



DOMAINE SEQ GROWTH FUND

(FORMERLY MIRVAC DOMAINE
SEQ GROWTH FUND)

**FINANCIAL REPORT FOR THE FINANCIAL
YEAR ENDED 30 JUNE 2009**

ARSN 115 639 971



333 Ann Street
Brisbane



Domaine SEQ Growth Fund

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

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Domaine SEQ Growth Fund

DIRECTORS' REPORT

The directors of Domaine Property Fund Limited (DPFL) (formerly Mirvac Domaine Property Funds Limited) A.C.N.: 085 616 824 ("the Responsible Entity") submit herewith the financial report of Domaine SEQ Growth Fund ("the Fund") for the year ended 30 June 2009.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names and particulars of the directors of the Responsible Entity during the year or since the end of the financial year are up to the date of this report:

Neil Edwin Summerson BCom, FCA, FAICD, FAIM (appointed 13 March 2009)

Neil Summerson is Chairman of Australian Property Growth Fund which is the immediate holding entity of DPFL. He is a director of several public, private and government corporations. He is Chairman of Bank of Queensland, and has over 35 years' experience practising as a chartered accountant. He was a partner and managing partner of Ernst & Young (Queensland) and a past State Chairman of the Institute of Chartered Accountants. As a practising chartered accountant, Neil's field of expertise was in corporate reconstruction, mostly in the building and property sectors and consequently he has broad experience in property development and construction. His core strengths include strategic planning, risk management, corporate governance, regulatory compliance and financial analysis, development and construction.

Geoffrey Michael McMahon BEcon, BCom, FCPA, FAICD, FCIM, F FIN (appointed 13 March 2009)

Geoffrey ('Geoff') McMahon is Managing Director of APGF. He has been working in the property sector for more than 19 years and is responsible for APGF's corporate strategy, property funds management, investments and developments. Geoff has been involved in over \$1 billion of property investments and developments and has been a driving force within APGF since its inception. Geoff has significant experience in corporate finance and strategy, property funds management, property investment, property development, capital raising and management, risk management, corporate governance and financial management.

Adriano Julius Cragnolini B.Bus(Acc), CA, F FIN (appointed 13 March 2009)

Adriano Cragnolini is a Director and Secretary of DPFL. Adriano has more than 15 years' experience in senior management positions spread between public practice experience at Ernst & Young Australia, and in commerce working for a diversified property/hospitality group based in Papua New Guinea as well as a venture capital backed IT start-up company based in London. Adriano is a Chartered Accountant and a member of the Australasian Compliance Institute, in addition to being a Fellow of the Financial Services Institute of Australasia.

N. R. Collishaw (resigned 13 March 2009)

P. F. Barker (resigned 13 March 2009)

G. B. Hodgetts (resigned 13 March 2009)

R. W. Turner (resigned 13 March 2009)

K. S. Strang (resigned 13 March 2009)

Service Providers

The service providers during or since the end of the financial year are:

- Domaine Property Funds Limited - Responsible Entity.
- Perpetual Nominees Limited - Custodian.
- Computershare Limited - Investor Registry
- PricewaterhouseCoopers - Independent Auditor
- WHK Horwath Sydney - Compliance Plan Auditor from 13 March 2009 (Previously Moore Stephens)

Domaine SEQ Growth Fund

Principal Activities

The Fund is a registered managed investment scheme domiciled in Australia. The Fund continued its principal activity which is to hold and acquire investment properties for rental and capital gain returns. There have been no significant changes in the activities of the Fund during the financial year. The Fund did not have any employees during the year.

Review of Operations

Management

On 13 March 2009, Domaine Property Funds Limited was wholly acquired by the Australian Property Growth Fund (APGF). Previous Key Management Personnel were replaced by the experienced APGF team.

Results

The investment properties performed to expectation. There are no foreseeable matters at the date of this report that would see this position change in the near future.

The results from operations of the Fund are disclosed in the Income Statement forming part of these financial statements. The loss attributable to unitholders for the year ended 30 June 2009 was \$77,647,000 (2008: profit of \$3,640,000).

Reconciliation of Loss attributable to unitholders to Underlying Profit (Unaudited)

The statutory profit/(loss) amounts disclosed above have been prepared in accordance with the accounting policies described in Note 3 to the financial statements and includes fair value increments/decrements, impairment losses and other non-operating transactions. The reconciliation below shows the adjustments required to determine the underlying profit, which reflects the Directors assessment of the result for the ongoing business activities of the Fund.

	2009 \$000	2008 \$000
Profit / (Loss) attributable to unitholders	(77,647)	3,640
Adjust for non-operating items		
Revaluation (increment)/decrement on investment properties	68,900	(756)
Impairment loss – development property	-	3,029
Impairment loss - loans receivable	6,342	412
Fair value movement in interest rate caps/swaps	11,948	(2,589)
Underlying Profit	9,543	3,736

This reconciliation has been prepared in accordance with the principles for reporting underlying profit issued by the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Distributions

In respect of the financial year ended 30 June 2009, distributions were to be paid quarterly in arrears. Distributions were suspended after the September 2008 quarter distribution as part of a wider capital management strategy to ensure that the Fund preserves maximum value for investors and safeguard its financial position during the current global economic climate. For details of the distributions paid during the year, refer to Note 14 to the financial statements.

Domaine SEQ Growth Fund

Management Costs

The Management Expense Ratio ("MER") is the ratio of the Fund's management costs that are not deducted directly from an investor's account to the Fund's total average net assets. Expenses which would be incurred by a direct investor, such as transaction costs, brokerage, government taxes and charges on purchases and sales, are excluded where these can be identified and isolated.

	2009 \$'000	2008 \$'000
MER related expenses incurred by the Fund	<u>2,857</u>	<u>2,374</u>
MER %	<u>%</u> <u>1.85</u>	<u>%</u> <u>1.16</u>

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 the Fund, or the state of affairs of the Fund in future financial years.

Future Developments

Further information on likely future developments of the Fund, including changes in operations and the expected results of those operations, have not been included in this report because it would be likely to result in unreasonable prejudice to the Fund.

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 the financial year, the Responsible Entity paid a premium in respect of a contract insuring the directors and officers of the Responsible Entity to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability incurred as such an officer or auditor.

Environmental regulations

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Domaine SEQ Growth Fund

Auditor's Independence Declaration

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 6 of the financial report.

Fund Information in the Financial Report

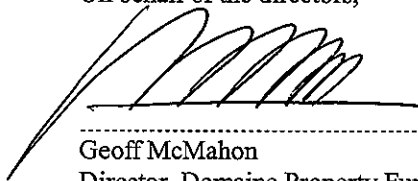
Fees paid to the Responsible Entity and its associates out of Fund property during the financial year are disclosed in Note 22 to the financial statements.

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 as at the end of the financial year is disclosed in the balance sheet as "Total Assets" and the basis of valuation of the investment property is included in Notes 3 and 9 to the financial statements.

Signed in accordance with a resolution of the directors of Domaine Property Funds Limited, made pursuant to section 298 (2) of the Corporations Act 2001.

On behalf of the directors,



Geoff McMahon
Director, Domaine Property Funds Limited

Brisbane, 31st August 2009

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Auditor's Independence Declaration

As lead auditor for the audit of Domaine SEQ Growth Fund for the year ended 30 June 2009, 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 is in respect of Domaine SEQ Growth Fund during the year.



Timothy J Allman
Partner
PricewaterhouseCoopers

Brisbane
31 August 2009

**Independent auditor's report to the unitholders of
Domaine SEQ Growth Fund**

Report on the financial report

We have audited the accompanying financial report of Domaine SEQ Growth Fund (the Fund), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Domaine SEQ Growth Fund.

Directors' responsibility for the financial report

The directors of the Domaine Property Fund Limited (DFPL), in its capacity as 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

**Independent auditor's report to the unitholders of
Domaine SEQ Growth Fund (continued)**

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Domaine SEQ Growth Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.


PricewaterhouseCoopers



Timothy J Allman
Partner

Brisbane
31 August 2009

Domaine SEQ Growth Fund

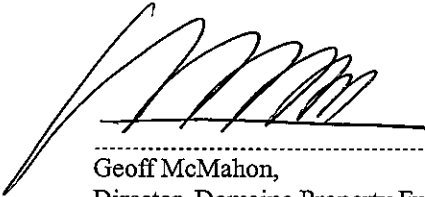
DIRECTORS' DECLARATION

The directors of Domaine Property Fund Limited as the Responsible Entity of the Fund declare that:

1. The financial statements and notes, as set out on pages 10 to 34, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the Fund;
2. In the directors' opinion there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Domaine Property Fund Limited made pursuant to section 295 (5) of the Corporations Act 2001.

On behalf of the directors,



Geoff McMahon,
Director, Domaine Property Funds Limited
Brisbane, 31st August 2009

Domaine SEQ Growth Fund

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	30-Jun-2009 \$'000	30-Jun-2008 \$'000
<i>Investment Income</i>			
Net rental income	4	28,952	12,748
Interest income		267	204
Distributions received		122	20
Net gains/(losses) on financial instruments held at fair value through profit or loss	17(b)	(11,948)	2,589
Net increase/(decrease) in fair value of investment property	9	(68,900)	756
Total Investment Income		(51,507)	16,317
<i>Expenses</i>			
Auditor's remuneration	18	82	41
Finance costs		15,934	6,431
Compliance fees		6	10
Custodian fees		81	98
Doubtful debts expense		6,342	412
Impairment loss	8	-	3,029
Professional fees		201	96
Registry fees		14	-
Responsible Entity fees	22(f)	2,672	2,222
Other		808	338
Total Expenses		26,140	12,677
Net Profit / (Loss)		(77,647)	3,640
Distributions to unitholders	14	(969)	(13,010)
Change in Net Assets Attributable to Unitholders		(78,616)	9,370

The above income statement should be read in conjunction with the accompanying notes.

Domaine SEQ Growth Fund

BALANCE SHEET AS AT 30 JUNE 2009

	Note	30-Jun-2009 \$'000	30-Jun-2008 \$'000
Current assets			
Cash and cash equivalents	5	8,788	464
Trade and other receivables	6	1,744	12,137
Other current assets	7	597	-
Total current assets		11,129	12,601
Non-current assets			
Development properties	8	-	36,069
Investment properties	9	333,867	392,600
Derivative financial assets	17(a)	-	6,442
Total non-current assets		333,867	435,111
Total Assets		344,996	447,712
Current liabilities			
Trade and other payables	10	3,775	47,538
Other current liabilities	11	11	3,421
Total current liabilities		3,786	50,959
Non-Current liabilities			
Derivative financial liabilities	17(a)	5,506	-
Interest bearing liabilities	12	225,376	207,809
Total non-current liabilities		230,882	207,809
Total liabilities		234,668	258,768
Net Assets		110,328	188,944
Equity			
Unitholder's Funds		187,975	188,944
Undistributed Income / (losses)		(77,647)	-
Total Equity	13	110,328	188,944

The above balance sheet should be read in conjunction with the accompanying notes.

Domaine SEQ Growth Fund

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Unitholder's Funds \$'000	Undistributed Income \$'000	Total Equity \$'000
30-Jun-2009			
Opening Balance	188,944	-	188,944
Net Profit/(Loss) for Period	-	(77,647)	(77,647)
Transactions with Owners			
Applications/DRP	-	-	-
Redemptions	-	-	-
Distributions Paid	(969)	-	(969)
Closing Balance	187,975	(77,647)	110,328
 30-Jun-2008			
Opening Balance	-	-	-
Transfers due to changes in accounting policies	160,667	-	160,667
Adjusted opening balance	160,667	-	160,667
Net Profit/(Loss) for Period	-	3,640	3,640
Transactions with Owners			
Applications/DRP	38,939	-	38,939
Redemptions	(1,500)	-	(1,500)
Distributions Paid	(9,162)	(3,640)	(12,802)
Closing Balance	188,944	-	188,944

For details of the changes in accounting policies, refer to Note 2 and Note 13(b) to the financial statements.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Domaine SEQ Growth Fund

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	30-Jun-2009 \$'000	30-Jun-2008 \$'000
<i>Cash flows from operating activities</i>			
Gross rent income		37,426	14,178
Interest received		267	204
Payments to suppliers (including property outgoings)		(11,679)	(4,482)
Interest and other costs of finance paid		(15,739)	(6,431)
Net Cash Provided by Operating Activities	21(b)	<u>10,275</u>	<u>3,469</u>
<i>Cash flows from investing activities</i>			
Payment for development property		(82,003)	(150,884)
Proceeds from sale of investment property		66,864	-
Net Cash Used in Investing Activities		<u>(15,139)</u>	<u>(150,884)</u>
<i>Cash flows from financing activities</i>			
Net proceeds received from issue of new units / calls		-	38,939
Proceeds from borrowings		84,807	122,497
Repayment of borrowings		(67,240)	-
Payment for redemption of units		-	(1,500)
Distributions made to unitholders		(4,379)	(12,351)
Net Cash Provided by / (Used in) Financing Activities		<u>13,188</u>	<u>147,585</u>
Net increase/(decrease) in cash and cash equivalents		<u>8,324</u>	<u>170</u>
Cash and cash equivalents at beginning of the financial year		<u>464</u>	<u>294</u>
Cash and cash equivalents at end of the financial year	21(a)	<u><u>8,788</u></u>	<u><u>464</u></u>

The above cash flow statement should be read in conjunction with the accompanying notes.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. Statement of compliance and basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001* in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Compliance with International Financial Reporting Standards (IFRS)

The financial report of the Fund also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the directors on 31st August 2009.

Critical accounting estimates

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

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

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented in these financial statements, unless otherwise stated in the following text.

2. Financial reporting developments

Certain revised standards and amendments to existing standards have been published that are mandatory for the Fund for accounting periods beginning on or after 1 July 2009 or later periods but which the Fund has not yet adopted. The Director's assessment of the impact of these new standards and interpretations (to the extent that they are relevant to the Fund) is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, it is not expected to affect any of the amounts recognised in the financial statements.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

2. Financial reporting developments (continued)

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Fund, as the Fund already capitalises borrowing costs relating to qualifying assets.

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Fund intends to apply the revised standard from 1 July 2009.

(iv) Revised AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective from 1 July 2009).

These standards amend the accounting for certain aspects of business combinations and changes in ownership interests in controlled entities for annual periods beginning on or after 1 January 2009. Consequential amendments are made to other standards, AASB 128: *Investments in Associates* and AASB 131: *Interests in Joint Ventures*. Changes include:

- transaction costs are recognised as an expense at the acquisition date, unless the cost relates to issuing debt or equity securities;
- contingent consideration is measured at fair value at the acquisition date (allowing for a 12 month period post acquisition to affirm fair values) without regard to the probability of having to make a future payment, and all subsequent changes in fair value are recognised in profit;
- changes in control are considered significant economic events, thereby requiring ownership interests to be remeasured to their fair value (and the gain/loss recognised in profit) when control of a controlled entity is gained or lost;
- changes in a parent's ownership interest in a controlled entity that do not result in a loss of control (e.g. dilutionary gains) are recognised directly in equity.

Until future acquisitions take place that are accounted for in accordance with revised AASB 3, the impact on the Fund is not known.

(v) Revised AASB 7 *Financial Instruments: Disclosures* and AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments* (effective from 1 July 2009).

These standards clarify and expand the disclosure requirements regarding financial instruments regarding fair value measurements and liquidity risk. Specifically the standard is amended to specify that:

- existing fair value disclosure requirements must be made for each class of financial instrument;
- any change in method for determining fair value and the reasons for change be disclosed;
- introduce a three level hierarchy for fair value measurements;
- require disclosure about the relative reliability of each fair value measurement in the statement on financial position;
- clarify that the maturity analysis for no-derivative financial instruments includes financial guarantee contracts; and
- require disclosure of a maturity analysis for derivative financial instruments.

The Fund intends to apply the revised standard from 1 July 2009.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

2. Financial reporting developments (continued)

Early Adoption of Standards

The Fund has chosen to apply the amending standard *AASB 2008-2 Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation* from 1 July 2008. This standard amends the treatment of certain puttable financial instruments from financial liability to equity instruments provided that they meet certain criteria. The Fund has applied the new standards retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

At the date of adoption the Fund's puttable financial instruments were deemed to meet the criteria of the amending standard for classification as equity instruments. As such the financial statements and accompanying notes have been presented as if the amended standards had been applied since the Fund first met the criteria of the amended standards. This change has affected the following comparative figures:

Account	Previous	Adjustment	Amended
Liabilities to unitholders	160,667	(160,667)	-
Unitholder Balances	-	160,667	160,667

3. Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. Management has assessed the reportable business segments under AASB 114 Segment Reporting and have determined that on adoption of AASB 8 Segment Reporting (applicable from 1 January 2009), no additional operating segments will likely be reported. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(b) Cash and cash equivalents

Cash and cash equivalents in the balance sheet consist of cash at hand, cash at bank and short-term deposits that are readily convertible into cash. The Fund considers a short-term deposit to have a maturity of three months or less and be subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand and at bank and short-term deposits (as outlined above). Bank overdrafts are included within interest bearing loans and borrowings in current liabilities.

(c) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Fund will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

3. Summary of significant accounting policies (continued)

(d) Financial instruments

(i) Classification

The Fund's investments are classified as loans and receivables, available for sale financial assets and financial instruments at fair value through profit or loss comprising financial instruments held for trading.

Financial instruments designated at fair value through profit or loss upon initial recognition.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts and commercial paper. Derivative financial instruments such as futures, forward contracts, options and interest rate swaps are included under this classification. The Fund does not designate any derivatives as hedges in a hedging relationship. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the responsible entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables and receivables in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially and subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise.

Loans and receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

3. Summary of significant accounting policies (continued)

Available-for-sale financial assets

Available-for-sale financial assets are measured initially and subsequently carried at fair value. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

If evidence of impairment exists, an impairment loss is recognised in the income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(e) Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

(f) Property, plant and equipment

Investment properties under development/construction are classified as property, plant and equipment until practical completion. Properties under development are measured at the accumulated historical cost of construction plus other directly attributable costs but do not include start-up costs, initial operating losses or abnormal amounts of wasted material or labour on construction less impairment.

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

(g) Investment properties

Investment properties, principally comprising freehold commercial buildings, are held for long term rental yields and is not occupied by the Fund. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise. Evaluations of fair value are conducted periodically but at least triennially by external independent valuers who apply the International Valuations Standards Committee International Valuation Standards.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

3. Summary of significant accounting policies (continued)

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

(h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Fund as lessor

Leases in which the Fund retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Income from operating leases is recognised on a straight line basis over the term of the lease, unless another more systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

(ii) Lease incentives

Incentives such as cash, rent free periods or contributions towards lessee or lessor owned fit outs, may be provided to lessees to enter into an operating lease. These incentives are capitalised and amortised over the term of the lease as a reduction in rental income.

(i) Trade and other payables

Trade and other payables are carried at amortised cost due to their short term nature they are not discounted. They 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. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) 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. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

Borrowing costs are recognised as an expense when incurred, except to the extent that they are incurred in the acquisition or construction of qualifying assets. Borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

3. Summary of significant accounting policies (continued)

(k) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Fund expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(l) Investment Income

Investment income is recognised and measured at the fair value of the consideration received or receivable to the extent 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 income is recognised:

(i) Sale of goods and assets

Income from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to customer, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed.

(ii) Interest income

Income 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 exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Dividends/Distributions

Income is recognised when the Fund's right to receive the payment is established.

(iv) Rental revenue

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

3. Summary of significant accounting policies (continued)

(m) Income tax and other taxes

(i) Income Taxes

Under current income tax legislation the Fund is not liable to pay income tax provided that the taxable income and taxable realised gains are fully distributed to unitholders each year.

(ii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of 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 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 is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(o) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the responsible entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

(p) Rounding of amounts

The Fund is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" to amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	30-Jun-2009	30-Jun-2008
	\$'000	\$'000
4. Net rental income		
Rental Revenue	34,518	13,956
Outgoings recovered	1,895	718
Gross Rental income	36,413	14,674
Less outgoings paid	7,461	1,926
Net rental income	28,952	12,748
5. Cash and cash equivalents		
Cash at bank	8,788	464
	8,788	464
6. Trade and other receivables		
Tenant arrears	1,509	2,011
GST recoverable	-	8,166
Other receivables	235	1,960
	1,744	12,137
7. Other current assets		
Prepayments	597	-
	597	-
8. Development properties		
15 Butterfield Street Herston:		
- Costs to date	80,459	39,098
- Impairment	(3,029)	(3,029)
- Transfer	(77,430)	-
	-	36,069
Reconciliation of carrying amounts on Development Properties		
Carrying amount at the beginning of the financial year	36,069	104,739
Addition	41,361	148,810
Transfer of Calamvale and Ann St at cost	-	(214,451)
Transfer of Herston at cost	(77,430)	-
Loss on impairment	-	(3,029)
Closing balance at the end of the financial year	-	36,069
9. Investment properties		
84 Lahrs Road, Yatala QLD	14,500	14,000
100 Melbourne Street, Brisbane QLD	100,217	117,000
1932 Logan Road, Mt Gravatt QLD	33,000	47,000
678 Compton Road, Calamvale QLD	65,000	82,600
333 Ann Street, Brisbane QLD	121,150	132,000
15 Butterfield Street, Herston QLD	-	-
	333,867	392,600

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

9. Investment properties (continued)

The value of investment properties is measured on a fair value basis being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

Global sentiment towards many types of real estate has been significantly affected by the recent liquidity crisis in financial markets. Locally, the price of many commercial, retail and industrial properties have been negatively impacted by distressed sales as the owners are forced to sell to rectify facility covenants or an inability to refinance debt. Whilst the Fund has not been and does not expect to be faced with either of those eventualities, the market in which it values its properties has been affected.

Consequently, a lack of transaction information from willing sellers and the continuing uncertainty around financial markets translates to increased uncertainty in the valuation of investment properties. Whilst the current valuations reflect the best estimates of fair value as at the reporting date, the uncertainty in the markets means that the actual price that a property might sell for in a future period may be higher or lower than either the most recent valuation or fair value as recorded in the financial statements.

In assessing the value of the investment properties, the independent valuers have considered two bases of valuation being:

1. discounted cashflow; and
2. capitalisation approach.

The Fund relies on independent expert valuers to determine the fair value of each investment property on a periodical basis (at least once every three years). The latest independent valuation details for each property are listed below:

Property	Independent Valuer	Valuation Date	Value \$'000
84 Lahrs Road, Yatala QLD	Savills	31 December 2008	14,500
100 Melbourne Street, Brisbane QLD	Knight Frank	31 December 2008	106,000
1932 Logan Road, Mt Gravatt QLD	CB Richard Ellis	31 December 2008	41,000
678 Compton Road, Calamvale QLD	CB Richard Ellis	31 December 2008	73,000
333 Ann Street, Brisbane QLD	Knight Frank	31 December 2008	127,500
Total			362,000

The carrying value of investment property at 30 June 2009 is the fair value of the property as determined by the directors of the Responsible Entity, using a combination of internal valuation systems and processes and external independent valuations. The Directors' valuations have been prepared with consideration given to market sentiment, the passing income and initial yield and fully leased yield basis after taking into account current market conditions and comparable sales evidence if available. Yields used for the Directors' valuations as at 30 June 2009 are 10.52% (Yatala), 7.30% (Melbourne Street), 8.50% (Mt Gravatt), 8.75% (Calamvale) and 7.72% (Ann Street).

Reconciliation of carrying amounts of Investment Properties	30-Jun-2009 \$'000	30-Jun-2008 \$'000
Carrying amount at the beginning of the financial year	392,600	177,500
Additions/(rebates)	237	(107)
Transfer of Calamvale and Ann St at cost	-	214,451
Transfer of Herston at cost	77,430	-
Sale of Herston	(67,500)	-
Net gain/(loss) from fair value adjustments	(68,900)	756
Closing balance at the end of the financial year	333,867	392,600

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

10.	Trade and other payables	30-Jun-2009	30-Jun-2008
		\$'000	\$'000
	Trade and other payables	2,571	5,216
	Deferred purchase settlement	-	41,507
	Income in advance	1,204	815
		3,775	47,538
 11.	 Other current liabilities		
	Distributions payable	11	3,421
		11	3,421
 12.	 Interest bearing liabilities		
	BNZA bank loan available	236,150	293,969
	BNZA bank loan drawn to date	(225,376)	(207,809)
	BNZA bank loan available for drawdown	10,744	86,160

Details of the loans and security provided to the lenders are:

- i. A facility of \$236,150,000 (30 June 2008: \$293,969,000), of which \$225,375,560 has been drawn down (2008: \$207,808,921) expiring on 30 September 2012 has been provided by Bank of New Zealand Australia for the purchase of commercial property recorded as investment property under non-current assets. The provider of the facility holds a first registered mortgage over the following property:
 - 84 Lahrs Road, Yatala, QLD
 - 100 Melbourne Street, Brisbane, QLD
 - 1932 Logan Road, Mt Gravatt, QLD
 - 678 Compton Road, Calamvale, QLD
 - 333 Ann Street, Brisbane, QLD

13.	Puttable financial instruments	30-Jun-2009	30-Jun-2008	30-Jun-2009	30-Jun-2008
		units	units	\$	\$
	(a) Movement in unitholders' balances during the financial year were as follows:				
	Balance at the beginning of period	199,949	201,257	188,944	160,667
	Units issued/calls made	-	185	-	38,939
	Units redeemed	-	(1,493)	-	(1,500)
	Other balance sheet adjustments	-	-	-	208
	Change in net assets attributable to unitholders/profit for the year	-	-	(77,647)	3,640
	Distributions paid	-	-	(969)	(13,010)
		199,949	199,949	110,328	188,944
	Net Tangible Assets per Unit			55.18 cents	94.50 cents

Each unit represents a right to an individual share in the Fund per the Constitution. There are no separate classes of units and each unit has the same rights attached to it as all other units in the Fund.

(b) Obligation to redeem

The redemption facility, as outlined in the Product Disclosure Statement (PDS) of the Fund, is available to investors every seven years. The first redemption period will become available in 2012.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

14. Distributions to unitholders		30-Jun-2009	30-Jun-2008	30-Jun-2009	30-Jun-2008
Date Payable	Date Paid	Cents per Unit	Cents per Unit	Distribution \$'000	Distribution \$'000
30 September 2008	30 October 2008	0.48	1.72	969	2,860
31 December 2008	-	-	1.72	-	3,333
31 March 2009	-	-	1.70	-	3,398
30 June 2009	-	-	1.72	-	3,419
Total distributions to unitholders		0.48	6.85	969	13,010

15. Earnings per unit		30-Jun-2009	30-Jun-2008
Basic Earnings per unit (cents)		(38.83)	1.81
Diluted earnings per unit (cents)		(38.83)	1.81
Weighted average no. of units on issue used in the calculation of basic and diluted earnings		199,949	200,603

Net loss attributable to unitholders of \$77,647,000 (2008: profit of \$3,640,000) was used as earnings in calculating the basic and diluted earnings per unit.

16. Financial risk management

The Fund's principal financial instruments comprise receivables, payables, bank loans, cash and derivatives. It holds these at the discretion of the Responsible Entity in accordance with the Product Disclosure Statement (PDS).

The Fund's investing activities expose it to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The board of directors for the Responsible Entity has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The board has established an Audit and Risk Committee, which is responsible for developing and monitoring the Fund's risk management policies, including those related to its investment activities. The Responsible Entity's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

In addition to the policies adopted by the Audit and Risk Committee, the Responsible Entity has in place a compliance plan which is overseen by the Compliance Committee and regularly audited by the Compliance Plan Auditors. This plan outlines the processes that will ensure that both the Fund and the Responsible Entity comply with the requirements of the Australian Financial Services Licence.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

16. Financial risk management (continued)

a) Credit Risk

Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Credit risk arises from the financial assets of the Fund, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Fund's exposure to credit risk arises from potential default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

Regarding trade receivables, each tenant, at the commencement of a lease, is required to provide security via means of a cash deposit or bank guarantee. This security is maintained in the Fund's control for the duration of the tenancy and reverts to the Fund in the event of default. To date the Fund has not incurred any losses due to the non-recoverability of its receivables.

The Fund does not hold any credit derivatives to offset its credit exposure.

Receivables consist of:

2009	Current	Past Due / Impaired		Total \$'000
	0-30 days \$'000	31-60 days \$'000	61 days + \$'000	
Rental receivable	1,356	837	5,658	7,851
Other receivable	225	-	10	235
Total	1,581	837	5,668	8,086
2008				
Rental receivable	902	971	138	2,011
Interest receivable	1,960	-	-	1,960
GST receivable	8,166	-	-	8,166
Total	11,028	971	138	12,137

The Responsible Entity regularly reviews receivables for collectability.

Impairment

Movements in the provision for impairment loss in receivables were as follows:

	30-Jun-2009 \$'000	30-Jun-2008 \$'000
Opening balance	-	-
Charge for the year	6,342	412
Amounts written off	-	(412)
Closing balance	6,342	-

The provision for impairment loss has been offset against the tenant arrears in Note 6.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

16. Financial risk management (continued)

b) Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial assets and liabilities as of 30 June 2009. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2009.

The remaining contractual maturities of the Fund's financial liabilities (excluding liabilities attributable to unitholders) are:

	30-Jun-2009 \$'000	30-Jun-2008 \$'000
6 months or less	3,786	16,462
6-12 months	-	10,431
1-5 years	225,376	308,115
Over 5 years	-	-
	<u>229,162</u>	<u>335,008</u>

c) Market Risk

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

As part of its ordinary course of business, the Fund enters into financial instruments, including derivatives, in order to manage market risks.

Interest Rate Risk

The Fund's exposure to market interest rates relates primarily to the Fund's long-term debt obligations. The level of debt is disclosed in Note 12.

The Fund's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Fund's fixed rate borrowings are carried at amortised cost and it is acknowledged that fair value exposure is a by-product of the Fund's attempt to manage its cash flow volatility arising from interest rate changes. To manage this mix in a cost-efficient manner, the Fund enters into interest-rate swaps, in which the Fund agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designed to hedge underlying debt obligations. At 30 June 2009, after taking into account the effect of interest rate swaps, approximately 67% of the Fund's borrowings are at a fixed rate of interest (2008: 70%).

The Fund constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

16. Financial risk management (continued)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date:

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit or loss would have been affected as follows:

Judgements of reasonably possible movements:	30-Jun-2009 \$'000	30-Jun-2008 \$'000
Financial Assets		
+ 1% (100 basis points)	54	5
- 1% (100 basis points)	(64)	(5)
Financial Liabilities		
+ 1% (100 basis points)	(1,214)	(1,031)
- 1% (100 basis points)	(1,214)	1,031
Total increase / (decrease)		
+ 1% (100 basis points)	(1,160)	(1,026)
- 1% (100 basis points)	1,150	1,026

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances and the movement in fair value of derivative assets/liabilities as a consequence of interest rate movements.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

16. Financial risk management (continued)

The following table details the Fund's exposure to interest rate risk as at 30 June 2009:

30 June 2009	Weighted average interest rate %	Variable interest rate \$'000	Fixed Interest rate maturity			Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000		
Financial Assets							
Cash and cash equivalents	4.50	8,788	-	-	-	-	8,788
Loans and receivables	-	-	-	-	-	2,341	2,341
		8,788	-	-	-	2,341	11,129
Financial Liabilities							
Held for Trading	-	-	-	-	-	5,506	5,506
Payables and Accruals	-	-	-	-	-	3,775	3,775
Interest bearing Liabilities	5.76	225,376	-	-	-	-	225,376
		225,376	-	-	-	9,281	234,657
Off-balance sheet							
Notional Amounts							
Interest rate swaps	5.55	(156,800)	-	-	-	-	156,800
Interest rate swaps	6.15	-	-	156,800	-	-	(156,800)
Net Financial Assets / (Financial Liabilities)		(59,788)	-	(156,800)	-	(6,940)	(223,528)

The following table details the Fund's exposure to interest rate risk as at 30 June 2008:

30 June 2008	Weighted average interest rate %	Variable interest rate \$'000	Fixed Interest rate maturity			Non interest bearing \$'000	Total \$'000
			Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000		
Financial Assets							
Held for Trading	-	-	-	-	-	6,442	6,442
Cash and cash equivalents	-	464	-	-	-	-	464
Loans and receivables	-	-	-	-	-	12,137	12,137
		464	-	-	-	18,579	19,043
Financial Liabilities							
Payables and Accruals	-	41,507	-	-	-	6,031	47,538
Interest bearing Liabilities	7.53	207,809	-	-	-	-	207,809
		249,316	-	-	-	6,031	255,347
Off-balance sheet							
Notional Amounts							
Interest rate swaps	7.26	(146,650)	-	-	-	-	146,650
Interest rate swaps	6.24	-	-	146,650	-	-	(146,650)
Net Financial Assets / (Financial Liabilities)		(102,202)	-	(146,650)	-	12,548	(236,304)

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

17. Financial instruments

(a) Categories of financial instruments

The following table details the categories of financial assets and liabilities held by the Fund at the reporting date:

	30-Jun-2009 \$'000	30-Jun-2008 \$'000
Financial Assets		
At fair value through profit or loss (FVTPL)		
Held for Trading:		
Derivative financial instruments	-	6,442
Total Held for Trading	-	6,442
Total financial assets at FVTPL	-	6,442
Loans and receivables		
Cash and cash equivalents	8,788	464
Trade and other receivables	2,341	12,137
Total loans and receivables	11,129	12,601
Total Financial Assets	11,129	19,043
Financial Liabilities		
At fair value through profit or loss (FVTPL)		
Held for Trading:		
Derivative financial instruments	5,506	-
Total Held for Trading	5,506	-
Total financial liabilities at FVTPL	5,506	-
Loans and receivables		
Payables and Accruals	3,785	50,959
Interest bearing liabilities	225,376	207,809
Total loans and receivables	229,161	258,768
Total Financial Liabilities	234,667	258,768

(b) Net gains/(losses) on financial instruments held at fair value through profit or loss

Unrealised gain/(loss) on financial assets held for trading	-	2,589
Unrealised gain/(loss) on financial liabilities held for trading	(11,948)	-
Net gains/(losses) on financial instruments held at FVTPL	(11,948)	2,589

18. Auditor's remuneration

	30-Jun-2009 \$	30-Jun-2008 \$
Auditing or reviewing the Financial Report	82,433	41,000
Total auditor remuneration	82,433	41,000

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

19. Segment information

All income of the Fund is derived from investments in real property and short-term deposits held for and incidental to the management of the Fund's property and operating responsibilities. All investments are located within Australia.

20. Leases

The Fund derives income from the leasing of investment property. As the Fund retains substantially all the risks and rewards from the ownership of the properties the leases are defined as operating leases in accordance with the accounting policies adopted by the Fund. Where possible, the income from operating leases is recognised on a straight line basis over the life of the lease. Lease incentives, either in the form of rent-free periods or cash contributions, are also recognised on a straight line basis over the life of the lease as a reduction in rental income. The remaining minimum lease payments receivable under the existing lease contracts are as follows:

	30-Jun-2009 \$'000	30-Jun-2008 \$'000
12 months or less	29,304	34,279
1-5 years	131,774	142,166
Over 5 years	45,679	125,009
Total minimum lease payments	206,757	301,454
Weighted Average Lease Expiry (years)	6.01	7.30

21. Notes to the Cash Flow Statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash in banks.

Cash and cash equivalents at the end of financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	8,788	464
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(b) Reconciliation of profit for the year to net cash flows provided by operating activities

Profit/(loss) Attributable to Unitholders	(77,647)	3,640
Unrealised change in fair value of investment property	68,900	(756)
Gain on revaluation of fair value through profit or loss financial assets	11,948	(2,589)
Impairment loss on development property	-	3,092
Provision for doubtful debts	6,342	412
Other non-cash items	-	1,562
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/decrease in assets</i>		
Current receivables	(132)	(3,471)
Other current assets	(196)	-
<i>Increase/(decrease) in liabilities</i>		
Current payables and accruals	514	1,579
Other current liabilities	546	-
Net cash from operating activities	10,275	3,469

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

22. Related Party Disclosures

Responsible entity

The responsible entity of the Fund is Domaine Property Funds Limited (DPFL), whose immediate holding company is Australian Property Growth Limited (APGL). APGL acquired a 100% ownership interest in DPFL on 13 March 2009 from Domaine Holdings Pty Limited (a Mirvac Group entity).

Key management personnel includes persons who were directors of the Responsible Entity at any time during the financial year. The following table lists all key management personnel including appointments and resignations during the whole of the year and up to the date of this report:

Mr N E Summerson	(appointed 13 th March 2009)
Mr G M McMahon	(appointed 13 th March 2009)
Mr A J Cragnolini	(appointed 13 th March 2009)
Mr N R Collishaw	(resigned 13 th March 2009)
Mr P F Barker	(resigned 13 th March 2009)
Mr G B Hodgetts	(resigned 13 th March 2009)
Mr R W Turner	(resigned 13 th March 2009)
Mr K S Strang	(resigned 13 th March 2009)

b) Other key management personnel

Other key management personnel include persons who were responsible for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year as follows:

Luis Garcia – General Manager APGF Funds Management
Andrew Brodie – Senior Retail Asset Manager
Andrew Page – Senior Asset Manager

Since the end of the previous financial year, no director of the Responsible Entity has received or became entitled to receive any benefit because of a contract made by the Fund with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest, except at terms set out in the Fund Constitution.

c) Key management personnel compensation

Key management personnel are employed and paid by APGF Administration Pty Limited, a wholly owned service entity of APGF. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

d) Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the year.

e) Key management personnel unit holdings

The key management personnel of the Fund did have any unit holdings in the Fund.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

22. Related Party Disclosures (continued)

f) Responsible entity's remuneration

In accordance with the Fund Constitution, Domaine Property Funds Limited (and its associates) are entitled to receive:

Management fee

In accordance with the Fund Constitution, the responsible entity is entitled to receive a management fee of 0.6% per annum of the gross asset value of the Fund, payable monthly in arrears.

Acquisition fee

The Responsible Entity is entitled to an acquisition fee equal to 3.5% of the purchase price of each investment property.

Accounting fees

The responsible entity performs the accounting function for the Fund. The accounting fee is charged at \$30,000 per annum, subject to annual review.

Registry fees

The registry function, previously performed by the responsible entity, is carried out for the Fund by Computershare Limited. The registry fee is charged at commercial terms and is subject to annual review. Fees paid or payable to the responsible entity for the year ended 30 June 2009 were \$0 (2008: \$17,907).

Reimbursable expenses

The responsible entity is also entitled to reimbursement of proper costs as set out in the Constitution.

Set out below are the fees paid or payable by the Fund to the responsible entity (and its associates) during the year:

	2008	2008
	\$	\$
Management fees	2,642,319	2,173,975
Accounting fee	30,000	30,000
Registry fee	-	17,907
Total responsible entity remuneration recognised in profit or loss	2,672,319	2,221,882
Acquisition fee (capitalised)	-	3,292,167
Total fees paid/payable by the Fund to the Responsible Entity	2,672,319	5,514,049

23. Contingent Assets and Liabilities and Commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2009 and 30 June 2008.

24. 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 the Fund, or the state of affairs of the Fund in future financial years.

Domaine SEQ Growth Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

25. Additional Information

Contact Information:

Domaine Property Funds Limited, A.C.N. 085 616 824, an unlisted public company incorporated and operating in Australia, is the Responsible Entity of the Fund.

Funds Management Office:

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