

Appendix 4E

Preliminary Final Report Results for announcement to the market

This Preliminary Final Report is provided to the Australian Stock Exchange (ASX) under (ASX) Listing Rule 4.3A.

CVC Property Fund

ABN

32 224 732 497

Financial Year ended
(‘Reporting Period’)

30 June 2014

Previous Financial Year ended
(‘Corresponding period’)

30 June 2013

Results

Income	down	0.4%	to	\$3,859,657
Profit attributable to unitholders	down	45.2%	to	\$671,126

Distributions

	Amount per security	Franked amount per security
Final Distribution	- ¢	- ¢

Net tangible asset per security

	Year ended 30 June 2014	Year ended 30 June 2013
Net tangible asset backing per unit	1.59 ¢	1.50 ¢

The preliminary final report is based on accounts that have been audited

Commentary

Brief explanation of any of the figures reported above:

Please refer to the attached commentary for a detailed review.

Commentary on Results, Developments and Future Expectations

The Directors of CVC Property Managers Limited, the Manager and Responsible Entity, report a profit of \$671,126 (2012: \$1,225,413) for the year ended 30 June 2014 for CVC Property Fund (ASX: CJT).

Investment Properties

During the year 1 Narabang Way, Belrose was sold for \$3.6 million.

The purchaser of the properties located at 357-373 Warringah Road and 8 Rodborough Road, Frenchs Forest has agreed to extend the settlement date to 1 October 2015. Progress continues to be made to ensure pre-conditions to the sale are met. Further, the lease term of 8 Rodborough Road was extended to 30 September 2015.

Loan facilities

During the year the debt facilities of CVC Limited were reduced by a net \$5.1 million.


360 Capital Group Limited

In February 2014, CVC Limited entered into a conditional contract to sell CVC Property Managers Limited, the Responsible Entity of the Group to 360 Capital Group Limited ("360 Capital"). 360 Capital, in conjunction with the Board of CVC Property Managers Limited, has undertaken a strategic review of the Group with the following proposals identified:

- Change the investment mandate of the Group, targeting enhanced returns through property related investments activities including asset repositioning, debt investment, underwriting activities, provision of liquidity and other special situations as they arise;
- Change the Responsible Entity to 360 Capital Investment Management Limited;
- Undertake a capital raising; and
- Change the name of the Fund to 360 Capital Income Enhanced Fund.

Distributions

As the Fund is focused on reducing its debt burden it is not in a position to undertake a distribution for the year ended June 2014.



Alexander Beard
Director
29 August 2014

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

FINANCIAL REPORT

ARSN 107 276 184

ABN 32 224 732 497

For the financial year ended
30 June 2014

The financial report was authorised for issue by the Directors of the Responsible Entity on 29 August 2014. The Responsible Entity has the power to amend and reissue the financial report.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

FUND PARTICULARS

CVC Property Fund

ARSN 107 276 184

ABN 32 224 732 497

RESPONSIBLE ENTITY

CVC Property Managers Limited

Suite 601, Level 6

Gold Fields House

1 Alfred Street

Sydney NSW 2000

ACN 066 092 028

ABN 72 066 092 028

REGISTERED OFFICE

Suite 601, Level 6

Gold Fields House

1 Alfred Street

Sydney NSW 2000

Telephone: (02) 9087 8000

Facsimile: (02) 9087 8088

DIRECTORS OF THE RESPONSIBLE ENTITY

Vanda Russell Gould (Chairman and Executive Director) (resigned as Chairman 21 October 2013 and re-appointed 14 May 2014)

Alexander Damien Beard (Executive Director)

Kim Warren McGrath (Non-Executive Director)

COMPLIANCE COMMITTEE

Gordon Quah-Smith (Chairperson)

Russell Wheeler

Peter Kalantzis

COMPANY SECRETARY

John Andrew Hunter

UNIT REGISTRY

Gould Ralph Services Pty Limited

Share Registry Division

Level 42, 259 George Street

SYDNEY NSW 2000 AUSTRALIA

Telephone: (02) 9032 3000

Facsimile: (02) 9032 3088

CUSTODIAN

Trust Company Limited

Level 17, 20 Bond Street

Sydney NSW 2000 Australia

ACN 113 947 309

Telephone: (02) 8295 8800

Facsimile: (02) 8295 8675

SOLICITORS TO RESPONSIBLE ENTITY

Thompson Geer

Level 25

1 O'Connell Street

Sydney NSW 2000

Telephone: (02) 8248 5800

Facsimile: (02) 8248 5899

AUDITORS TO THE GROUP

HLB Mann Judd

Chartered Accountants

Level 19, 207 Kent Street

SYDNEY NSW 2000 AUSTRALIA

Telephone: (02) 9020 4000

Facsimile: (02) 9020 4191

STOCK EXCHANGE LISTING

Australian Securities Exchange Limited

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

TABLE OF CONTENTS

	Page
Directors' Report	4
Auditor's Independence Declaration	9
Consolidated Income Statement and Other Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14
Directors' Declaration	27
Independent Audit Report	28

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors of CVC Property Managers Limited (ACN 066 092 028), ("the Responsible Entity"), submit herewith the financial report of CVC Property Fund ("the Fund") and its controlled entities ("the Group") for the financial year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Directors of the Responsible Entity during or since the end of the financial year and their qualifications are:

Vanda Russell Gould (Chairman and Executive Director)

B.Com (Uni. of NSW), M.Com (Uni. of NSW)

Appointed 28 April 2009, resigned as Chairman 21 October 2013 and re-appointed 14 May 2014

Fellow of the Institute of Chartered Accountants in Australia; Fellow of the CPA Australia; Fellow of the Australian Institute of Management; Australian Financial Services Licence holder.

During the past three years Mr Gould has also served as a Director and Chairman of CVC Limited, Cyclopharm Limited and Vita Life Sciences Limited, as well as numerous private and public companies including educational establishments.

Alexander Damien Beard (Executive Director)

B. Com. (Uni. of NSW)

Appointed 23 December 2005

Fellow of the Institute of Chartered Accountants in Australia; Member of Australian Institute of Company Directors.

During the past three years Mr Beard has also served as Chairman of Cellnet Group Limited and Villa World Limited and as Director of the following other listed companies: CVC Limited, Villa World Limited, Mnemon Limited and Lonestar Resources Limited.

Kim Warren McGrath (Non-Executive Director)

Appointed 10 December 2004

BEc(Hons) LLB (ANU), Adv Management Prog (Oxon), Dip Fin Services (AFMA), Fin Analysis Cert (UTS), FAICD, CPA, CTA and Practising Solicitor (Victoria), and ASIC RG146 compliant.

During the past three years Mr McGrath has also served as a Director of the following other listed companies: Oil Basins Limited and Strategic Energy Resources Limited.

The above named Directors held office during and since the end of the financial year unless otherwise stated.

COMPANY SECRETARY

John Andrew Hunter

B. Com. (ANU), M.B.A (MGSM)

Member of the Institute of Chartered Accountants in Australia.

PRINCIPAL ACTIVITIES

The Fund is a listed registered managed investment scheme domiciled in Australia.

The Group's principal activity during the financial year was to hold property investments in accordance with the provisions of the Constitution. There has been no significant change in the activities of the Group during the financial year. The Group did not have any employees during the year.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS

Results

The results of the operations of the Group are disclosed in the consolidated income statement and other comprehensive income of this financial report. The net profit attributable to unitholders for the year ended 30 June 2014 was \$671,126 (2013: \$1,225,413).

During the period:

- 1 Narabang Way, Belrose was sold for \$3.6 million;
- the purchaser of the properties located at 357-373 Warringah Road and 8 Rodborough Road, Frenchs Forest has agreed to extend the settlement date to 1 October 2015; and
- The lease term of 8 Rodborough Road was extended to 30 September 2015.

Distributions

No distribution has been declared during the financial year or since the end of the financial year (2013: nil).

CHANGES IN STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

In February 2014, CVC Limited entered into a conditional contract to sell CVC Property Managers Limited, the Responsible Entity of the Group to 360 Capital Group Limited ("360 Capital"). 360 Capital, in conjunction with the Board of CVC Property Managers Limited, has undertaken a strategic review of the Group with the following proposals identified:

- Change the investment mandate of the Group, targeting enhanced returns through property related investments activities including asset repositioning, debt investment, underwriting activities, provision of liquidity and other special situations as they arise;
- Change the Responsible Entity to 360 Capital Investment Management Limited;
- Undertake a capital raising; and
- Change the name of the Fund to 360 Capital Income Enhanced Fund.

LIKELY DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

OPTIONS GRANTED

No options were:

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

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

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

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

INDEMNIFICATION OF OFFICERS OF THE RESPONSIBLE ENTITY AND AUDITORS

During or since the financial year the Group has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

The Responsible Entity has paid insurance premiums in respect of liability and legal expenses that may be incurred by the Directors' and Officers' of the Responsible Entity.

In accordance with s. 300(9) of the *Corporations Act 2001* further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

The Responsible Entity has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor of the Group.

REMUNERATION REPORT

This report sets out remuneration information for the key management personnel of the Group.

(a) Key management personnel

The names of the key management personnel of the Group during the financial year were:

- Vanda Russell Gould (Chairman and Executive Director) (resigned as Chairman 21 October 2013 and re-appointed 14 May 2014)
- Alexander Damien Beard (Executive Director)
- Kim Warren McGrath (Non-Executive Director)

The positions noted above for the Group's key management personnel are the positions held within the Responsible Entity and not the Group itself.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (CONT.)

(b) Compensation of key management personnel

No amounts were paid by the Group directly to key management personnel. The table below discloses the remuneration received by key management personnel from the Responsible Entity and related parties. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries. No share-based compensation or other benefits except as disclosed are granted to Directors.

		Short-term employee benefits		Post - employ't benefits	Other	Share-based payments	Total
		Base Salary Fees	STI Bonus (c)	Super'n		(d)	
Vanda R. Gould(a)	2014	340,000	30,000	35,000	17,485	-	422,485
	2013	330,000	-	25,000	16,562	-	371,562
Alexander D. Beard(b)	2014	321,585	124,647	25,000	33,073	-	504,305
	2013	321,783	99,000	25,000	36,386	7,200	489,369
Kim W. McGrath	2014	24,000	-	2,220	-	-	26,220
	2013	24,000	-	2,160	-	-	26,160
John T. C. Lau	2014	-	-	-	-	-	-
	2013	2,500	-	225	-	-	2,725
Total	2014	685,585	154,647	62,220	50,558	-	953,010
	2013	678,283	99,000	52,385	52,948	7,200	889,816

(a) Mr Gould is a Director of CVC Limited, a shareholder of the Responsible Entity. Mr Gould is not remunerated by the Responsible Entity. The amount disclosed is the remuneration paid by CVC Limited for the period that Mr Gould has been a Director of the Responsible Entity, as this can not be apportioned between his responsibilities as Director of the Responsible Entity and other unrelated duties.

(b) Mr Beard is an employee of CVC Managers Pty Limited, a subsidiary of CVC Limited. Mr Beard is not remunerated by the Responsible Entity. The amount disclosed is for the financial year and represents the total remuneration paid by CVC Managers Pty Limited as this can not be apportioned between his responsibilities as Director of the Responsible Entity and other unrelated duties.

(c) The STI Bonus received by Mr Beard represents a discretionary bonus paid in relation to his employment by CVC Managers Pty Limited.

(d) CVC Private Equity Limited, a subsidiary of CVC Limited, issued options to Mr Beard in accordance with its Option Plan.

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

	Units held at 1 July 2013 No.	Movement in units held during year No.	Units held at 30 June 2014 No.
Vanda R. Gould	21,206,250	-	21,206,250
Alexander D. Beard	1,250,000	-	1,250,000
	22,456,250	-	22,456,250

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

During the financial year the auditor, HLB Mann Judd did not provide any non-audit services to the Group. The auditor's independence declaration is included on page 9 of the financial report.

SCHEME INFORMATION IN THE DIRECTORS' REPORT

Fees paid to the Responsible Entity and its associates from the Group during the financial year are disclosed in note 15 to the financial statements.

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 15 to the financial statements.

The number of units issued by the Fund during the financial year and the number of units in the Fund at the end of the financial year are disclosed in note 9 to the financial statements.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Alexander Damien Beard
Director
CVC Property Managers Limited
29 August 2014

CVC PROPERTY FUND

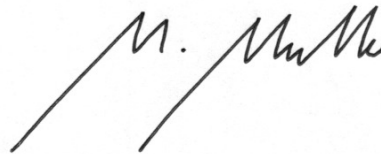
AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CVC Property Managers Limited:

As lead auditor for the audit of the consolidated financial report of CVC Property Fund for the year ended 30 June 2014 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in relation to CVC Property Fund and the entities it controlled during the year.



M D Muller
Partner

Sydney, NSW
29 August 2014

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE
INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$	2013 \$
INCOME			
Interest income		2,245	2,023
Rental income		3,260,572	3,211,359
Outgoings recovered		596,840	660,739
Total income	3(a)	<u>3,859,657</u>	<u>3,874,121</u>
EXPENSES			
Change in fair value of investment properties		987,839	170,951
Investment property-related expenses		631,067	631,412
Administrative expenses		409,868	348,930
Borrowing costs		1,159,757	1,497,415
Total expenses	3(b)	<u>3,188,531</u>	<u>2,648,708</u>
Net profit attributable to unitholders		<u>671,126</u>	<u>1,225,413</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>671,126</u></u>	<u><u>1,225,413</u></u>
Basic and diluted earnings per unit (cents per unit)	11	<u><u>0.09</u></u>	<u><u>0.16</u></u>

Notes to the consolidated income statement and other comprehensive income are included on pages 14 to 26.

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Notes	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	12(a)	292,747	255,288
Trade and other receivables	5	150,408	161,795
Current tax assets		17,887	17,887
Total current assets		461,042	434,970
NON-CURRENT ASSETS			
Investment properties	6	28,250,000	32,750,000
Total non-current assets		28,250,000	32,750,000
Total assets		28,711,042	33,184,970
CURRENT LIABILITIES			
Trade and other payables	7	370,668	367,670
Total current liabilities		370,668	367,670
NON-CURRENT LIABILITIES			
Interest bearing liabilities	8	16,146,000	21,294,052
Total non-current liabilities		16,146,000	21,294,052
Total liabilities		16,516,668	21,661,722
Net assets		12,194,374	11,523,248
Equity			
Contributed equity	9	32,468,074	32,468,074
Unallocated losses	10	(20,273,700)	(20,944,826)
Total unitholders' equity		12,194,374	11,523,248

Notes to the consolidated statement of financial position are included on pages 14 to 26.

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	Contributed equity \$	Unallocated losses \$	Total \$
At 1 July 2013	32,468,074	(20,944,826)	11,523,248
Net profit for the year	-	671,126	671,126
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	671,126	671,126
At 30 June 2014	32,468,074	(20,273,700)	12,194,374
At 1 July 2012	32,468,074	(22,170,239)	10,297,835
Net profit for the year	-	1,225,413	1,225,413
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,225,413	1,225,413
At 30 June 2013	32,468,074	(20,944,826)	11,523,248

Notes to the consolidated statement of changes in equity are included on pages 14 to 26.

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	Notes	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		4,345,893	4,311,413
Cash payments in the course of operations		(1,517,045)	(1,451,657)
Interest received		2,245	2,023
Finance costs		(1,169,475)	(1,483,208)
Net cash provided by operating activities	12(b)	1,661,618	1,378,571
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment in relation to investment properties		(87,839)	(193,587)
Proceeds on disposal of investment property		3,600,000	-
Net cash provided by/(used in) investing activities		3,512,161	(193,587)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		595,663	350,077
Repayment of borrowings		(5,731,983)	(1,534,693)
Net cash used in financing activities		(5,136,320)	(1,184,616)
Net increase in cash and cash equivalents held		37,459	368
Cash and cash equivalents at the beginning of the financial year		255,288	254,920
Cash and cash equivalents at the end of the financial year	12(a)	292,747	255,288

Notes to the consolidated statement of cash flows are included on pages 14 to 26.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

Basis of Preparation

CVC Property Managers Limited ABN 72 066 092 028 is the Responsible Entity of the CVC Property Fund ("the Fund") and its controlled entities ("the Group"). The Responsible Entity's registered office is Level 6, 1 Alfred Street, Sydney, NSW 2000. The Fund commenced operations on 10 October 1980.

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties which have been measured at fair value.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 6 (Investment Properties).

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Accounting Interpretations. The financial report also complies with International Financial Reporting Standards (IFRS).

The Group has adopted the following standards and amendments for first time for their annual reporting period commencing 1 July 2013:

AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 127 *Separate Financial Statements Standards*. The new accounting policies provide more reliable and relevant information for users to assess the composition of the group and the amounts, timing and uncertainty of future cash flows and introduces a single definition of control that applies to all entities. Control exists when the investor can use its power to affect the amount of its returns. Application of the standard does not have a significant impact on the financial statements.

AASB 13 *Fair Value Measurement* which explains how to measure fair value and aims to enhance fair value disclosures. Application of the standard does not have a significant impact on the financial statements.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement* which removes the individual key management personnel disclosure requirements from AASB 124 *Related Party Disclosures*. Following the release of revised *Corporations Regulations*, all the detailed disclosures have been included in the remuneration report in the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods:

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* which have been issued but are effective for reporting periods commencing on or after 1 January 2017. Application of the standard will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's financial report.

AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* was released in June 2012 and is mandatory for periods beginning on or after 1 January 2014. The standard introduces additional disclosure requirements where the recoverable amount of impaired assets is based on fair value less cost of disposal. Application of the standard is not expected to have a significant impact on the financial statements.

1.1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of the CVC Property Fund and its controlled entities during the year ended 30 June 2014. The financial statements of controlled entities are included in the results only from the date control commences until the date control ceases and include those entities over which the Fund has the power to govern the financial and operating policies so as to obtain benefits from their activities.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)

1.1 Principles of Consolidation (Cont.)

In preparing the consolidated financial statements, all inter entity balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full and the reporting period and accounting policies of subsidiaries are consistent with those of the parent entity.

The acquisition of controlled entities is accounted for using the purchase method of accounting which allocates the cost of the business combination to the fair value of the assets acquired and the liabilities assumed at the date of acquisition.

Parent entity information

The financial information of the Fund is disclosed in note 2 and has been prepared on the same basis as the consolidated financial statements. Investments in controlled entities are initially recorded at cost. Following initial recognition investments are carried at cost less any accumulated impairment losses.

1.2 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Rental revenue from operating leases is recognised on a straight line basis over the term of the lease.

Outgoings recovered

Recovery of outgoings in relation to the operating leases is recognised on a straight line basis over the term of the lease.

Investment Properties

Investment properties are stated at fair value, which reflects market conditions at balance sheet date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year which they arise.

1.3 Cash and Cash Equivalents

For the statement of cash flows, cash includes cash on hand and short-term deposits with an original maturity of three months or less.

1.4 Trade and Other Receivables

Receivables are recognised and carried at original invoice amount less a provision of impairment. Trade receivables are generally settled within 30 days.

A provision for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

1.5 Investment Property

Investment properties are measured initially at cost, which includes transaction costs. After initial recognition, investment properties are measured at fair value. Changes in the fair value of investment properties are recognised in profit or loss in the period in which they arise.

1.6 Trade and Other Payables

Payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)

1.7 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.

Borrowing costs consist of interest and other costs relating to the financing of the acquisition of investment properties, and are expensed in the period they occur.

1.8 Contributed Equity

Ordinary units are classified as equity. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds.

1.9 Earnings Per Unit

Basic earnings per unit is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than distributions), divided by the weighted average number of ordinary units, adjusted for any bonus element.

1.10 Income Tax and Other Taxes

Under current income tax legislation the Group is not liable to pay income tax as income of the Group is fully distributed to unitholders.

Realised capital losses are not distributed to unitholders but retained to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.11 Distributions

In accordance with the Fund's Constitution, the Fund fully distributes its distributable income to unitholders by way of cash.

1.12 Comparative Figures

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

1.13 Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: PARENT ENTITY INFORMATION

The salient financial information in relation to the parent entity, CVC Property Fund, is as follows:

	2014	2013
	\$	\$
Current assets	37,791	46,710
Total assets	<u>11,303,043</u>	<u>10,570,743</u>
Current liabilities	161,507	179,883
Total liabilities	<u>161,507</u>	<u>179,883</u>
Net assets	<u>11,141,536</u>	<u>10,390,860</u>
Equity		
Contributed equity	32,468,074	32,468,074
Unallocated losses	<u>(21,326,538)</u>	<u>(22,077,214)</u>
	<u>11,141,536</u>	<u>10,390,860</u>
Net profit/(loss)	<u>750,676</u>	<u>(535,063)</u>
Total comprehensive income/(loss) for the year	<u>750,676</u>	<u>(535,063)</u>

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$

NOTE 3: INCOME AND EXPENSES

Profit attributable to unit holders has been determined after:

(a) Income

Interest receipts – other entities	2,245	2,023
Rental income	3,260,572	3,211,359
Outgoings recovered	596,840	660,739
	3,859,657	3,874,121

(b) Expenses

Audit	45,750	45,750
Borrowing Costs		
Related entity	60,560	186,152
Other entity	1,099,197	1,311,263
Change in fair value of investment properties	987,839	170,951
Management fees	206,488	215,147
Land tax	264,912	260,415
Municipal rates	79,276	72,799
Insurance	37,790	40,660
Repair and maintenance	71,596	82,832
Agency fee	72,000	-
Other expenses	263,123	262,739
	3,188,531	2,648,708

NOTE 4: REMUNERATION OF AUDITORS

Amounts received or due and receivable by auditor of the Group:

Auditing or reviewing the financial report	41,000	41,000
Other audit services – compliance plan audit	4,750	4,750
	45,750	45,750

The auditor of the Group is HLB Mann Judd.

NOTE 5: TRADE AND OTHER RECEIVABLES

Prepayments	150,408	150,515
Other receivables	-	11,280
	150,408	161,795

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
NOTE 6: INVESTMENT PROPERTIES		
Investment properties	28,250,000	32,750,000
	<u>28,250,000</u>	<u>32,750,000</u>
Reconciliation:		
Opening balance	32,750,000	32,750,000
Additions – capital expenditure	87,839	170,951
Carrying value of investment property sold	(3,600,000)	-
Fair value adjustment	(987,839)	(170,951)
	<u>28,250,000</u>	<u>32,750,000</u>
Closing balance	28,250,000	32,750,000
	<u>28,250,000</u>	<u>32,750,000</u>

(a) The fair value of investment properties has been determined by Directors based on an independent valuation obtained from Jones Lang LaSalle dated 21 January 2014 with reference to the conditional contract of sale of a maximum of \$32.0 million due to settle on 1 October 2015. Refer Note 13(d).

(b) Operating leases - leases as lessor

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Remaining lease terms for all properties are on average 1.84 years, excluding options for lease extensions upon completion of the lease term.

The future minimum lease payments under non-cancellable leases are as follows:

Less than one year	3,389,570	3,260,430
Between one and five years	3,436,468	4,770,222
	<u>6,826,038</u>	<u>8,030,652</u>
	<u>6,826,038</u>	<u>8,030,652</u>

NOTE 7: TRADE AND OTHER PAYABLES

Current

Unsecured:

Trade creditors	24,134	55,483
Accruals	52,012	43,105
Goods and services tax	86,409	83,458
Other payables	208,113	185,624
	<u>370,668</u>	<u>367,670</u>
	<u>370,668</u>	<u>367,670</u>

Payables are non-interest bearing and are normally settled within 30 days.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
NOTE 8: INTEREST BEARING LIABILITIES		
Non-Current		
Unsecured:		
Related entities (a)	-	1,394,052
Secured:		
Unrelated entity (b)	16,146,000	19,900,000
	16,146,000	21,294,052
	16,146,000	21,294,052

- (a) Borrowing from related party is an unsecured loan. The loan attracts an interest rate of 10% per annum and has a maturity date of 31 October 2015. The loan was fully repaid during the year.
- (b) Borrowings from the unrelated entity are from National Australia Bank and attracts a rate of interest of BBSY plus 1.85% per annum and are secured by first ranking mortgages over the properties at 8 Rodborough Road Frenchs Forest NSW and 357-373 Warringah Rd Frenchs Forest NSW.

Further security has been provided by CVC Limited by way of land owned at 1464 Ferntree Gully Road, Knoxfield Victoria. The terms of the loan include the maintenance of loan valuation ratio of not more than 55% and an interest cover ratio of 1.5 times with the maturity of the facility at 31 October 2015.

NOTE 9: CONTRIBUTED EQUITY

Movements in unitholder's equity were as follows:

	2014		2013	
	Number	\$	Number	\$
Balance at the beginning and the end of the year	767,850,204	32,468,074	767,850,204	32,468,074
Net tangible asset backing (cents per unit)		1.59		1.50
		1.59		1.50

All units on issue were of the one class, namely fully paid ordinary voting units and carry the right to distributions. Each unitholder is entitled to one vote on a show of hands on any matter at a meeting of unitholders. On a poll, each member has one vote for each dollar of the value of the total interests they have in the Fund.

NOTE 10: UNALLOCATED LOSSES

	2014	2013
	\$	\$
Unallocated losses at the beginning of the year	(20,944,826)	(22,170,239)
Net profit loss attributable to unitholders	671,126	1,225,413
Unallocated losses at the end of the year	(20,273,700)	(20,944,826)
	(20,273,700)	(20,944,826)

**CVC PROPERTY FUND
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 11: EARNINGS PER UNIT

	2014	2013
Basic and diluted earnings per unit (cents per unit)	0.09	0.16
	<u>0.09</u>	<u>0.16</u>
	2014	2013
	\$	\$
Earnings used in the calculation of basic and diluted earnings per unit	671,126	1,225,413
	<u>671,126</u>	<u>1,225,413</u>
Weighted average number of units used in the calculation of basic and diluted earnings per unit	767,850,204	767,850,204
	<u>767,850,204</u>	<u>767,850,204</u>

NOTE 12: NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents:

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, investments in money market instruments net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

	2014	2013
	\$	\$
Cash and cash equivalents	292,747	255,288
	<u>292,747</u>	<u>255,288</u>

(b) Reconciliation of cash flow from operating activities to profit for the period:

Net profit attributable to unitholders	671,126	1,225,413
<i>Non cash flows loss</i>		
Impairment of investment properties	987,839	170,951
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	108	(13,130)
Increase/(decrease) in trade and other payables	2,545	(4,663)
	<u>1,661,618</u>	<u>1,378,571</u>
Net cash provided by operating activities	1,661,618	1,378,571
	<u>1,661,618</u>	<u>1,378,571</u>

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 13: FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and price risk.

The responsibility for operational risk management resides with the Directors of the Responsible Entity which seeks to manage the exposure of the Group. There have been no significant changes in the types of financial risks; or the Group's risk management program (including methods used to measure the risks) since the prior year.

(a) Interest rate risk

The Groups' exposure to interest rate risks of financial assets and liabilities, both recognised and unrecognised at the balance date are as follows:

	Note	Floating Interest Rate \$	Fixed Interest 1 Year or Less \$	1 to 5 Years \$	Non Interest Bearing \$	Total \$
2014:						
Financial Assets						
Cash and cash equivalents	12	292,747	-	-	-	292,747
Trade and other receivables	5	-	-	-	150,408	150,408
Financial Liabilities						
Trade and other payables	7	-	-	-	370,668	370,668
Interest bearing liabilities	8	16,146,000	-	-	-	16,146,000
2013:						
Financial Assets						
Cash and cash equivalents	12	219,988	35,300	-	-	255,288
Trade and other receivables	5	-	-	-	161,795	161,795
Financial Liabilities						
Trade and other payables	7	-	-	-	367,670	367,670
Interest bearing liabilities	8	19,900,000	-	1,394,052	-	21,294,052

The Group holds a significant amount of floating interest rate debt. The Group's exposure to interest rates on financial assets and liabilities are detailed in the liquidity risk section below.

As the Group expects interest rates to increase by 25 basis points during the 2015 financial year (2013: 50 basis points lower), at reporting date the impact on the Group, with all other varieties held constant, would be:

	Increase of 25 bp \$	Decrease of 50 bp \$
2014		
Net profit decrease	(45,656)	n/a
Equity decrease	(45,656)	n/a
2013		
Net profit increase	n/a	98,021
Equity increase	n/a	98,021

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 13: FINANCIAL INSTRUMENTS (Cont.)

(b) Credit risk

Credit risk refers to the loss that the Group would incur if a debtor or a counterparty fails to perform under its obligations. The carrying amounts of financial assets recognised in the statement of financial position best represent the Group's maximum exposure to credit risk at reporting date. The Group seeks to limit its exposure to credit risk by performing appropriate background investigations on counterparties before entering into arrangements with them.

The Group's exposure to credit risk includes:

- (i) deposits held with financial institutions, which is mitigated by the requirement that deposits are only held with institutions with an "investment grade" credit rating;
- (ii) Rental income generated from investment properties, which is mitigated by leasing the properties to high grade tenants and obtaining bank guarantees; and
- (iii) Purchaser of 357 – 373 Warringah Road and 8 Rodborough Road Frenchs Forest upon satisfaction of the conditions precedent, which is mitigated by entering into a contract with a company with an investment grade credit rating.

At reporting date there are no overdue trade debtors.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash balances to meet commitments.

The following table details the Group's contractual maturity for its financial assets and financial liabilities as at 30 June 2014:

	Less than 6 months	6 to 12 months	1 to 5 years	Total
	\$	\$	\$	\$
2014				
Trade and other payables	370,668	-	-	370,668
Interest bearing liabilities	-	-	16,146,000	16,146,000
2013				
Trade and other payables	367,670	-	-	367,670
Interest bearing liabilities	-	-	21,294,052	21,294,052

The interest bearing liability due between 1 to 5 years includes a secured loan provided by National Australia Bank with a maturity date of 31 October 2015.

NOTE 14: SEGMENT REPORTING AND ADDITIONAL INFORMATION

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

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

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: RELATED PARTY DISCLOSURE

(a) Key management personnel compensation

	2014	2013
	\$	\$
Short-term employee benefits	840,232	777,283
Post-employment benefits	62,220	52,385
Other	50,558	52,948
Share-based payments	-	7,200
	953,010	889,816
	953,010	889,816

Detailed remuneration disclosures are provided in the remuneration report.

(b) Responsible Entity, Manager and Custodian

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

CVC Property Managers Limited also acts as manager of the Group and Trust Company Australia Limited is the custodian.

(c) Holdings of units by Responsible Entity and its Associates

The Responsible Entity does not hold, and has not held units in the Group. The interests in the units issued by the Fund to related entities of the Responsible Entity during the financial are as follows

	Units held at 1 July 2013 No.	Movement in units held during year No.	Units held at 30 June 2014 No.
CVC Limited and its subsidiaries	690,240,449	-	690,240,449
	690,240,449	-	690,240,449
	690,240,449	-	690,240,449

(d) Loans to key management personnel

No loans were made by the Group to key management personnel or other related parties.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: RELATED PARTY DISCLOSURE (Cont.)

(e) Transactions with related parties

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

- (i) Management fees of \$206,488 (2013: \$215,147) were paid to CVC Property Managers Limited;
- (ii) The Directors of the Responsible Entity named in the foregoing Directors' Report each held office as a Director of the Responsible Entity throughout the year ended 30 June 2014;
- (iii) Custodian fees of \$17,851 (2013: \$17,569) were paid to Trust Company Australia Limited as Custodian of the Fund of which \$4,496 (2013: \$4,434) is included in accruals at year end;
- (iv) Trustee fees of \$19,357 (2013: \$23,244) were paid to Trust Company Australia Limited as Trustee of Belrose Unit Trust No. 1, Belrose Unit Trust No. 2 and Belrose Unit Trust No. 3, of which \$1,630 (2013: nil) is included in accruals at year end; and
- (v) CVC Limited has provided loan to Frenchs Forest No.2 Trust, a 100% owned subsidiary of the Group. The transactions during the year are as follows:

	Opening balance	Repayments	Proceeds	Interest charged	Closing balance
2014:					
Frenchs Forest No.2 Trust	1,394,052	(2,050,275)	595,663	60,560	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2013:					
Frenchs Forest No.2 Trust	2,562,823	(1,705,000)	350,077	186,152	1,394,052
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTE 16: FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities of the Group are approximately equal to their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

Judgements and estimates were made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments and non-financial assets into three levels prescribed under the accounting standards.

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset that are not based on observable market data.

The investment properties of \$28,250,000 were included in Level 3. The fair value of investment properties has been determined by Directors based on an independent valuation obtained from Jones Lang LaSalle dated 21 January 2014 with reference to the conditional contract of sale of a maximum of \$32.0 million due to settle on 1 October 2015.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16: FAIR VALUE MEASUREMENTS (Cont.)

Reconciliation of Level 3 fair value movements:

	2014
	\$
Balance at the beginning of the year	-
Adoption of AASB 13	32,750,000
Purchase	87,839
Disposal	(3,600,000)
Losses recognised in other income*	(987,839)
Balance at the end of the year	<u>28,250,000</u>
* Unrealised losses recognised in profit or loss attributable to assets held at the end of the reporting period	<u>(500,000)</u>

The quantitative information about the significant unobservable inputs used in the investment properties fair value measurements are as follows:

	Weighted average	Relationship of unobservable inputs to fair value
Capitalisation rate	12.00%	The higher the capitalisation rate, the lower the fair value
Lease expiry	1.84 years	The longer the lease terms, the higher the fair value
Occupancy	100%	The higher the occupancy rate, the higher the fair value

NOTE 17: EVENTS SUBSEQUENT TO YEAR END

In February 2014, CVC Limited entered into a conditional contract to sell CVC Property Managers Limited, the Responsible Entity of the Group to 360 Capital Group Limited ("360 Capital"). 360 Capital, in conjunction with the Board of CVC Property Managers Limited, has undertaken a strategic review of the Group with the following proposals identified:

- Change the investment mandate of the Group, targeting enhanced returns through property related investments activities including asset repositioning, debt investment, underwriting activities, provision of liquidity and other special situations as they arise;
- Change the Responsible Entity to 360 Capital Investment Management Limited;
- Undertake a capital raising; and
- Change the name of the Fund to 360 Capital Income Enhanced Fund.

NOTE 18: CONTROLLED ENTITIES

Composition of Consolidated Group

The consolidated financial statements include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

	Interest Held by Consolidated Entity	
	2014	2013
	%	%
CVC Property Fund		
Belrose Unit Trust No. 1	-	100
Belrose Unit Trust No. 2	-	100
Belrose Unit Trust No. 3	-	100
CVC Knoxfield Unit Trust No. 1	-	100
Frenchs Forest No. 1 Trust	100	100
Frenchs Forest No. 2 Trust	100	100
Lauden CVC Property Trust	-	100

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
- (c) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Alexander Damien Beard
Director
CVC Property Managers Limited
29 August 2014

CVC PROPERTY FUND
INDEPENDENT AUDITOR'S REPORT

To the unitholders of CVC Property Fund:

Report on the Financial Report

We have audited the accompanying financial report of CVC Property Fund ("the Fund"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated income statement and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the Fund and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of CVC Property Managers Limited, the responsible entity for the fund, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial statements 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 Fund's preparation of the financial report that gives a true and fair view 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 Fund's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

CVC PROPERTY FUND
INDEPENDENT AUDITOR'S REPORT
(continued)

Independence

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

Opinion

In our opinion:

- (a) the financial report of CVC Property Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

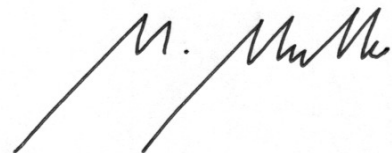
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of CVC Property Managers Limited, the responsible entity for the fund are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of CVC Property Fund for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in black ink that reads 'M. D. Muller'.

M D Muller
Partner

Sydney, NSW
29 August 2014

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Responsible Entity (the "Board") is responsible for the corporate governance in its management of the Fund. The Board is required to act with integrity, honesty, in good faith and in the best interest of the Fund as a whole in the execution of its duties including setting, guiding and monitoring the business and affairs of the Fund, including risk management and compliance with regulatory, legal and ethical standards. The Board is responsible for the oversight of reporting to the unitholders. At the date of this report the Directors in office are as follows:

Vanda Russell Gould (*Chairman and Executive Director*)

Alexander Damien Beard (*Executive Director*)

Kim Warren McGrath (*Independent Director*)

The respective roles of the Board and management of the Responsible Entity are set out in the Compliance Plan which is available to members. Appointment to the Board of Directors is dependent on skills, experience and other qualifications rather than solely on achieving a pre-specified diversity target. Details of skills, experience and other qualifications of Directors are included in the Directors' Report. Given the size and scale of the organisation the Board of Directors have not adopted a policy and measurable targets in relation to diversity. The Responsible Entity and the Fund does not employ any staff other than the Directors, and as such does not employ any women.

The Board considers that the Fund seeks to comply, where appropriate, with the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. Where the Fund does not comply, this is primarily due to the current size, scale and nature of the operations. The Council recognises that "a one size fits all" approach may be inappropriate. Entities are at liberty to determine whether each recommendation is appropriate. Different entities face different circumstances hence some recommendations are unnecessary or may even be counter-productive. In particular it acknowledged that it may be inappropriate or uneconomic for smaller companies, such as the Fund, to follow the same rules as Australia's largest listed companies. The Council has issued recommendations and require companies to adopt an 'if not why not' approach to reporting compliance, requiring companies to identify the recommendations that have not been followed and give reasons for not following them.

The Board chose to comply with selected recommendations throughout the financial year ended 30 June 2014, in particular those discussed in detail below:

Board Composition of the Responsible Entity

The Board of the Responsible Entity comprises two independent Directors and two executive Directors.

The Chairman is responsible for leading the Board, ensuring the Board's activities are organised and efficiently conducted and for ensuring Directors are properly briefed for meetings.

The Managing Director is responsible for the management and operation of the Responsible Entity and the Fund. Those powers not specifically reserved to the Board and which are required for the management and operation of the Fund, are conferred on the Managing Director.

The Board believes that the current structure of the Board operates effectively and efficiently, allowing the Board to collectively exercise its authority without the need for many sub-committees and is appropriate to manage the Fund given its size and complexity. Further, the Board has considered the competencies and experience of each of the Directors and believes that it is not in the interests of unitholders to seek to replace any of the current Board members.

The Board has established a Compliance Committee comprising three members who are independent of the Board. These are as follows:

Gordon Quah-Smith (Chairperson), Dip Law, FCIS

Russell Wheeler, B.Laws, B.Arts

Peter Kalantzis, B. Commerce, Dip Accounting

The Board, in conjunction with the Compliance Committee, is responsible for ensuring that there is adequate oversight and management of material business risks facing the Fund. The Board ensures that there are appropriate systems in place to identify, assess, monitor and manage market, operational and compliance risks. This is achieved via a strong control environment, accountability and review of risk profiles.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

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

It was considered that in acting in the best interests of the members, the Board would minimise costs and to this end, it did not comply with the following recommendations throughout the financial year ended 30 June 2014:

- > having a majority of independent Directors;
- > having an independent Chairperson;
- > having a Nomination Committee of the Board;
- > having a Remuneration Committee of the Board;
- > having an Audit Committee as certain responsibilities have been delegated to the Compliance Committee; and
- > having a policy and measurable targets to achieve gender diversity.

Cost and benefits of compliance

A number of the recommendations require formal documentation of policies and procedures that the Fund already substantially performs. The Fund's Compliance Plan sets out the compliance arrangements the Responsible Entity has to follow. The Responsible Entity also has in place a Risk Management Statement which identifies and deals with risks in the operation of the Fund.

The adoption of such other formal documentation must be tailored to the Fund at minimal expense and must be appropriate, taking into account the size and complexity of its operations. The Board considered that the creation of additional sub-committees to satisfy the requirements of the Corporate Governance Principles and Recommendations would have had minimal additional benefit but substantial additional expense.

The Board is currently considering the adoption and implementation of the following recommendations:

- written policies and procedures to ensure compliance with ASX listing rules disclosure requirements;
- a process for performance evaluation of the Board, its committees and individual Directors; and
- a code of conduct.

Other Information

The Responsible Entity has a policy of allowing Directors to take reasonable independent legal advice in the furtherance of their duties at the expense of the Fund.

In respect of the year ended 30 June 2014, the Managing Director and the Chief Financial Officer have provided certifications to the Board in relation to the presentation of the financial reports and the operation of the risk management and internal control system.

The Responsible Entity did not perform a performance evaluation of the Board and its members during the year ended 30 June 2014.

Remuneration of the non-executive Directors of the Responsible Entity are reviewed by the executive Directors of the Board. The Responsible Entity does not have any schemes for retirement benefits, other than statutory superannuation, for non-executive Directors. The details of remuneration paid to the Directors is disclosed in Note 15 of the annual financial report and the remuneration report.

In accordance with the ASX Continuous Disclosure requirements, the Responsible Entity ensures that price sensitive information is released to the market on a timely basis including through the annual and half-yearly reports. Additional information regarding the operation of the Fund can be found at www.cvc.com.au or by contacting the Responsible Entity directly.

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

AUSTRALIAN STOCK EXCHANGE INFORMATION

The following information was current as at 27 August 2014.

Substantial holders

The names of the Fund's substantial holders and the number of ordinary units in which each has a relevant interest as disclosed in substantial holder notices given to the Fund are as follows:

CVC Limited 690,240,449 ordinary units

Voting rights

All issued units are of one class, namely ordinary voting units. Each unitholder is entitled to one vote on a show of hands on any matter put to a vote by a show of hands at a meeting of unitholders. On a poll, each member has one vote for each dollar of the value of the total interests they have in the Fund.

Distribution schedule

The distribution of unitholders and their unitholdings was as follows:-

Unit Range	Unitholders	Units
1 - 1,000	64	51,390
1,001 - 5,000	111	325,719
5,001 - 10,000	28	228,153
10,001 - 100,000	46	1,701,559
100,001 - over	52	765,543,383
Total	301	767,850,204

Unmarketable parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.007 per unit	71,429	243	1,706,821

CVC PROPERTY FUND AND ITS CONTROLLED ENTITIES

AUSTRALIAN STOCK EXCHANGE INFORMATION

As at 27 August 2014, the top 20 unitholders and their unitholdings were as follows:

Unitholder Name	No. of Units	%
CVC Limited	654,677,949	85.26
CVC Mezzanine Finance Pty Limited	35,562,500	4.63
Melbourne Corporation of Aust Pty Limited	11,718,750	1.53
Sydney Schools Pty Limited	11,251,460	1.47
Wanm Pty Limited	11,203,160	1.46
South Seas Holdings Pty Limited	8,437,500	1.10
Mr Trevor Laurence Dean and Mrs Barbara Jean Dean	5,754,631	0.75
Chemical Trustee Limited	2,500,000	0.33
Bow Lane Nominees Pty Limited	2,000,000	0.26
Mr Frederick McClure & Mr Edward Daryl Codd	1,550,000	0.20
Mr Craig Peter McGrath	1,500,000	0.20
Lomas Superannuation Pty Limited	1,432,869	0.19
UBS Wealth Management Australia Nominees Pty Limited	1,334,464	0.17
Inksuper Pty Limited	1,250,000	0.16
South Seas Holdings Pty Limited	1,050,000	0.14
Dr Andrew Ford	1,000,000	0.13
Mr Elliott Grant Kaplan	1,000,000	0.13
Tom Hale Pty Limited	937,500	0.12
Predaze Pty Limited	935,000	0.12
Saristar Pty Limited	781,250	0.10
TOTAL TOP 20	755,877,033	98.45