



Melbourne Unit Trust

Financial Report

for the financial year ended 30 June 2010

ARSN 101 809 401

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

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DIRECTORS' REPORT

The directors of APGF Management Limited A.C.N.: 090 257 480 ("the Responsible Entity") submit herewith the financial report of the Melbourne Unit Trust ARSN 101 809 401 ("the Trust") for the year ended 30 June 2010. 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 and up to the date of this report are:

Neil Edwin Summerson *BCom, FCA, FAICD, FAIM*

Neil Summerson is Chairman of Australian Property Growth Fund (APGF) which is the ultimate holding entity of APGFM. He is a current and former director of several public, private and government corporations as well as Chairman of Bank of Queensland, and has over 35 years' experience practising as a Chartered Accountant. Neil was a managing partner at 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, FFIN*

Geoffrey ('Geoff') McMahon is Managing Director of APGF. He has been working in the property sector for more than 20 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 Cragolini *BBus (Acc), CA, FFIN* (appointed 22 March 2010)

Adriano Cragolini is a Director and Secretary of APGF Management Limited. 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. Adriano is responsible for the Fund's corporate finance, risk management, regulatory compliance and property funds management.

Robert Bryan (resigned 22 March 2010)

Scott Edward Bryan (resigned 22 March 2010)

Kenneth Ross Pickard (resigned 22 March 2010)

Service Providers

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

- APGF Management Limited - Responsible entity and Custodian.
- Austgrowth Investments Management Limited - Property Manager
- WHK Horwath Sydney - Independent Auditor and Compliance Plan Auditor.

Principal Activities

The Trust is a registered managed investment scheme domiciled in Australia. The Trust continued its principal activity which is to hold and acquire investment properties for rental and capital gain returns through the equity investment in the Melbourne Property Syndicate ARSN 101 809 269 ("the Syndicate"). There have been no significant changes in the activities of the Trust during the financial year. The Trust did not have any employees during the year.

Review of Operations

Management

Events since December 2007 have resulted in widespread volatility and uncertainty in the global and domestic investment markets. Together with the majority of industry experts, APGF believes commercial property values are at or near the bottom of the property cycle. APGF remains cautious about the pace of recovery, and believes the commercial property market is unlikely to see any marked improvement in values until well into 2011.

Throughout these challenging market conditions, APGF has maintained its focus on sustainable performance and long term property fundamentals. APGF's experienced management team is well placed to manage its syndicates and funds through the emerging recovery towards delivering long term value for investors.

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 2010. 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.

Results

The net loss attributable to investors was \$145,269 (2009: profit of \$192,370).

The table below demonstrates the performance of the Syndicate as represented by the total return, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. These are calculated in accordance with IFSA Standard 6.0 Product Performance – *calculation and presentation of returns*.

TOTAL FUND RETURN	1 Month	3 Months	1 yr	3 yr*	5 yr*
Mercer/IPD Pooled Property Fund Index	1%	2%	4%	3.7%	46.3%
Melbourne Property Syndicate	6.6%	8.1%	-5.1%	46.8%	77.2%

*Index data prior to 30 September 2007 is calculated by appending the Mercer/IPD Pooled Property Fund Index with movements to the Mercer Unlisted Property Fund Index which, prior to its cessation in August 2009, indexed returns in a majority of the same Unlisted Property Funds.

Consistent with our statements in the governing documents of the Trust, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Distributions

In respect of the financial year ended 30 June 2010, distributions were paid quarterly in the middle of the month. The distribution for the full financial year gave an annual return to investors of 9.00% (2009: 6.77%).

	2010	2009
	\$	\$
Distribution paid and payable	186,210	140,040
Distribution annualised (cents per unit)	9.00	6.77

Number of Investors

Melbourne Property Syndicate	107
Melbourne Unit Trust	74

Significant Changes in State of Affairs

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

Subsequent Events

On 30 July 2010 St George Bank agreed to rollover the bank facility provided to Melbourne Property Syndicate which was set to expire on 1 March 2011 for a further 12 months. As a result the expiry date is now 1 March 2012.

Other than the above, 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 Trust, the results of the Trust, or the state of affairs of the Trust in future financial years.

Future Developments

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the responsible entity believes it would be likely to result in unreasonable prejudice to the Trust.

Options Granted

No options were:

- (i) Granted over unissued units in the Trust during or since the end of the financial year; or
- (ii) Granted to the Responsible Entity.

No unissued units in the Trust were under option as at the date on which this report is made.

No units were issued in the Trust during or since the end of the financial year as a result of the exercise of an option over unissued units in the Trust.

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 whilst appointed as an officer or auditor.

Environmental Regulations

The Trust is not subject to environmental regulation in respect of its land and property development activities. The relevant authorities are provided with regular updates, and to the best of the directors' knowledge, all activities have been undertaken in compliance with the requirements of planning approvals.

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.

Trust Information in the Financial Report

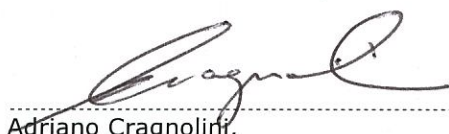
Fees paid to the Responsible Entity and its associates out of Trust property during the financial year are disclosed in note 13 to the financial statements.

The number of interests in the Trust issued during the financial year, withdrawals from the Trust during the financial year, and the numbers of interests in the Trust at the end of the financial year are disclosed in note 7 to the financial statements.

The value of the Trust's assets as at the end of the financial year is disclosed in the balance sheet as "Total Assets" and the basis of valuation is included in note 3 and note 5 to the financial statements.

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

On behalf of the directors,



Adriano Cagnolini,
Director, APGF Management Limited

Brisbane, 16 September 2010

The Board of Directors
APGF Management Limited
Level 15, 12 Creek Street
Brisbane QLD 4000

16 September 2010

Dear Board Members

**APGF MANAGEMENT LIMITED
AS THE RESPONSIBLE ENTITY FOR MELBOURNE UNIT TRUST**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of APGF Management Limited as the responsible entity for Melbourne Unit Trust.

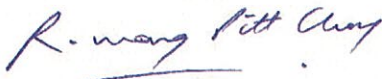
As lead audit principal for the audit of the financial statements of Melbourne Unit Trust for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely



WHK HORWATH SYDNEY



ROGER WONG
Principal

INDEPENDENT AUDIT REPORT TO THE INVESTORS OF MELBOURNE UNIT TRUST

Report on the financial report

We have audited the accompanying financial report of Melbourne Unit Trust, which comprises the balance sheet as at 30 June 2010, 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 Melbourne Unit Trust.

Directors' responsibility for the financial report

The directors of APGF Management Limited (the Responsible Entity) 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 are 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 the financial statements of Melbourne Unit Trust comply 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 judgment, 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 Trust'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.

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

INDEPENDENT AUDIT REPORT TO THE INVESTORS OF MELBOURNE UNIT TRUST

Independence

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

Auditor's opinion on the financial report

In our opinion:

- a. the financial report of Melbourne Unit Trust is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust's financial position as at 30 June 2010 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.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Inherent uncertainty regarding continuation as a going concern

Without qualification to the opinion expressed above, attention is drawn to the following matter.

As indicated at Note 1 to the financial statements, the financial report has been prepared on a going concern basis as the directors believe that the Trust will be able to pay its debts as and when they fall due and payable.

WHK Horwath Sydney
WHK HORWATH SYDNEY

R. Wong Pitt Choy

ROGER WONG
Principal

Dated this 16th day of September 2010.

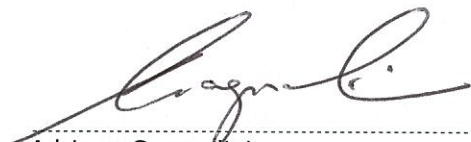
DIRECTORS' DECLARATION

The directors of APGF Management Limited as the Responsible Entity of the Trust declare that:

1. The financial statements and notes, as set out on pages 10 to 25 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, 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 2010 and of its performance for the year ended on that date of the Trust; and
 - (c) are in compliance with International Financial Reporting Standards (IFRS) as stated within the notes to the financial statements;
2. In the directors' opinion there are reasonable grounds to believe that the Trust 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 APGF Management Limited made pursuant to section 295 (5) of the Corporations Act 2001.

On behalf of the directors,



Adriano Cragnoini,
Director, APGF Management Limited
Brisbane, 16 September 2010

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	30 June 2010	30 June 2009
		\$	\$
<i>Investment Income</i>			
Distributions received and receivable		186,210	140,040
Unrealised change in fair value of financial instruments held at fair value through profit and loss		<u>(331,479)</u>	<u>52,330</u>
Net Investment Income		<u>(145,269)</u>	<u>192,370</u>
<i>Expenses</i>			
		<u>-</u>	<u>-</u>
Total Expenses		<u>-</u>	<u>-</u>
Net Profit for the Year		<u>(145,269)</u>	<u>192,370</u>
Other comprehensive income for the year		-	-
Total Comprehensive Income for the Year		<u>(145,269)</u>	<u>192,370</u>

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

**BALANCE SHEET
AS AT 30 JUNE 2010**

	Note	30 June 2010 \$	30 June 2009 \$	1 July 2008 Restated \$
Current Assets				
Other current assets	4	46,631	23,269	46,425
Total Current Assets		<u>46,631</u>	<u>23,269</u>	<u>46,425</u>
Non-Current Assets				
Investments	5	2,443,460	2,774,939	2,722,609
Total Non-Current Assets		<u>2,443,460</u>	<u>2,774,939</u>	<u>2,722,609</u>
Total Assets		<u>2,490,091</u>	<u>2,798,208</u>	<u>2,769,034</u>
Current Liabilities				
Trade and other payables	6	46,631	23,269	46,425
Total Current Liabilities		<u>46,631</u>	<u>23,269</u>	<u>46,425</u>
Total Liabilities		<u>46,631</u>	<u>23,269</u>	<u>46,425</u>
Net Assets		<u>2,443,460</u>	<u>2,774,939</u>	<u>2,722,609</u>
Equity				
Unitholder balance		1,882,534	1,882,534	1,882,534
Undistributed income		560,926	892,405	840,075
Total Equity	7	<u>2,443,460</u>	<u>2,774,939</u>	<u>2,722,609</u>

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

**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2010**

	30 June 2010			30 June 2009		
	Unitholder's Funds \$	Undistributed Income \$	Total Equity \$	Unitholder's Funds \$	Undistributed Income \$	Total Equity \$
Opening Balance	1,882,534	892,405	2,774,939	1,582,891	-	1,582,891
Adjustments due to change in accounting policies				299,643	840,075	1,139,718
Adjusted opening balance	1,882,534	892,405	2,774,939	1,882,534	840,075	2,722,609
Net profit/(loss) for the year	-	(145,269)	(145,269)	-	192,370	192,370
Other comprehensive income for the year	-	-	-	-	-	-
Transactions with Owners in their capacity as Owners						
Distributions paid	-	(186,210)	(186,210)	-	(140,040)	(140,040)
Closing Balance	1,882,534	560,926	2,443,460	1,882,534	892,405	2,774,939

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	30 June 2010 \$	30 June 2009 \$
<i>Cash flows from operating activities</i>			
Syndicate distributions		162,848	163,196
Net Cash Provided by Operating Activities	12(b)	<u>162,848</u>	<u>163,196</u>
<i>Cash flows from investing activities</i>			
Payment for investments		-	-
Net Cash Used in Investing Activities		<u>-</u>	<u>-</u>
<i>Cash flows from financing activities</i>			
Distributions made to unitholders		(162,848)	(163,196)
Net Cash Used in Financing Activities		<u>(162,848)</u>	<u>(163,196)</u>
Net increase/ (decrease) in cash and cash equivalents		<u>-</u>	<u>-</u>
Cash and cash equivalents at beginning of the financial year	12(a)	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of the financial year	12(a)	<u><u>-</u></u>	<u><u>-</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. Statement of compliance and basis of preparation

These financial statements cover Melbourne Unit Trust as an individual entity. The Trust was constituted and registered on 12 September 2002.

These general purpose financial statements have 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 statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Trust is economically dependent on the Fund which had a net current liability at 30 June based on the current classification of the Funds bank facility. On 30 July 2010 St George Bank agreed to rollover the bank facility provided to Melbourne Property Syndicate which was set to expire on 1 March 2011 for a further 12 months. As a result the expiry date is now 1 March 2012.

At this time, based on the Trust 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 2010. 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 Trust not continue as a going concern.

Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Trust also comply with International Financial Reporting as issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the directors on 16 September 2010.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2. Financial Statement presentation

The Trust has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Trust had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(a) Changes in Accounting Policies

Previously the Trust has presented its investment in the Fund as a proportional representation of the Fund's financial performance and financial position in line with the original structuring of the Syndicate (i.e. as a partnership). However, as the Trust is treated as a stand alone entity from a legal, management and tax perspective, management believes that presenting the Trust's investment in the Fund in accordance with AASB 139 Financial Instruments: Recognition and Measurement will provide more relevant and reliable information about the performance of the Trust and its investment in the Fund. This change in accounting policy has been applied retrospectively and the following changes have been made to the comparative amounts in the financial statements:

Account	30 June 2009	Adjustment	30 June 2009 Restated
<i>Income Statement</i>			
Mortgage Interest paid by the Syndicate	150,678	(150,678)	-
Interest income	150,678	(150,678)	-
Unrealised change in fair value of financial instruments held at fair value through profit and loss	-	52,330	52,330
Mortgage Interest paid by the syndicate	(150,678)	150,678	-
Interest and other costs of finance paid	(150,678)	150,678	-
Portion of distributions relating to capital	-	-	-
<i>Balance Sheet</i>			
Interest receivable	7,001	(7,001)	-
Loans advanced	2,166,545	(2,166,545)	-
Equity instruments	1,582,891	1,139,718	2,722,609
Interest payable	(7,001)	7,001	-
Interest bearing liabilities	(2,166,545)	2,166,545	-
Unitholder balance	(1,582,891)	(299,643)	(1,882,534)
Undistributed income	-	(840,075)	(840,075)

(b) New accounting standards and interpretations

Certain revised standards and amendments to existing standards have been published that are not mandatory for 30 June 2010 reporting periods. The Directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

(i) AASB 9 *Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits recognition of fair value gains and losses in other comprehensive income if they relate to equity investments and are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognized directly in profit or loss. The Trust has not yet decided when to adopt AASB 9. However, management does not expect this will have a significant impact on the Trust's financial statements as the Trust does not hold any available-for-sale investments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2. Financial Statement presentation (continued)

(b) New accounting standards and interpretations (continued)

(ii) AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (AASB 5, 8, 101, 107, 117, 118, 136 and 139)

In May 2009 the AASB issued a number of improvements to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 8 *Operating Segments*, AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 136 *Impairment of Assets* and AASB 139 *Financial Instruments, Recognition and Measurement*. The Trust will apply the revised Standards from 1 July 2010. The Trust does not expect that any adjustments will be necessary as a result of applying the revised rules.

(iii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (Effective from 1 January 2011)

In December 2009 the AASB issued revised AASB 124 *Related Party Disclosure*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transaction with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Trust will apply the amended standard from 1 July 2011. When the amendments are applied, the Trust would need to disclose any transactions between its subsidiaries and associates. However, as the Trust does not have any subsidiaries and associates, the amendment will not have any effect on the Trust's financial statements.

3. Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the year end financial statements and the comparative information presented, unless otherwise stated in the following statement:

(a) 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 known amounts of cash. The Trust 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, short-term deposits (as outlined above) net of any bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities.

(b) Trade and other receivables

Trade receivables are measured at fair value. 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 Trust may not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the difference between the receivable carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised before becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

3. Summary of significant accounting policies (continued)

(c) Financial instruments

(i) Classification

The Trust's investments are classified as at fair value through profit or loss. They comprise:

Financial instruments at fair value through profit or loss

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 Trust's documented investment strategy. The Trust'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.

(ii) Recognition/derecognition

The Trust 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 derecognised when the right to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

(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.

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.

(d) 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 Trust prior to the end of the financial year that are unpaid and arise when the Trust 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

3. Summary of significant accounting policies (continued)

(e) Investment Income

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 Trust and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Distributions

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

(f) Income tax and other taxes

(i) Income Taxes

Under current income tax legislation the Trust 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.

	30-Jun-2010	30-Jun-2009
	\$	\$
4. Other current assets		
Distributions receivable	46,631	23,269
	<u>46,631</u>	<u>23,269</u>
5. Investments		
Equity instruments at FVTPL		
Units in Melbourne Property Syndicate	2,069,000	2,069,000
Accumulated fair value adjustments	374,460	705,939
Carrying value	<u>2,443,460</u>	<u>2,774,939</u>
6. Trade and other payables		
Distributions payable	46,631	23,269
	<u>46,631</u>	<u>23,269</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

7. Puttable financial instruments

	30-Jun-2010	30-Jun-2009
	\$	\$
(a) Unitholders' Balances		
Movement in unitholders' balances during the financial year were as follows:		
Total number of units at the beginning and end of the year (units)	2,069,000	2,069,000
Balance at the beginning of the year	2,774,939	2,722,609
Profit for the year	(145,269)	192,370
Distributions paid	(186,210)	(140,040)
Balance at the end of the year	2,443,460	2,774,939
NTA per unit	1.18	1.34

Each unit represents a right to an individual share in the Trust 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 Trust.

(b) Obligation to Redeem

The Trust is a limited life entity, as defined in the standard that has a liability to distribute the net assets of the fund to unitholder's only upon the liquidation of the Trust. The Trust is due to mature by December 2010; however, this date can be extended by the Responsible Entity by six months or altered by the unitholders by amending the constitution. At the end of the Trust, all the assets of the Trust will be sold and the net cash proceeds will be divided equally among the units in the Trust and distributed.

(c) Capital Risk Management

The Trust considers its unit holders' funds as capital. Under the terms of the Trust Constitution, the Responsible Entity has the discretion to reject an application to transfer units if the exercise of such discretion is in the best interest of unitholders.

8. Distributions to Unitholders

Distributions to unit holders were paid as follows:

Distributions to unitholders	186,210	140,040
Distribution (annualised) cents per unit	9.00	6.77

9. Financial risk management

The Trust'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 published investment strategy.

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

- Credit Risk
- Liquidity Risk
- Market Risk

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

9. Financial risk management (continued)

The nature and extent of the financial instruments employed by the Trust are discussed below. This note presents information about the Trust's exposure to each of the above risks, the Trust'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 Trust's risk management framework.

The board has established an Audit and Risk Committee, which is responsible for developing and monitoring the Trust'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 Trust, 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 Trust'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 independent Compliance Committee and audited annually by the Compliance Plan Auditors. This plan outlines the processes that will ensure that both the Trust and the Responsible Entity comply with the requirements of the Australian Securities and Investment Commission (ASIC).

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 Trust. The Trust'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 Trust, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Trust'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.

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

b) Liquidity Risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust'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 Trust'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 2010. 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 2010.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

9. Financial risk management (continued)

(b) Liquidity Risk (continued)

The remaining contractual maturities of the Trust's financial liabilities are:

	30-Jun-2010	30-Jun-2009
	\$	\$
6 months or less	46,631	23,269
6-12 months	-	-
1-5 years	-	-
Over 5 years	-	-
	<u>46,631</u>	<u>23,269</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 Trust'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 Trust enters into financial liabilities, including derivatives, in order to manage market risks.

d) Fair Value Estimation

The carrying amounts of the Fund's assets and liabilities at the end of each reporting period approximate their fair values.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss is measured at fair value with changes in their fair value recognised in profit or loss.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

d) Fair Value Hierarchy

The Trust has adopted the amendments to AASB 7, effective 1 July 2009. This requires the Trust to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset of liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

9. Financial risk management (continued)

e) Fair Value Hierarchy

The determination of what constitutes 'observable' requires significant judgement by the responsible entity. The responsible entity considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Financial assets designated at fair value through profit or loss:				
Equity securities	-	-	-	-
Debt securities	-	-	-	-
Unlisted unit trusts	-	-	2,443,460	-
Total	-	-	2,443,460	-
Financial Liabilities				
Financial liabilities held for trading:				
Equity securities sold short	-	-	-	-
Derivatives	-	-	-	-
Total	-	-	-	-

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts exchanged traded derivatives, US government treasury bills and certain non-US sovereign obligations.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include, investment-grade corporate bonds and certain non-US sovereign obligations, certain listed equities, certain unlisted unit trusts, and over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded. Level 3 instruments include corporate debt securities. As observable prices are not available for these securities, the Responsible Entity has used valuation techniques to derive fair value.

For investments in debt securities classified under level 3, if the discount rate used in the discounted cash flow valuation model was increased/decreased by 1% this would have resulted in an immaterial increase/decrease in fair value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

9. Financial risk management (continued)

(e) Fair Value Hierarchy (continued)

The following table presents the transfers between levels for the year ended 30 June 2010:

	Level 1	Level 2	Level 3
	\$	\$	\$
Transfers between level 1 and 2:			
Debt securities	-	-	-
Transfers between level 2 and 3:			
Debt securities	-	-	-

The following table presents the movement in level 3 instruments for the year ended 30 June 2010 by class of financial instrument.

	Unit Trust
	\$
Opening balance	2,774,939
Purchases	-
Sales	-
Transfers into level 3	-
Gains and losses recognised in profit or loss	<u>(331,479)</u>
Closing balance	<u><u>2,443,460</u></u>
Total gains or losses for the year included in the statement of comprehensive income for the financial assets and liabilities held at the end of the year	<u>(331,479)</u>

10. Financial instruments

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

	30-Jun-2010	30-Jun-2009
	\$	\$
Financial Assets		
Held at FVTPL	2,443,460	2,774,939
Trade and other receivables	<u>46,631</u>	<u>23,269</u>
Total Financial Assets	<u>2,490,091</u>	<u>2,798,208</u>
Financial Liabilities		
Payables and Accruals	<u>46,631</u>	<u>23,269</u>
Total Financial Liabilities	<u>46,631</u>	<u>23,269</u>

11. Economic Dependency

The Trust is economically dependent on the Syndicate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

12. Notes to the Cash Flow Statement**(a) Reconciliation of cash and cash equivalents**

	30-Jun-2010	30-Jun-2009
	\$	\$

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

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

Net profit for the year

	(145,269)	192,370
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Unrealised change in fair value

	331,479	(52,330)
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Changes in net assets and liabilities:

(Increase)/decrease in assets

Current trade and other receivables

	(23,362)	23,156
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Increase/(decrease) in liabilities

Current payables and accruals

	-	-
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Net cash from operating activities

	162,848	163,196
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13. Related Party Disclosures**a) Responsible Entity and Manager**

The responsible entity of both Melbourne Property Syndicate and Melbourne Unit Trust is APGF Management Limited (A.C.N. 090 257 480) (formerly Austgrowth Property Syndicates Limited). APGF Management Limited also acts as the manager of the Trust.

Transactions with related parties have taken place at arms length in the ordinary course of business.

APGF Management Limited, as Responsible Entity, does not directly charge the Trust management fees.

b) Key Management Personnel*(i) Directors*

Key management personnel include persons who were directors of APGF Management Limited at any time during the financial year. Listed below are all key management personnel including appointments and resignations during the whole of the year and up to the date of this report:

Neil Edwin Summerson

Geoffrey Michael McMahon

Adriano Cragolini (appointed 22 March 2010)

Robert Bryan (resigned 22 March 2010)

Scott Edward Bryan (resigned 22 March 2010)

Kenneth Ross Pickard (resigned 22 March 2010)

(i) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly during the financial year.

(ii) Key management personnel compensation

Key management personnel are paid by APGF Administration Pty Limited. Payments made from the Trust to APGF Management Limited do not include any amounts attributable to the compensation of key management personnel.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

13. Related Party Disclosures (continued)

b) Key Management Personnel (continued)

(iii) Key management personnel loan disclosures

The Trust 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 reporting period.

(iv) Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Trust since the end of the previous financial year and there were no material contracts involving director's interests existing at year end.

14. Subsequent Events

On 30 July 2010 St George Bank agreed to rollover the bank facility provided to Melbourne Property Syndicate which was set to expire on 1 March 2011 for a further 12 months. As a result the expiry date is now 1 March 2012.

Other than the above, 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 Trust, the results of the Trust, or the state of affairs of the Trust in future financial years.

15. Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2010 and 2009.

16. Additional Information

Contact Information:

APGF Management Limited, A.C.N. 090 257 480, an unlisted public company incorporated and operating in Australia is the Responsible Entity of the Trust.

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