



# DOMAINE DIVERSIFIED PROPERTY FUND

(FORMERLY MIRVAC DOMAINE  
DIVERSIFIED PROPERTY FUND)

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

# Domaine Diversified Property Fund

---

## FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

### CONTENTS

	Page
Directors' Report	2
Auditor's Independence Declaration	6
Independent Audit Report	7
Directors' Declaration	9
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Financial Statements	14

# Domaine Diversified Property 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 Diversified Property 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 and including 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 (APGF) which is the immediate holding entity of DPFL. He is a current and former 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.

**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.
- PricewaterhouseCoopers Australia – Independent Auditor
- WHK Horwath Sydney - Compliance Plan Auditor from 13 March 2009 (Previously Moore Stephens)

# Domaine Diversified Property 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). Key Management Personnel were replaced by the experienced APGF team.

### *Results*

As at 30 June 2009, the Fund has a working capital deficiency of \$32,606,000, caused mainly by the classification as current liabilities of the Fund's drawn debt Facility (\$37,209,000), which is due to expire on 30 September 2009. In addition, the debt has a Loan-to-Value ("LVR") covenant requirement which has been breached at 30 June 2009, resulting in the debt becoming immediately repayable on demand.

Management have been negotiating with its lenders for a covenant breach waiver and extension of the debt facility. Subsequent to year end but prior to the date of this report, the lender has informally agreed to provide a waiver and extension to March 2010. At the date of this report this formal confirmation has not been received. Management have also been negotiating an additional extension to September 2010, which is dependent on the completion of a successful capital raising.

The continuing viability of the Fund and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Fund being successful in negotiating extensions with its Lenders and completing a successful capital raising. As a result, there is significant uncertainty whether the Fund will continue as a going concern and therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

While management remains in discussions with its lenders on Facility extensions, the Directors are not aware of any circumstances that may lead to the Fund not obtaining extensions to the lending Facilities prior to the expiry to the existing Facilities. Accordingly, they have prepared the financial report on a going concern basis. On preparing the financial statements on this basis, the Directors have had regard to the following:

- Strong relationships with the lender who is also a financier to other parts of the Australian Property Growth Fund, being the ultimate parent of the Responsible entity
- Successful renegotiations of debt extensions with this lender have been concluded in the past, in relation to both this Fund and the Australian Property Growth Fund
- The lender has confirmed informally that the waiver of the breach of debt covenant and extension of the debt is forthcoming
- Management and the Directors are continually in contact with the lender in respect of the strategic direction of the Fund

At this time, based on the Fund being a going concern, the Directors are not aware of any circumstances whereby the assets are likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2009. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Fund not continue as a going concern.

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 \$20,284,000 (2008: \$11,480,000).

# Domaine Diversified Property Fund

---

## **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
<b>Profit / (Loss) attributable to unitholders</b>	(20,284)	(11,480)
<b>Adjust for non-operating items</b>		
Revaluation (increment)/decrement on investment properties	15,059	13,645
Revaluation (increment)/decrement on investments in associates	2,862	3
Fair value movement in interest rate caps/swaps	3,992	(903)
Share of net (income)/loss on investment in associate	(1,200)	1,190
<b>Underlying Profit</b>	429	2,455

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**

There were no distributions paid or payable with respect to the 2009 financial year.

## **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 \$	2008 \$
MER related expenses incurred by the Fund	1,136,449	1,254,844
MER %	6.26	3.13

## **Changes in State of Affairs**

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

## **Subsequent Events**

On 14 August 2009 the Fund sold the Leeton Market Plaza investment property, held under Assets Classified as Held for Sale in the balance sheet, for \$6.1m. Proceeds were used to payout \$20.9m of interest rate swaps for a cash cost of \$793,160 and the remaining \$5,134,817 to reduce the balance on the Suncorp bank facility. Other than this, 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.

# Domaine Diversified Property 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.

## 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 23 to the financial statements.

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

The value of the Fund's assets 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 Note 10 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, 24<sup>th</sup> September 2009

PricewaterhouseCoopers  
ABN 52 780 433 757

Riverside Centre  
123 Eagle Street  
BRISBANE QLD 4000  
GPO Box 150  
BRISBANE QLD 4001  
DX 77 Brisbane  
Australia  
Telephone +61 7 3257 5000  
Facsimile +61 7 3257 5999  
[www.pwc.com/au](http://www.pwc.com/au)

### Auditor's Independence Declaration

As lead auditor for the audit of Domaine Diversified Property 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 Diversified Property Fund during the year.



Timothy J Allman  
Partner  
PricewaterhouseCoopers

Brisbane  
24 September 2009

## Independent auditor's report to the unitholders of Domaine Diversified Property Fund

### Report on the financial report

We have audited the accompanying financial report of Domaine Diversified Property 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 Diversified Property 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 Diversified Property 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 Diversified Property 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.

*Significant Uncertainty Regarding Continuation as at Going Concern*

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that as of 30 June 2009, the Domaine Diversified Property Fund current liabilities exceeded its current assets by \$32,606,000. These conditions, along with other matters as set forth in Note 1, indicate the existence of a significant uncertainty which may cast doubt on Domaine Diversified Property Fund's ability to continue as a going concern, and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

  
PricewaterhouseCoopers



Timothy J Allman  
Partner

Brisbane  
24 September 2009

# Domaine Diversified Property Fund

---

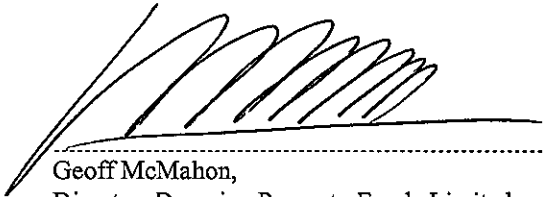
## DIRECTORS' DECLARATION

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 35, 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, 24<sup>th</sup> September 2009

# Domaine Diversified Property Fund

## INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	30-Jun-2009 \$'000	30-Jun-2008 \$'000
<b>Investment Income</b>			
Net rental income	4	6,508	8,369
Interest income		401	526
Distributions received		1	77
Share of net income / (loss) of associate accounted for using the equity method		1,200	(1,190)
Unrealised change in fair value of financial instruments	18(b)	(6,854)	900
Unrealised change in fair value of investment property		(15,059)	(13,645)
<b>Net Investment Income</b>		<u>(13,803)</u>	<u>(4,963)</u>
<b>Expenses</b>			
Auditors' remuneration	19	72	34
Finance costs ( <i>excluding finance costs attributable to unitholders</i> )		4,864	5,176
Registry fees		2	-
Professional Fees		346	15
Valuation Fees		49	-
Responsible Entity Fees	23	942	1,156
Other		206	136
<b>Total Expenses</b>		<u>6,481</u>	<u>6,517</u>
<b>Profit / (Loss) Attributable to Unitholders</b>		<u>(20,284)</u>	<u>(11,480)</u>
<b>Finance Costs Attributable to Unitholders</b>			
Distributions to unitholders	15	-	(2,704)
<b>Change in Net Assets Attributable to Unitholders</b>		<u>(20,824)</u>	<u>(14,184)</u>

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

# Domaine Diversified Property Fund

---

## BALANCE SHEET AS AT 30 JUNE 2009

	Note	30-Jun-2009 \$'000	30-Jun-2008 \$'000
<b>Current assets</b>			
Cash and cash equivalents	5	365	1,300
Trade and other receivables	6	1,026	502
Assets held for sale	7	7,439	15,500
Other current assets	8	169	67
<b>Total current assets</b>		8,999	17,369
<b>Non-current assets</b>			
Investment in associates	9	3,834	2,959
Derivative financial asset	18(a)	-	1,793
Investment property	10	36,588	74,100
Other non-current assets	11	19	42
<b>Total non-current assets</b>		40,441	78,894
<b>Total Assets</b>		49,440	96,263
<b>Current liabilities</b>			
Trade and other payables	12	2,197	867
Derivative financial liabilities	18(a)	2,199	-
Interest bearing liabilities	13	37,209	67,277
<b>Total current liabilities</b>		41,605	68,144
<b>Total liabilities</b>		41,605	68,144
<b>Equity</b>			
Unitholder's Funds		39,599	39,599
Undistributed income (losses)		(31,764)	(11,480)
<b>Total Equity</b>		7,835	28,119

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

# Domaine Diversified Property Fund

---

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

	Unitholder's Funds \$'000	Undistributed Income \$'000	Total Equity \$'000
<b>30 June 2009</b>			
Opening Balance	39,599	(11,480)	28,119
Net Profit/(Loss) for Period	-	(20,284)	(20,284)
<b>Transactions with Owners</b>			
Distributions Paid	-	-	-
<b>Closing Balance</b>	<b>39,599</b>	<b>(31,764)</b>	<b>7,835</b>
 <b>30 June 2008</b>			
Opening Balance	-	-	-
Adjustments due to the adoption of 2008-2	36,806	-	36,806
Adjusted opening balance	36,806	-	36,806
Net Profit/(Loss) for Period	-	(11,480)	(11,480)
<b>Transactions with Owners</b>			
Units issued	7,014	-	7,014
Units redeemed	(1,517)	-	(1,517)
Distributions Paid	(2,704)	-	(2,704)
<b>Closing Balance</b>	<b>39,599</b>	<b>(11,480)</b>	<b>28,119</b>

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

# Domaine Diversified Property Fund

## CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	30-Jun-2009 \$'000	30-Jun-2008 \$'000
<b><i>Cash flows from operating activities</i></b>			
Gross rent income		8,818	10,331
Interest received		65	698
Payments to suppliers (including property outgoings)		(2,657)	(3,692)
Interest and other costs of finance paid		(4,584)	(5,135)
<b>Net Cash Provided by Operating Activities</b>	22(b)	1,642	2,202
<b><i>Cash flows from investing activities</i></b>			
Proceeds from sale of / (Payment for) investment property		29,584	(28)
Return of capital from associates		-	471
Payments for investments		(2,092)	-
Proceeds from the sale of other investments		-	139
<b>Net Cash Used in Investing Activities</b>		27,492	582
<b><i>Cash flows from financing activities</i></b>			
Net proceeds received from issue of new units		-	6,770
Repayment of borrowings		(30,069)	(6,116)
Payment for redemption of units		-	(1,272)
Distributions made to unitholders		-	(3,564)
<b>Net Cash Provided by / (Used in) Financing Activities</b>		(30,069)	(4,182)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(935)	(1,398)
<b>Cash and cash equivalents at beginning of the financial year</b>		1,300	2,698
<b>Cash and cash equivalents at end of the financial year</b>	22(a)	365	1,300

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

# Domaine Diversified Property 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.

As at 30 June 2009, the Fund has a working capital deficiency of \$32,606,000, caused mainly by the classification as current liabilities of the Fund's drawn debt Facility (\$37,209,000), which is due to expire on 30 September 2009. In addition, the debt has a Loan-to-Value ("LVR") covenant requirement which has been breached at 30 June 2009, resulting in the debt becoming immediately repayable on demand.

Management have been negotiating with its lenders for a covenant breach waiver and extension of the debt facility. Subsequent to year end but prior to the date of this report, the lender has informally agreed to provide a waiver and extension to March 2010. At the date of this report this formal confirmation has not been received. Management have also been negotiating an additional extension to September 2010, which is dependent on the completion of a successful capital raising.

The continuing viability of the Fund and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Fund being successful in negotiating extensions with its Lenders and completing a successful capital raising. As a result, there is significant uncertainty whether the Fund will continue as a going concern and therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

While management remains in discussions with its lenders on Facility extensions, the Directors are not aware of any circumstances that may lead to the Fund not obtaining extensions to the lending Facilities prior to the expiry to the existing Facilities. Accordingly, they have prepared the financial report on a going concern basis. On preparing the financial statements on this basis, the Directors have had regard to the following:

- Strong relationships with the lender who is also a financier to other parts of the Australian Property Growth Fund, being the ultimate parent of the Responsible entity
- Successful renegotiations of debt extensions with this lender have been concluded in the past, in relation to both this Fund and the Australian Property Growth Fund
- The lender has confirmed informally that the waiver of the breach of debt covenant and extension of the debt is forthcoming
- Management and the Directors are continually in contact with the lender in respect of the strategic direction of the Fund

At this time, based on the Fund being a going concern, the Directors are not aware of any circumstances whereby the assets are likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2009. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Fund not continue as a going concern.

# Domaine Diversified Property Fund

---

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

### 1. Statement of compliance and basis of preparation (continued)

#### *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 24<sup>th</sup> September 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.

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.

# Domaine Diversified Property Fund

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

### 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.

(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.

# Domaine Diversified Property Fund

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

### 2. Financial reporting developments (continued)

(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 standard from 1 July 2009.

#### (vi) *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 Trust'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 Trust first met the criteria of the amended standards. This change has affected the following comparative figures:

Account	Previous	Adjustment	Amended
Liabilities to unitholders	36,806	(36,806)	-
Unitholder Balances	-	36,806	36,806

### 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.

# Domaine Diversified Property Fund

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

### 3. Summary of significant accounting policies (continued)

#### (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 at fair value and subsequently at amortised cost less 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.

#### (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

# Domaine Diversified Property Fund

---

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

### 3. Summary of significant accounting policies (continued)

#### (d) Financial instruments (continued)

##### (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.

#### **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.

# Domaine Diversified Property Fund

---

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

### 3. Summary of significant accounting policies (continued)

#### (f) Investment properties

Investment properties are held for long term rental yields, and are 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.

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.

#### (g) 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.

#### (h) 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.

# Domaine Diversified Property Fund

---

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

### 3. Summary of significant accounting policies (continued)

#### (i) 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.

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.

#### *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).

#### (j) 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.

# Domaine Diversified Property Fund

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

### 3. Summary of significant accounting policies (continued)

#### (k) 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) 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.

##### (ii) Dividends/Distributions

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

##### (iii) 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.

#### (l) 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.

#### (m) 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 Diversified Property Fund

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

### 3. Summary of significant accounting policies (continued)

#### (n) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition

#### (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.

#### (o) Application & 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.

### 4. Net rental income

	30 Jun 2009	30 Jun 2008
	\$'000	\$'000
Rental Income	8,026	9,515
Outgoings recovered	430	481
Gross Rental income	8,456	9,996
Less outgoings paid	(1,948)	(1,627)
Net rental income	6,508	8,369

### 5. Cash and cash equivalents

Cash at bank	234	1,300
Cash in trust	131	-
	365	1,300

# Domaine Diversified Property Fund

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

<b>6.</b>	<b>Trade and other receivables</b>	<b>30 Jun 2009</b>	<b>30 Jun 2008</b>
		\$'000	\$'000
	Trade Debtors	22	-
	Tenant arrears	74	290
	Interest receivable	-	3
	Distributions receivable – associate	-	85
	Rental indemnity receivable	-	124
	Sale proceeds held by agent	930	-
		1,026	502
		1,026	502
<b>7.</b>	<b>Assets held for sale</b>		
	263 Clarence Street, Sydney NSW	1,400	6,500
	Clarinda Street, Parkes NSW	-	9,000
	1 Acacia Avenue, Leeton, NSW	6,039	-
		7,439	15,500
		7,439	15,500
	Held for sale assets are carried at fair value (expected sale price) less costs to sell.		
<b>8.</b>	<b>Other current assets</b>		
	Lease incentives	63	-
	Prepayments	106	67
		169	67
		169	67
<b>9.</b>	<b>Investment in associates</b>		
	<b>Investment in Domaine Belmont Trust</b>		
	Ownership interest	50%	50%
	<b>Movements in carrying amounts of investments in associates:</b>		
	Carrying amount at the beginning of the financial year	2,959	4,630
	Additional cash amounts invested/(returned)	2,092	(481)
	Interest accrued on debt investment	423	-
	Share of associate (losses)/profits	1,200	(1,190)
	Impairment loss	(2,840)	-
	Carrying amount at the end of the financial year	3,834	2,959
		3,834	2,959
	<b>Summarised financial information of associates:</b>		
	The Fund's share of:		
	<b>Revenue</b>		
	Distribution Revenue	-	31
	Profit from ordinary activities	1,200	(1,190)
	<b>Assets</b>	15,699	11,050
	<b>Liabilities</b>	13,782	12,250

# Domaine Diversified Property Fund

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

10. Investment property	30 Jun 2009 \$'000	30 Jun 2008 \$'000
263 Clarence Street, Sydney NSW	1,400	6,500
31 Murray Dwyer Circuit, Mayfield West NSW	5,200	7,100
19-27 Devlin Street, Ryde NSW	4,600	3,950
Clarinda Street, Parkes NSW	-	9,000
William Angliss Drive, Laverton North VIC	11,500	10,350
158 Karawatha Drive, Mountain Creek QLD	-	21,000
1 Acacia Avenue, Leeton NSW	6,039	13,200
Brunswick St, Fortitude Valley QLD	14,688	18,000
19 Arthur St, Fortitude Valley QLD	600	500
Transfer to Current assets – non current assets classified as held for sale	(7,439)	(15,500)
	36,588	74,100

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.

The Fund relies on independent expert valuers to determine the fair value of each investment property. These valuations are conducted periodically (at least once every three years) with 75% of the funds properties being evaluated during the current year. The latest valuation date for each property is listed below:

Property	Independent Valuer	Valuation Date	Value \$'000
263 Clarence Street, Sydney NSW	Savills	31 December 2008	1,550
31 Murray Dwyer Circuit, Mayfield West NSW	Colliers Int	31 December 2008	5,300
19-27 Devlin Street, Ryde NSW	Colliers Int	31 December 2008	4,700
William Angliss Drive, Laverton North VIC	Savills	31 December 2008	11,500
1 Acacia Avenue, Leeton NSW	Savills	31 December 2008	8,000
Brunswick St, Fortitude Valley QLD	Jones Lang LaSalle	31 December 2008	15,800
19 Arthur St, Fortitude Valley QLD	Jones Lang LaSalle	31 December 2008	600
Total			47,450

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 8.00% (Clarence St), 11.25% (Mayfield), 10.50% (Ryde), 8.75% (Laverton), 10.00% (Brunswick St) and 2.10% (Arthur St).

# Domaine Diversified Property Fund

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

### 10. Investment property (continued)

Reconciliation of carrying amounts of Investment Properties	30 Jun 2009 \$'000	30 Jun 2008 \$'000
Carrying amount at the beginning of the financial year	74,100	102,312
Additions/(rebates)	177	114
Net gain/(loss) from fair value adjustments	(13,309)	(12,826)
Transfer to current assets – assets held for sale	(24,380)	(15,500)
Closing balance at the end of the financial year	36,588	74,100

### 11. Other non-current assets

Financial assets held a fair value – Domaine Hunter Fund	19	42
	19	42

### 12. Trade and other payables

Trade and other payables	578	573
GST payable	180	156
Income in advance	1,439	138
	2,197	867

### 13. Interest bearing liabilities

Bank bill facility	37,226	67,277
Borrowing costs	(17)	-
<b>Bank loan</b>	37,209	67,277
<b>Total facilities</b>	<b>37,209</b>	<b>67,277</b>

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

- i. A facility of \$70,000,000 (30 June 2008: \$120,000,000), of which \$37,209,000 has been drawn down (2008: \$67,277,000) expiring on 30 September 2009 has been provided by Suncorp 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:
  - 263 Clarence Street, Sydney NSW
  - 31 Murray Dwyer Circuit, NSW
  - 19-27 Devlin Street, Ryde NSW
  - William Angliss Drive, Laverton North VIC
  - 1 Acacia Avenue, Leeton NSW
  - Brunswick St, Fortitude Valley QLD

As at 30 June 2009 the Fund's drawn debt Facility (\$37,209,000), which is due to expire on 30 September 2009, has a Loan-to-Value ("LVR") covenant requirement which has been breached, resulting in the debt becoming immediately repayable on demand.

Management have been negotiating with its lenders for a covenant breach waiver and extension of the debt facility. Subsequent to year end but prior to the date of this report, the lender has informally agreed to provide a waiver and extension to March 2010. At the date of this report this formal confirmation has not been received. Management have also been negotiating an additional extension to September 2010, which is dependent on the completion of a successful capital raising.

# Domaine Diversified Property Fund

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

### 14. Puttable financial instruments

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.

#### Obligation to redeem

The redemption facility, as outlined in the Product Disclosure Statement (PDS) of the Fund, is at the discretion of the Responsible Entity. The RE has the option of offering limited withdrawals from the Fund on a half yearly basis. During the period, the RE in its discretion opted not to offer the withdrawal on the basis of ongoing current global financial instability.

15. Distributions to unitholders	30 Jun 2009	30 Jun 2008	30 Jun 2009	30 Jun 2008
Date Payable	Cents per Unit	Cents per Unit	Distribution \$'000	Distribution \$'000
30 September 2008	-	1.89	-	861
31 December 2008	-	1.89	-	909
31 March 2009	-	1.89	-	934
30 June 2009	-	-	-	-
Total distributions to unitholders	-	5.67	-	2,704

### 16. Earnings per unit

	30-Jun-2009 '000	30-Jun-2008 '000
Net profit/(loss) attributable to investors (dollars)	(20,284)	(11,480)
Basic Earnings per unit (cents)	(40.77)	(24.33)
Diluted earnings per unit (cents)	(40.77)	(24.33)
Weighted average no. of units on issue used in the calculation of basic and diluted earnings (units)	49,755	47,190

### 17. 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 Securities and Investment Commission (ASIC).

# Domaine Diversified Property Fund

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

### 17. 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 but not Impaired		Total
	0-30 days	31-60 days	61 days +	
	\$'000	\$'000	\$'000	\$'000
Rental receivable	36	-	60	96
Other receivable	930	-	-	930
<b>Total</b>	<b>966</b>	<b>-</b>	<b>60</b>	<b>1,026</b>
<b>2008</b>				
Rental receivable	286	128	-	414
Other receivable	88	-	-	88
<b>Total</b>	<b>374</b>	<b>128</b>	<b>-</b>	<b>502</b>

The Responsible Entity regularly reviews receivables for collectability.

#### 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 Fund is exposed to a liquidity risk due to the expiration of its loan facility in September 2009. At the reporting date the facility was also in breach of the Loan to Value Ratio (LVR) covenant on this facility. Management engaged in communication early with the lender to manage the situation appropriately, securing a waiver from the bank on the breach until the expiry date. Management is also currently implementing an appropriate plan to restore the facility covenant that is acceptable to the lender, as part of negotiations to renew and extend this facility.

The Fund is also exposed to a liquidity risk due to the bi-annual unit redemption offer as outlined in the PDS. This risk is managed through the constitution which assigns the Responsible Entity with the absolute discretion as to whether each redemption will be offered and if so, the amount offered for redemption. The Responsible Entity has exercised its discretion to suspend redemptions until current market conditions improve.

# Domaine Diversified Property Fund

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

### 17. Financial risk management (continued)

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	39,406	3,698
6-12 months	-	68,569
1-5 years	2,199	-
Over 5 years	-	-
	<u>41,605</u>	<u>72,267</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 13.

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 Diversified Property Fund

---

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

### 17. 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 and net liabilities to unitholders would have been affected as follows:

Judgements of reasonably possible movements:	30 Jun 2009 \$'000	30 Jun 2008 \$'000
<b>Financial Assets</b>		
+ 1% (100 basis points)	16	13
- 1% (100 basis points)	(17)	(13)
<b>Financial Liabilities</b>		
+ 1% (100 basis points)	(103)	519
- 1% (100 basis points)	103	(553)
<b>Total increase / (decrease)</b>		
+ 1% (100 basis points)	(87)	(532)
- 1% (100 basis points)	86	566

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 Diversified Property Fund

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

### 17. 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		
<b>Financial Assets</b>							
Assets at FVTPL	-	-	-	-	-	3,853	3,853
Cash and cash equivalents	6.31	365	-	-	-	-	365
Loans and receivables	-	-	-	-	-	1,195	1,195
	-	365	-	-	-	5,048	5,413
<b>Financial Liabilities</b>							
Held for Trading	-	-	-	-	-	2,199	2,199
Payables and Accruals	-	-	-	-	-	2,197	2,197
Interest bearing Liabilities	8.88	37,209	-	-	-	-	37,209
	-	37,209	-	-	-	4,396	41,605
<b>Off-balance sheet Notional Amounts</b>							
Interest rate swaps	5.13	(50,859)	-	-	-	-	(50,859)
Interest rate swaps	6.34	-	-	50,859	-	-	50,859

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		
<b>Financial Assets</b>							
Assets at FVTPL	-	-	-	-	-	3,001	3,001
Assets held for trading	-	-	-	-	-	1,793	1,793
Cash and cash equivalents	-	1,300	-	-	-	-	1,300
Loans and receivables	-	-	-	-	-	571	571
	-	1,300	-	-	-	5,365	6,665
<b>Financial Liabilities</b>							
Payables and Accruals	-	-	-	-	-	936	936
Interest bearing Liabilities	-	67,277	-	-	-	-	67,277
	-	67,277	-	-	-	936	68,213
<b>Off-balance sheet Notional Amounts</b>							
Interest rate swaps	6.58 %	(50,859)	-	-	-	-	(50,859)
Interest rate swaps	6.34 %	-	-	50,859	-	-	50,859

# Domaine Diversified Property Fund

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

### 18. 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
<b>Financial Assets</b>		
<b>At fair value through profit or loss (FVTPL)</b>		
Investments in associates accounted for under the equity method	3,834	2,959
Other equity investments	19	42
	<u>3,853</u>	<u>3,001</u>
<b>Held for Trading:</b>		
Derivative financial instruments	-	1,793
<b>Total Held for Trading</b>	<u>-</u>	<u>1,793</u>
<b>Total financial assets at FVTPL</b>	<u><u>3,853</u></u>	<u><u>4,794</u></u>
<b>Loans and receivables</b>		
Cash and cash equivalents	365	1,300
Trade and other receivables	1,195	569
<b>Total loans and receivables</b>	<u>1,560</u>	<u>1,869</u>
<b>Total Financial Assets</b>	<u><u>5,413</u></u>	<u><u>6,663</u></u>
<b>Financial Liabilities</b>		
<b>At fair value through profit or loss (FVTPL)</b>		
<b>Held for Trading:</b>		
Derivative financial instruments	2,199	-
<b>Total Held for Trading</b>	<u>2,199</u>	<u>-</u>
<b>Total financial liabilities at FVTPL</b>	<u><u>2,199</u></u>	<u><u>-</u></u>
<b>Loans and receivables</b>		
Payables and Accruals	2,197	867
Interest bearing liabilities	37,209	67,277
<b>Total loans and receivables</b>	<u>39,406</u>	<u>68,144</u>
<b>Total Financial Liabilities</b>	<u><u>41,605</u></u>	<u><u>68,144</u></u>

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

	30 Jun 2009 \$'000	30 Jun 2008 \$'000
Unrealised gain/(loss) on financial instruments held at FVTPL (Investment in Hunter Fund)	(22)	(3)
Unrealised gain/(loss) on financial instruments held at FVTPL (Investment in Belmont Trust)	(2,840)	-
Unrealised gain/(loss) on financial instruments held for trading	(3,992)	903
<b>Net gains/(losses) on financial instruments held at FVTPL</b>	<u><u>(6,854)</u></u>	<u><u>900</u></u>

# Domaine Diversified Property Fund

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

<b>19. Auditor's Remuneration</b>		<b>30 Jun 2009</b>	<b>30 Jun 2008</b>
		\$	\$
Auditing or reviewing the Financial Report		71,554	33,750
Total auditor remuneration		71,554	33,750

### 20. 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.

### 21. 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:

	<b>30 Jun 2009</b>	<b>30 Jun 2008</b>
	\$'000	\$'000
12 months or less	5,295	8,364
1-5 years	14,501	24,740
Over 5 years	12,819	36,161
Total minimum lease payments	32,615	69,265

### 22. 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	365	1,300
---------------------------	-----	-------

#### (b) Reconciliation of profit for the year to net cash flows provided by operating activities

Profit/(loss) Attributable to Unitholders	(20,284)	(11,480)
Unrealised change in fair value of investment property	15,059	13,569
Unrealised change in fair value of financial instruments	6,854	(900)
Share of net loss / (profit) of associates held using the equity method	(1,200)	1,190
Amortisation of lease incentives and straight lining	-	(819)
<i>Changes in net assets and liabilities:</i>		
<i>(Increase)/decrease in assets</i>		
Current receivables	312	801
Other assets	(376)	-
<i>Increase/(decrease) in liabilities</i>		
Current payables and accruals	1,132	(159)
Other current liabilities	145	-
<b>Net cash from operating activities</b>	<b>1,642</b>	<b>2,202</b>

# Domaine Diversified Property Fund

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

### 23. 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 Limited.

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

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. 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 Diversified Property Fund

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

### 23. 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 1.0% per annum of the gross asset value of the Fund, payable monthly in arrears.

##### *Project supervision fee*

In accordance with the Fund Constitution, the Responsible Entity is entitled to receive a project supervision fee equivalent to market rates of the total cost of construction under the developer's delivery agreement on development properties.

##### *Acquisition fee*

The Responsible Entity is entitled to an acquisition fee equal to 5.0% of the purchase price of each investment property.

##### *Performance fee on sale*

The Responsible Entity is entitled to receive a fee on eventual sale of the investment property where the sale price (net of disposal costs) exceeds the purchase price at 2% of the excess of sales price over purchase price. Should the excess of the sale price over the purchase price result in a premium on capital subscribed of unitholders of more than 25% of their original investment, an additional fee of 2.5% of the sale price will become payable to the Responsible Entity.

##### *Accounting fees*

The Responsible Entity performs the accounting function for the Fund. The accounting fee is charged at a maximum of \$15,914 per annum, subject to annual review.

##### *Registry fees*

The Responsible Entity performs the registry function of the Fund. The registry fee is charged at \$15,914 per annum, subject to annual review.

##### *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:

	2009	2008
	\$	\$
Management fees	910,698	1,123,477
Accounting fee	14,893	15,914
Registry fee	15,914	15,914
Total responsible entity remuneration recognised in profit or loss	<u>941,505</u>	<u>1,155,305</u>

#### g) Loans

Loans between entities in a wholly owned group are unsecured and some are interest bearing at commercial lending rates.

### 24. Contingent Assets and Liabilities and Commitments

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

# Domaine Diversified Property Fund

---

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

### 25. Subsequent Events

On 14 August 2009 the Fund sold the Leeton Market Plaza investment property, held under Assets Classified as Held for Sale in the balance sheet, for \$6.1m. Proceeds were used to payout \$20.9m of interest rate swaps for a cash cost of \$793,160 and the remaining \$5,134,817 to reduce the balance on the Suncorp bank facility. Other than this, 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.

### 26. Additional Information

#### Contact Information:

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

#### *Investor Relations:*

Suite 902, Level 9  
50 Berry Street  
North Sydney NSW 2060

Ph: 1800 332 852

Fax: 02 9525 0488

[www.apgf.com.au](http://www.apgf.com.au)