the property at 8 Rodborough Road Frenchs Forest NSW and Narabang Way Belrose NSW with an expiry date of 31 October 2010. The terms of the loan facility are as follows:

- Loan to valuation ratio of 55%;
- Interest cover on the first ranking mortgage of 1.3 times

(b) Borrowings from the related party, CVC Limited attract an interest rate of 10% per annum and are repayable on or after 31 October 2010 and are secured by a second ranking mortgage over the property at 8 Rodborough Road Frenchs Forest NSW.

	31 Dec 2008		31 Dec 2007	
	Number	\$	Number	\$
NOTE 7: UNITHOLDERS' EQUITY				
Ordinary issued units				
Balance at the beginning of the half-year	105,648,188	7,977,803	105,648,188	16,826,609
Net loss attributable to members of the Fund	-	(775,731)	-	(1,800,592)
	105,648,188	7,202,072	105,648,188	15,026,017
	105,648,188	7,202,072	105,648,188	15,026,017

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 8: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	31 Dec 2008	30 June 2008
	\$	\$
Unitholders' funds at the end of the half-year	7,202,072	7,977,803
Number of units on issue	105,648,188	105,648,188
Net tangible asset backing (cents per unit)	6.82	7.55

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 unitholder has one vote for each dollar of the value of the total interests they have in the Fund.

NOTE 9: EARNINGS PER UNIT

	31 Dec 2008	31 Dec 2007
Basic and diluted earnings per unit (cents per unit)	(0.73)	(1.70)
Earnings used in the calculation of basic and diluted earnings per unit	(775,731)	(1,800,592)
Weighted average number of units used in the calculation of basic and diluted earnings per unit	105,648,188	105,648,188

NOTE 10: SEGMENT INFORMATION

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

NOTE 11: SUBSEQUENT EVENTS

There are no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial periods subsequent to 31 December 2008.

NOTE 12: RELATED PARTY INFORMATION

During the half year, CVC Limited acquired the outstanding loan facility from Trinity Group Limited of \$2,627,681 on 30 September 2008 and provided an additional \$1,050,000 on 27 November 2008. At 31 December 2008, the outstanding loan amount including interest is \$6,448,336.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In the opinion of the Directors of the Responsible Entity:

- (a) the interim financial statements and notes set out in pages 4 to 11, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and interpretations and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the financial position of the Fund as at 31 December 2008 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund and its controlled entities will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a resolution of the Board of Directors of the Responsible Entity.

Dated at Sydney 27 February 2009.

On behalf of the Directors

Alexander Beard
Director
CVC Property Managers Limited

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

HALF YEARLY REPORT INDEPENDENT REVIEW REPORT

To the unitholders of CVC Property Fund

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year report of CVC Property Fund, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of recognized income and expense and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the CVC Property Fund Group (the consolidated entity). The consolidated entity comprises CVC Property Fund (the fund) and the entities it controlled during that half year.

Directors' Responsibility for the half-year financial report

The directors of CVC Property Managers Limited, the responsible entity of the Fund, are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CVC Property Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of CVC Property Managers Limited on 27 February 2009, would be in the same terms if provided to the directors as at the time of this auditor's review report.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

HALF YEARLY REPORT INDEPENDENT REVIEW REPORT (CONTINUED)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CVC Property Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

HLB MANN JUDD
(NSW Partnership)
Chartered Accountants

Sydney
27 February 2009

P B Meade
Partner

Liability limited by a scheme approved under Professional Standards Legislation