

Annual Financial Report

30 JUNE 2009

BlackRock Investment Management (Australia) Limited ABN 13 006 165 975

Australian Financial Services Licence No 230523

BlackRock Property Funds

BlackRock Property Securities Fund (Aust)

ARSN 088 171 993

BlackRock Combined Property Income Fund (Aust)

ARSN 105 670 362

BlackRock Direct Property Fund (Aust)

ARSN 108 305 979

BlackRock Direct Real Estate Fund (Aust)

ARSN 124 992 767

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Directors' Report

The directors of BlackRock Investment Management (Australia) Limited, the Responsible Entity of the BlackRock Property Funds, present their report together with the financial report of BlackRock Property Funds ("the Funds"), and the consolidated financial report of BlackRock Combined Property Income Fund (Aust) and its controlled schemes ("the consolidated entity") for the financial year ended 30 June 2009 and the auditor's report thereon. The BlackRock Property Funds comprise the BlackRock Property Securities Fund (Aust), BlackRock Combined Property Income Fund (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust).

Responsible Entity

The Responsible Entity of the Funds is BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975) ("the Responsible Entity").

The registered office and principal place of business of the Responsible Entity and the Funds is 120 Collins Street, Melbourne, Australia.

Principal Activities

The Funds invested in accordance with the provisions of the Funds' Constitutions. The Funds did not have any employees during the year. There were no significant changes in the nature of the Funds' activities during the year.

Directors

The following persons held office as directors of BlackRock Investment Management (Australia) Limited during the year or since the end of the year up to the date of this report:

Director	Date appointed/resigned
M J O'Shannassy	Appointed 23 July 1997
R Fairbairn	Appointed 29 November 2004, resigned 2 March 2009
D Frawley	Appointed 18 March 2005
G A Boyle	Appointed 7 March 2007
C Tzatzakis	Appointed 11 September 2007
J R Kushel	Appointed 2 March 2009

Review and Results of Operations

During the year, the Funds continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitutions.

BlackRock Property Securities Fund (Aust)

The investment objective of the Fund is to deliver a total return consisting of distributions, dividends and capital gains, through investment in listed property trusts and other property related securities.

BlackRock Combined Property Income Fund (Aust)

The primary aim of the Fund is to deliver a combination of income and capital growth over the medium to long-term by investing in direct property funds and listed property securities.

From the 25 August 2008, BlackRock has suspended redemptions in the BlackRock Combined Property Income Fund (Aust) and withdrawal requests can only be made on the basis of a Withdrawal Offer issued by BlackRock Investment Management (Australia) Limited. BlackRock Combined Property Income Fund (Aust) held more than 50% of the issued units of BlackRock Property Securities Fund (Aust) at balance date.

BlackRock Direct Property Fund (Aust)

The primary aim of the Fund is to provide investors with exposure to a diversified portfolio of direct property investments by selectively acquiring quality investment properties which provide a blend of income and capital growth. The Fund maintains its investment strategy by investing in the BlackRock Property Trust (Aust).

On 16 July 2009, the Board of BlackRock Investment Management (Australia) declared the Fund and BlackRock Property Trust (Aust) to be "non-liquid" in accordance with the requirements under the Corporations Act. As a result of this declaration and for as long as the funds continue to be non-liquid, it is a breach of the Corporations Act to redeem any units except via a formal withdrawal offer to all unit holders as set out in the Act.

From 25 August 2008 to 15 July 2009, the processing and payment of withdrawals was deferred for up to a maximum period of 18 months.

BlackRock Direct Real Estate Fund (Aust)

The primary aim of the Fund is to provide investors with exposure to a diversified portfolio of direct property investments by selectively acquiring quality investment properties which provide a blend of income and capital growth. The Fund maintains its investment strategy by investing in the BlackRock Property Trust (Aust).

On 16 July 2009, the Board of BlackRock Investment Management (Australia) declared the Fund and BlackRock Property Trust (Aust) to be "non-liquid" in accordance with the requirements under the Corporations Act. As a result of this declaration and for as long as the funds continue to be non-liquid, it is a breach of the Corporations Act to redeem any units except via a formal withdrawal offer to all unit holders as set out in the Act.

From 25 August 2008 to 15 July 2009, the processing and payment of withdrawals was deferred for up to a maximum period of 18 months.

Review and Results of Operations (continued)

Results

The returns of the various Funds are summarised in the following table:

Fund	Return*				
	2009 % p.a.	2008 % p.a.	2007 % p.a.	2006 % p.a.	2005 % p.a.
BlackRock Property Securities Fund (Aust)					
D Class Units	(41.44)	(38.70)	23.72	18.31	18.59
X Class Units	(40.78)	(38.24)	24.60	19.12	19.06
BlackRock Combined Property Income Fund (Aust)					
C Class Units	(27.26)	(15.57)	20.25	16.61	16.54
D Class Units	(26.57)	(14.72)	21.25	17.58	17.47
BlackRock Direct Property Fund (Aust)					
E Class Units	(18.92)	7.29	17.46	14.37	10.99
W Class Units	(19.12)	7.15	17.31	14.24	11.09
X Class Units	(17.89)	8.38	18.49	3.07**	–
C Class Units	(19.55)	6.63	16.13**	–	–
L Class Units	(18.49)**	–	–	–	–
BlackRock Direct Real Estate Fund (Aust)					
A Class Units	(20.35)	5.84	3.78**	–	–
B Class Units	–***	1.96**	–	–	–
W Class Units	(19.47)	2.14**	–	–	–
X Class Units	(18.00)	(0.27)**	–	–	–
K Class Units	(18.23)	(0.56)**	–	–	–

* Returns (after-fees) are calculated on the assumption that all distributions are reinvested in the funds, and include the effect of compounding.

** Returns are not representative of full year returns.

***No unitholders at year-end.

Detailed information on the funds' distributions is provided in note 6 of the financial statements.

Directors' Report (continued)

Reconciliation of Net Asset Value for Unit Pricing Purposes to Net Assets Attributable to Unitholders

It is the opinion of the directors that the application of AIFRS does not have unit pricing consequences, as the basis of determining the unit price is as outlined in the funds' Constitutions and product disclosure statements. The key differences between net assets for unit pricing and AIFRS Financial Reporting have been outlined below:

	BlackRock Combined Property Income Fund (Aust)		BlackRock Property Securities Fund (Aust)	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
	Net Assets for Unit Pricing purposes	452,007	650,085	131,949
Permanent Differences				
AIFRS adjustments for changes in valuation of Financial Instruments held at Fair Value through Profit or Loss	(316)	(563)	(607)	(1,174)
Other	-	-	-	-
Timing Differences				
Distribution Payable	(6,758)	(9,743)	(600)	(4,400)
Other	84	303	-	12
Net Assets Attributable to Unitholders as at 30 June	445,017	640,082	130,742	239,669

	BlackRock Direct Property Fund (Aust)		BlackRock Direct Real Estate Fund (Aust)	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
	Net Assets for Unit Pricing purposes	103,878	144,510	20,844
Permanent Differences				
AIFRS adjustments for changes in valuation of Financial Instruments held at Fair Value through Profit or Loss	-	(3)	-	-
Other	-	-	-	-
Timing Differences				
Distribution Payable	(1,411)	(2,961)	(369)	(207)
Other	5	5	1	-
Net Assets Attributable to Unitholders as at 30 June	102,472	141,551	20,476	25,816

Significant Changes in State of Affairs

In the opinion of the directors, there were no other significant changes in the state of affairs of the funds during the financial year under review that have not been disclosed.

Matters Subsequent to the End of the Financial Year

On 16 July 2009, the Board of BlackRock Investment Management (Australia) declared BlackRock Property Trust (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) to be "non-liquid" in accordance with the requirements under the Corporations Act.

As a result of this declaration and for as long as the funds continue to be non-liquid, it is a breach of the Corporations Act to redeem any units in these Funds except via a formal withdrawal offer to all unit holders as set out in the Act.

From 25 August 2008, BlackRock has suspended any redemption in BlackRock Combined Property Income Fund (Aust).

From 25 August 2008 to 15 July 2009, the processing and payment of any redemption was deferred for BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) for up to a maximum of 18 months.

BlackRock instated these changes to ensure it acts in the best interest of all investors in these funds, to preserve adequate liquidity and investor value when processing and paying withdrawal requests.

These decisions have been influenced by the fact that financial markets are undergoing a period of re-pricing of debt and equity, which have a significant effect on buyers of commercial property and the property industry generally. As a consequence there has been very few commercial property transactions completed this year, limiting liquidity in this sector.

This has had a direct effect on the BlackRock Property Trust (Aust) from which the BlackRock Direct Property Fund (Aust), BlackRock Direct Real Estate Fund (Aust) and the BlackRock Combined Property Income Fund (Aust) gain their exposure to direct property.

It is important to note that the underlying direct property assets in the BlackRock Property Trust (Aust) remains very sound, with 23 properties diversified across the office, industrial and retail sectors and spread geographically around Australia. The direct property portfolio is currently approximately 94% occupied with a weighted average lease expiry of approximately 4.0 years.

All other aspects of the Funds, including distributions, daily unit pricing and applications, continue to operate as usual.

Apart from the above, no other matters or circumstances have arisen since 30 June 2009 that have significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

Likely Developments and Expected Results of Operations

The funds will continue to be managed in accordance with their investment objectives and guidelines and in accordance with the provisions of their Constitutions.

Future results will accordingly depend on the performance of the investment markets to which the funds are exposed. 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. Therefore future results have not been included in this report because it would be likely to result in unreasonable prejudice to the Schemes.

Indemnification and Insurance of Officers and Auditors

No insurance premiums are paid for out of the assets of the funds in regards to insurance cover provided to either the officers of BlackRock Investment Management (Australia) Limited or the auditors of the funds. So long as the officers of BlackRock Investment Management (Australia) Limited act in accordance with the funds' Constitutions and the Law, the officers remain indemnified out of the assets of the funds against losses incurred while acting on behalf of the funds. The auditors of the funds are in no way indemnified out of the assets of the funds.

No fees were paid out of Fund property to the directors of the responsible entity during the year.

Environmental Regulations

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

Rounding Of Amounts to the Nearest Thousand Dollars

The funds are registered schemes of a kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise stated.

Additional Disclosures

The funds have applied the relief available in Class Order 06/0441 issued by the Australian Securities and Investments Commission in the preparation of this report. Accordingly, the additional information otherwise required to be included in the directors' report has been disclosed in notes 2, 4 and 6 to the financial statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required by section 307C of the Corporations Act 2001 is set out on page 7.

The financial statements were authorised for issue by the directors on 28 September 2009.

This report is made in accordance with a resolution of the directors.

M J O'Shannassy
Director

G A Boyle
Director

Melbourne, 28 September 2009

Auditor's Independence Declaration

The Board of Directors
BlackRock Investment Management (Australia) Limited
120 Collins Street
Melbourne VIC 3000

INDEPENDENCE DECLARATION – BLACKROCK PROPERTY SECURITIES FUND (AUST), BLACKROCK COMBINED PROPERTY INCOME FUND (AUST), BLACKROCK DIRECT PROPERTY FUND (AUST) AND BLACKROCK DIRECT REAL ESTATE FUND (AUST)

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BlackRock Investment Management (Australia) Limited, the Responsible Entity of the BlackRock Property Securities Fund (Aust), BlackRock Combined Property Income Fund (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust).

As lead audit partner for the audit of the financial statements of BlackRock Property Securities Fund (Aust), BlackRock Combined Property Income Fund (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, 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 faithfully

DELOITTE TOUCHE TOHMATSU

Neil A. Brown
Partner
Chartered Accountants
Melbourne, 28 September 2009

Liability limited by a scheme approved under
Professional Standards Legislation

Balance Sheets as at 30 June 2009

BlackRock					
Combined Property Income Fund (Aust)					
		Consolidated		Parent	
	Notes	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and Cash Equivalents	5(a)	5	177	–	–
Income Receivable		2,360	5,844	–	–
Receivables from Related Schemes	2	6,649	5,743	7,224	9,792
Other Receivables		635	1,848	131	130
Financial Assets Designated at Fair Value through Profit or Loss					
– Equity Securities		128,129	232,548	–	–
– Units in Related Schemes	2	236,762	327,311	359,213	545,656
– Low Exercise Price Option		74,847	94,877	74,847	94,877
– Other Investments	1(c)	11,112	–	11,112	–
TOTAL ASSETS		460,499	668,348	452,527	650,455
LIABILITIES					
Bank Overdraft	5(a)	21	–	–	–
Distribution Payable	6	6,779	10,007	6,758	9,743
Accounts Payable and Accrued Expenses		1,856	2,544	752	630
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		8,656	12,551	7,510	10,373
Net Assets Attributable to Minority Interests (Liability)		6,826	15,340	–	–
Net Assets Attributable to Unitholders of the Parent Entity (Liability)	4	445,017	640,457	445,017	640,082
NET ASSETS		–	–	–	–

The above Balance Sheets should be read in conjunction with the accompanying notes.

Balance Sheets as at 30 June 2009 (continued)

		BlackRock Property Securities Fund (Aust)		BlackRock Direct Property Fund (Aust)		BlackRock Direct Real Estate Fund (Aust)	
	Notes	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS							
Cash and Cash Equivalents	5(a)	5	177	-	-	-	-
Income Receivable		2,360	5,844	-	-	-	-
Receivables from Related Schemes	2	5	87	3,763	2,646	729	332
Other Receivables		504	1,718	28	27	10	8
Financial Assets Designated at Fair Value through Profit or Loss							
- Equity Securities		128,129	232,548	-	-	-	-
- Units in Related Schemes	2	1,464	5,609	100,176	142,784	20,140	25,725
TOTAL ASSETS		132,467	245,983	103,967	145,457	20,879	26,065
LIABILITIES							
Bank Overdraft	5(a)	21	-	-	-	-	-
Distributions payable	6	600	4,400	1,411	2,961	369	207
Accounts payable and accrued expenses		1,104	1,914	84	945	34	42
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		1,725	6,314	1,495	3,906	403	249
Net Assets Attributable to Minority Interests (Liability)		-	-	-	-	-	-
Net Assets Attributable to Unitholders (Liability)	4	130,742	239,669	102,472	141,551	20,476	25,816
NET ASSETS		-	-	-	-	-	-

The above Balance Sheets should be read in conjunction with the accompanying notes.

Income Statements for the year ended 30 June 2009

BlackRock					
Combined Property Income Fund (Aust)					
		Consolidated		Parent	
	Notes	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
INVESTMENT INCOME					
Net Gain/(Loss) on Financial Assets designated as at Fair Value through Profit or Loss		(204,068)	(165,903)	(197,155)	(153,149)
Net Gain/(Loss) on Financial Assets held for trading		(1,621)	-	-	-
Distributions from Related Schemes	2	18,626	24,817	29,119	42,525
Distributions from International Trusts		6,935	-	6,935	-
Dividend Income		13,079	20,917	-	-
Interest Income		25	1	1	(26)
Other Operating Income		52	13	-	13
TOTAL INVESTMENT INCOME/(LOSS)		(166,972)	(120,155)	(161,100)	(110,637)
EXPENSES					
Responsible Entity's Fees	2(a)	6,158	6,926	6,080	6,748
Transaction Costs		144	258	-	-
Other Operating Expenses	2(b)	676	117	676	117
TOTAL OPERATING EXPENSES		6,978	7,301	6,756	6,865
NET OPERATING PROFIT/(LOSS)		(173,950)	(127,456)	(167,856)	(117,502)
FINANCING COSTS ATTRIBUTABLE TO UNITHOLDERS					
Distributions to Unitholders of the Parent Entity	6	33,663	42,439	33,663	42,514
Distributions to Minority Interests		608	1,248	-	-
Increase/(Decrease) in Net Assets Attributable to Unitholders of the Parent Entity	4	(201,519)	(160,348)	(201,519)	(160,016)
Increase/(Decrease) in Net Assets Attributable to Minority Interests		(6,702)	(10,795)	-	-
NET PROFIT/(LOSS) FOR THE YEAR		-	-	-	-

The above Income Statements should be read in conjunction with the accompanying notes.

Income Statements for the year ended 30 June 2009 (continued)

		BlackRock Property Securities Fund (Aust)		BlackRock Direct Property Fund (Aust)		BlackRock Direct Real Estate Fund (Aust)	
		2009	2008	2009	2008	2009	26 April 2007 to 30 June 2008
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INVESTMENT INCOME							
Net Gain/(Loss) on Financial Assets designated as at Fair Value through Profit or Loss		(108,088)	(168,116)	(31,435)	3,656	(6,243)	(325)
Net Gain/(Loss) on Financial Assets held for trading		(1,621)	-	-	-	-	-
Dividend Income		13,079	20,917	-	-	-	-
Distributions from Related Schemes	2	238	371	8,009	10,149	1,600	1,033
Interest Income		24	27	-	-	-	-
Other Operating Income		52	-	-	-	-	-
TOTAL INVESTMENT INCOME/(LOSS)		(96,316)	(146,801)	(23,426)	13,805	(4,643)	708
EXPENSES							
Responsible Entity's Fees	2(a)	78	177	1,272	1,570	425	269
Transaction Costs		144	258	-	-	-	-
Other Operating Expenses	2(b)	-	-	1	1	-	42
TOTAL OPERATING EXPENSES		222	435	1,273	1,571	425	311
NET OPERATING PROFIT/(LOSS)		(96,538)	(147,236)	(24,699)	12,234	(5,068)	397
FINANCING COSTS ATTRIBUTABLE TO UNITHOLDERS							
Distributions to Unitholders	6	11,339	19,253	6,916	10,110	1,141	726
Increase/(Decrease) in Net Assets Attributable to Unitholders	4	(107,877)	(166,489)	(31,615)	2,124	(6,209)	(329)
NET PROFIT/(LOSS) FOR THE YEAR		-	-	-	-	-	-

The above Income Statements should be read in conjunction with the accompanying notes.

Cash Flow Statements for the year ended 30 June 2009

BlackRock					
Combined Property Income Fund (Aust)					
		Consolidated		Parent	
	Notes	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Proceeds from Sale of Financial Assets held at Fair Value through Profit or Loss		345,516	492,901	94,246	218,116
Purchase of Financial Assets held at Fair Value through Profit or Loss		(346,894)	(654,056)	(96,040)	(387,426)
Transaction Costs on Purchase of Financial Assets held at Fair Value through Profit or Loss		(144)	(258)	-	-
Interest Received		25	1	1	(26)
Distributions from Related Schemes		18,388	20,930	32,357	46,489
Dividends Received		16,564	20,208	-	-
Distributions from International Trusts		6,264	3,614	6,264	3,614
Reduced Input Tax Credit Received		-	541	-	464
Other Income Received		62	13	-	13
Responsible Entity Fees Paid		(6,283)	(7,287)	(6,199)	(7,086)
Operating Expenses Paid		(435)	(139)	(435)	(140)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	5(b)	33,063	(123,532)	30,194	(125,982)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Applications by Unitholders		26,953	274,429	29,870	270,494
Payments for Redemptions by Unitholders		(32,361)	(112,880)	(28,204)	(106,584)
Distributions Paid		(27,848)	(40,481)	(31,860)	(40,290)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		(33,256)	121,068	(30,194)	123,620
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
Cash and Cash Equivalents at the beginning of the financial year		177	2,641	-	2,362
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5(a)	(16)	177	-	-
Non-cash Financing Activities	5(c)				

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Cash Flow Statements for the year ended 30 June 2009 (continued)

	Notes	BlackRock Property Securities Fund (Aust)		BlackRock Direct Property Fund (Aust)		BlackRock Direct Real Estate Fund (Aust)	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	26 April 2007 to 30 June 2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Proceeds from Sale of Financial Assets held at Fair Value through Profit or Loss		254,270	281,885	34,130	64,809	1,599	2,004
Purchase of Financial Assets held at Fair Value through Profit or Loss		(254,990)	(362,687)	(23,784)	(55,040)	(2,558)	(28,065)
Transaction Costs on Purchase of Financial Assets held at Fair Value through Profit or Loss		(144)	(258)	-	-	-	-
Interest Received		24	27	-	-	-	-
Distributions from Related Schemes		320	348	7,700	10,971	1,501	714
Dividends Received		16,564	20,208	-	-	-	-
Reduced Input Tax Credit Received		-	77	-	101	-	46
Other Income Received		62	-	-	-	-	-
Responsible Entity Fees Paid		(84)	(201)	(1,305)	(1,637)	(428)	(244)
Interest Paid		-	-	(1)	-	-	-
Operating Expenses Paid		-	2	(9)	(13)	(4)	(81)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	5(b)	16,022	(60,599)	16,731	19,191	110	(25,626)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from Applications by Unitholders		1,218	74,082	16,747	45,090	1,042	27,127
Payments for Redemptions by Unitholders		(7,157)	(13,393)	(27,225)	(63,626)	(527)	(1,196)
Distributions Paid		(10,276)	(192)	(6,253)	(5,255)	(625)	(305)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		(16,215)	60,497	(16,731)	(23,791)	(110)	25,626
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS							
Cash and Cash Equivalents at the beginning of the financial year		177	279	-	4,600	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5(a)	(16)	177	-	-	-	-
Non-cash Financing Activities	5(c)						

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

Statements of Changes in Equity for the year ended 30 June 2009

BlackRock Combined Property Income Fund (Aust)						
	Consolidated				Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR	-	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	-	-	-
Net Income/(expense) recognised directly in equity	-	-	-	-	-	-
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE YEAR	-	-	-	-	-	-
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-	-
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR	-	-	-	-	-	-
	BlackRock Property Securities Fund (Aust)		BlackRock Direct Property Fund (Aust)		BlackRock Direct Real Estate Fund (Aust)	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	26 April 2007 to 30 June 2008 \$'000
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR	-	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	-	-	-
Net Income/(expense) recognised directly in equity	-	-	-	-	-	-
TOTAL RECOGNISED INCOME AND EXPENSES FOR THE YEAR	-	-	-	-	-	-
Transactions with equity holders in their capacity as equity holders	-	-	-	-	-	-
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR	-	-	-	-	-	-

Under Australian equivalents to International Financial Reporting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial year.

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2009

1. Summary of Significant Accounting Policies

(a) Statement of Compliance & Basis of Preparation

This financial report includes financial statements for BlackRock Property Securities Fund (Aust), BlackRock Combined Property Income Fund (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) ("the funds") as individual entities. The funds were constituted on 19 June 1998, 22 July 2003, 3 March 2004 and 18 April 2007 respectively.

This financial report also includes the financial statements for BlackRock Combined Property Income Fund (Aust) as a consolidated entity and its subsidiary, BlackRock Property Securities Fund (Aust).

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

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

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS).

Compliance with AIFRS ensures that the financial report of the Funds, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 28 September 2009. The directors of the Responsible Entity have the power to amend and reissue the financial report.

The principal accounting policies applied in the preparation of these financial statements are set out below.

(b) Principles of Consolidation – Controlled Schemes

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all controlled schemes of the BlackRock Combined Property Income Fund (Aust) ("the parent entity") as at 30 June 2009 and for the results for the year then ended. The parent entity and its controlled scheme together are referred to in this financial report as the consolidated entity.

Controlled schemes are all those investments in schemes over which the parent entity has the power to govern the financial and operating policies, generally accompanying a unitholding of more than one-half of the units on issue. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the parent entity controls another entity.

Controlled schemes are fully consolidated from the date on which control is transferred to the parent entity. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the parent entity.

All transactions (including gains and losses) and balances between consolidated entities are eliminated. Accounting policies of controlled schemes have been changed where necessary to ensure consistency with the policies adopted by the parent entity.

Minority interests in the results and net assets of controlled schemes are shown separately in the consolidated Income Statement and Balance Sheet respectively. Minority Interests consist of the amount those interest at the date of the original business combination and the minority's share of changes in net assets attributable to unitholders since the date of the combination.

On consolidation of a controlled scheme into a parent entity's accounts, the elimination of the 'Investment in a Controlled Scheme' will not equate to the 'Net Assets of the Controlled Scheme'. The parent entity's investment in its controlled scheme is recognised in the Balance Sheet at fair value.

The fair value will be the redemption price of the subsidiary.

(c) Financial Instruments

This category has two sub-categories: financial instruments held for trading, and those designated at fair value through profit or loss at inception.

■ Financial instruments held for trading

Financial assets or liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short term. These include derivative financial instruments including futures, forward contracts, options and interest rate swaps. The funds do not designate any derivatives as hedges in a hedging relationship.

1. Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

- Financial instruments designated at fair value through profit or loss at inception.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts and commercial paper.

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 funds' documented investment strategy. The funds' 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.

The Funds recognise financial assets and liabilities on the date they become party to the contractual agreement (trade date).

Investments are derecognised when the rights to receive cashflows from the investments have expired or the funds have transferred substantially all risks and rewards of ownership.

The Funds have designated all of their financial instruments (except derivatives) as at fair value through profit or loss. These financial instruments are initially recognised at fair value, typically represented by cost excluding transaction costs, which are expensed as incurred. Subsequent to initial recognition all instruments are measured at fair value. Changes in fair value are taken to the Income Statements.

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

The basis used to value particular classes of investments is as follows:

Equity Securities

- Securities that are listed or traded on an exchange are fair valued based on quoted "bid" prices on long securities and quoted "ask" prices on securities sold short.
- Securities which are not listed on a securities exchange or are thinly traded are valued using independent quotes obtained from brokers.
- In the absence of quoted values or brokers' representative prices, securities are valued using appropriate valuation techniques as reasonably determined by the Responsible Entity.

Low Exercise Price Option

BlackRock Combined Property Income Fund (Aust) holds options over units in BlackRock Property Trust (Aust). These options are carried at their intrinsic value which is the value of the units in the underlying scheme less the cost of exercising the options.

Units in Related Managed Investment Schemes ("schemes")

The fair value of units in related schemes is determined as the redemption price of the investment schemes as established by the underlying schemes' Responsible Entity at balance date.

Other Investments

Other investments of \$11,112,000 at 30 June 2009, (Nil: 2008) relate to a holding with a third party financial institution providing exposure to the returns of an underlying unlisted property trust. The movements in the value of the instrument are based on movements in value of the underlying unlisted property trust.

(d) Derivative Financial Instruments

In the normal course of business the funds enter into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

1. Summary of Significant Accounting Policies (continued)

(d) Derivative Financial Instruments (continued)

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the funds against a fluctuation in market values or to reduce volatility.
- a substitution for trading of physical securities.
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the funds.

The following assumptions and methodologies have been applied in reporting the derivative financial instruments utilised by the funds:

Bond Futures, Share Price Index (SPI) Futures, and Bank Bill Futures

Futures contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established on an organised market. The futures contracts are collateralised by cash and cash equivalents or by other assets ("initial margin"). Subsequent payments, known as "variation margin", are made or received by the funds each day, depending on the daily fluctuations in the fair value of the underlying security. The funds recognise a gain or loss equal to the daily variation margin.

Forward Foreign Exchange Contracts

Forward foreign exchange contracts are primarily used by the funds to manage against foreign currency exchange rate risks on their non-Australian dollar denominated trading securities. The funds agree to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. The fair value for a forward foreign exchange contract fluctuates with changes in currency exchange rates. All forward foreign exchange transactions are initially recorded at the forward rate at the date of the transaction. Forward contract positions are valued at the prevailing forward price at the reporting date. The funds recognise a gain or loss equal to the change in fair value at the reporting date in the Income Statements.

Exchange Traded Options

Exchange traded options are recorded at fair value based on quoted "bid" prices on purchased options & quoted "ask" prices on sold options. If an option expires on its stipulated expiration date, or if the funds enter into a closing sale transaction, a gain or loss is realised on disposal and included in the Income Statements.

Over-the-Counter Contracts

When the funds write or purchase put or call options, an amount equal to the premium received or paid is recorded as a liability or an asset and is subsequently fair valued in the Balance Sheets. Premiums received or paid from writing or purchasing put or call options which expire or were unexercised are recognised on the expiration date as realised gains or losses in the Income Statements. If an option is exercised, the premium received or paid is included with the proceeds or the cost of the transaction to determine whether the funds have realised a gain or loss on the related investment transaction in the Income Statements. When the funds enter into a closing transaction, the funds will realise a gain or loss in the Income Statements depending upon whether the amount from the closing transaction is greater or less than the premium received or paid.

Equity Index Swap

An equity swap is a contractual agreement between two parties to exchange periodic cash flows where one of the cash flows is linked to the equity index and the other cash flow an interest rate variable. The equity index is valued at current prices incorporating the fair value available on the exchange of the underlying equity. The interest is based on capital values and accrued interest on a straight line basis. Any gains or losses are recorded in the relevant period as a change in the fair value of investments in the Income Statements.

Interest Rate Swaps

The differential expected to be paid or received on the maturity of interest rate agreements has been consistently fair valued throughout the financial year with any gains or losses being recorded in the relevant period as a change in the fair value of investments in the Income Statement.

1. Summary of Significant Accounting Policies (continued)

(d) Derivative Financial Instruments (continued)

Warrants

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. Warrants are valued at the prevailing market price at the reporting date. The Fund recognises a gain or loss equal to the change in fair value at the reporting date.

(e) Cash and Cash Equivalents

For Cash Flow Statement presentation, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term high liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in liabilities on the Balance Sheets.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the funds' main income generating activity.

(f) Foreign Currency Translations

Functional and Presentation Currency

Items included in the funds' financial statements are measured using the currency of the primary economic environment in which they operate (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the funds compete for funds and are regulated. The Australian dollar is also the funds' presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statements.

The funds do not isolate that portion of gains or losses on financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included in the net gains or losses on financial instruments at fair value through profit or loss.

(g) Investment Income and Expenses

Interest income and expenses are recognised in the Income Statements for all debt instruments using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 1(c) and 1(d).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the funds estimate cash flows, considering all contractual terms of the financial instrument (for example, prepayment options), but do not consider future credit losses.

The calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised on the ex-dividend date with any related foreign withholding taxes recorded as an expense. If a portion of the foreign withholding taxes is reclaimable, it is recorded as an asset.

Trust distributions are recognised on an entitlements basis as the Funds are presently entitled to the distributable income of their investee trusts.

(h) Distributions

In accordance with the Funds' Constitutions and Amendments, the funds fully distribute their distributable (taxable) income to unitholders by cash or reinvestment. Distributions are recognised in the Income Statements as finance costs attributable to unitholders.

1. Summary of Significant Accounting Policies (continued)

(i) Income Tax

Under current taxation legislation, the funds are not subject to income tax provided the taxable income of the Funds is distributed either by way of cash or reinvestment (ie. unitholders are presently entitled to the income of the funds).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the funds are not subject to capital gains tax.

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

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the Income Statements.

(j) Good and Services Tax (GST)

The GST incurred on the costs of various services provided to the Funds such as Responsible Entity fees, audit fees, custody fees and other expenses, have been passed onto the funds.

The Funds qualify for Reduced Input Tax Credits (RITC's) at a rate of 75%, hence, Responsible Entity fees, audit fees, custody fees and other expenses have been recognised in the Income Statements net of the amount of GST recoverable from the Australian Tax Office ("ATO").

Accounts Payable and Accrued Expenses are stated inclusive of GST.

The net amount of GST recoverable from the ATO is included in Other Receivables in the Balance Sheets.

Cash flows relating to GST are included in the Cash Flow Statements on a gross basis.

(k) Increase/Decrease in Net Assets Attributable to Unitholders

Non-distributable income is included in net assets attributable to Unitholders. Movements in net assets attributable to unitholders are recognised in the Income Statements as financing costs.

(l) Receivables

Receivables may include amounts for dividends, interest, trust distributions and amounts due from brokers. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment using the effective interest rate method. Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and normally settled within three business days.

(m) Payables

Payables include amounts due to brokers, liabilities and accrued expenses owing by the funds which are unpaid as at balance date. Trades are recorded on trade date, and normally settled within three business days. Purchases of securities and investments that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheets as unitholders are presently entitled to the distributable income as at 30 June 2009 under the Funds' Constitutions.

(n) Applications and Redemptions

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the funds.

Redemptions from the funds are recorded at redemption price. There are no exit fees charged on redemption.

1. Summary of Significant Accounting Policies (continued)

(o) Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be put back to the funds at any time for cash equal to a proportionate share of the Funds' net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the Balance Sheet date if unitholders exercised their right to put the units back to the funds. Changes in the value of this financial liability are recognised in the Income Statements as they arise.

Because the Funds' redemption unit prices are based on different valuation principles to those applied in financial reporting, a valuation difference exists, which forms part of changes in unitholder funds.

(p) Expenses

All expenses, including Responsible Entity's fees and custodian fees, are recognised in the Income Statements on an accruals basis.

(q) New Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretations is set below:

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

AASB 8 and AASB 2007 3 are effective for annual reporting periods beginning on or after 1 January 2009. In the current year, the Funds have elected to early adopt these standards. The early adoption of these standards has not impacted the reported financial position, financial performance and cash flows of the Funds.

The Funds have adopted AASB 8 'Operating Segments', with effect from 1 July 2008, in advance of its effective date of 1 January 2009. AASB 8 'Operating Segments' is not applicable to the Funds as it applies only to entities which have on issue debt or equity securities that are traded in a public market (or which are in the process of issuing any class of instruments in a public market). Accordingly no disclosures have been made for operating segments.

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

AASB 101 (Revised) is applicable to annual reporting periods beginning on or after 1 January 2009. The funds have not adopted this standard early. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity but will not affect any of the amounts recognised in the financial statements. If the funds make a prior period adjustment or re-classify items in the financial statements, they will need to disclose a third balance sheet (statement of financial position), this one being at the beginning of the comparative period.

(iii) AASB 132 Financial Instruments: Presentation and AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation (Revised AASB 132).

Revised AASB 132 is applicable for reporting periods beginning on or after 1 January 2009. The funds have not adopted this standard early. Application of this standard will not affect any of the amounts recognised in the financial statements as the funds are obligated to distribute all of their taxable income in accordance with the funds' Constitutions. Accordingly, there will be no change to classification of unitholders' funds as a liability and therefore no impact on profit or loss and equity.

(iv) AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009)

In April 2009, the Australian Accounting Standards Board published amendments to AASB 7 Financial Instruments: Disclosure to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The Australian Accounting Standards Board also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives. The Fund has not early adopted the amendments. The amendments will not affect any of the amounts recognised in the financial statements but may affect certain disclosures.

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

1. Summary of Significant Accounting Policies (continued)

(r) Rounding of Amounts

The funds are entities of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order, unless otherwise indicated.

(s) Use of Estimates

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

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

(t) Investments in Subsidiaries

Investments in subsidiaries are measured in accordance with note 1 (b).

(u) Margin Accounts

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls.

2. Related Parties

Responsible Entity

The Responsible Entity of the funds is BlackRock Investment Management (Australia) Limited (ABN 13 006 165 975) whose ultimate holding company is BlackRock, Inc.

BlackRock Investment Management (Australia) Limited is incorporated in Australia and BlackRock, Inc is incorporated in the United States of America.

Parent Entities

The ultimate parent and controlling party of BlackRock Property Securities Fund (Aust) is BlackRock Combined Property Income Fund (Aust) which at 30 June 2009 owns 94.58% (30 June 2008: 93.52%) of units of the BlackRock Property Securities Fund (Aust). As at the 30 June 2009 and 30 June 2008 no party was considered to be the ultimate and controlling party of BlackRock Combined Property Income Fund (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust).

Subsidiaries

Interests in Subsidiaries are set out in Note 2 – Investing Activities.

2. Related Parties (continued)

Key Management Personnel

Directors

Key management personnel include persons who were directors of BlackRock Investment Management (Australia) Limited during the financial period and up to the date of this report:

Director	Date appointed/resigned
M J O'Shannassy	Appointed 23 July 1997
R Fairbairn	Appointed 29 November 2004, resigned 2 March 2009
D Frawley	Appointed 18 March 2005
G A Boyle	Appointed 7 March 2007
C Tzatzakis	Appointed 11 September 2007
J R Kushel	Appointed 2 March 2009

Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the funds, directly or indirectly, during the financial year:

Name	Position	Employer
R J Maddox	Managing Director/ Co-Chief Investment Officer	BlackRock Investment Management (Australia) Limited
K Liow	Head of Quantitative Investors/ Co-Chief Investment Officer	BlackRock Investment Management (Australia) Limited

Key Management Personnel Unitholding

Mr and Mrs M J O'Shannassy, trustees of The Tiger Fund (Self Managed Superannuation Fund), Mr M J O'Shannassy, Mrs M J O'Shannassy, Ms J Frawley, Mr C Tzatzakis, Ms M Tzatzakis, Ms L Tzatzakis and Mr R J Maddox invest in various Funds. The details of the units held by these key management personnel are summarised on the following pages under Investing Activities – Key Management Personnel and Key Management Personnel Related Entities.

During or since the end of the financial year, none of the other key management personnel including directors or their personally related entities held units in the Funds, either directly, indirectly, or beneficially.

Key Management Personnel Compensation

Key management personnel are paid by BlackRock Investment Management (Australia) Limited. Payments made from the funds to BlackRock Investment Management (Australia) Limited do not include any amounts attributable to the compensation of key management personnel.

Key Management Personnel Loan Disclosures

The funds have 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.

Other Transactions within the Funds

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

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

2. Related Parties (continued)

Related Party Transactions and Balances

All related party transactions are conducted on normal commercial terms and conditions. Transactions with related parties include the following:

(a) Responsible Entity's Fees and Other Transactions

Responsible Entity fees are accrued daily at the rate specified by the Constitutions and Amendments based on the asset value of the funds. Fees charged for the year are included in the Income Statements.

From time to time the Responsible Entity may waive fees in accordance with the terms of the Constitutions and Amendments. Where Responsible Entity fees charged are less than the maximum permitted under the Constitutions and Amendments, any amount forgone cannot be claimed in future years.

(b) Expense Reimbursement

Operating expenses include administration expenses incurred by the Responsible Entity and reimbursed by the funds in accordance with the provisions of the Constitutions and Amendments. Total operating expenses incurred for the year are brought to account on an accruals basis and are included in the Income Statements.

(c) Fee Rebates from Related Schemes

The funds receive a rebate of all fees charged on monies invested in other related schemes with the same Responsible Entity. These rebates, which reflect an increase in the return from those related schemes, are included as revenue in the Income Statements.

Transactions and balances with related parties are summarised in the schedules on the following pages:

	BlackRock			
	Combined Property Income Fund (Aust)			
	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Responsible Entity's Fees and other transactions				
Total Responsible Entity's fees paid or due and payable by the funds:				
Class Responsible Entity Fees:				
– C Class Units	(565,600)	(705,666)	(565,600)	(705,666)
– D Class Units	(5,592,785)	(6,220,085)	(5,514,486)	(6,042,612)
– X Class Units	–	–	–	–
Fund Responsible Entity Fees	(6,158,385)	(6,925,751)	(6,080,086)	(6,748,278)
Class Expense Reimbursement:				
C Class Units	–	–	–	–
D Class Units	–	–	–	–
X Class Units	–	–	–	–
Fund Expense Reimbursement	–	–	–	–
Class Other Income				
C Class Units	–	3,278	–	3,278
D Class Units	–	3,261	–	3,261
X Class Units	–	6,575	–	6,575
Fund Other Income	–	13,114	–	13,114
Class Responsible Entity Fees and Expense Reimbursement Payable:				
C Class Units	(42,085)	(62,780)	(42,085)	(62,760)
D Class Units	(429,655)	(577,280)	(424,950)	(565,620)
X Class Units	–	–	–	–
Fund Responsible Entity Fees and Expense Reimbursement Payable	(471,740)	(640,060)	(467,035)	(628,380)
Balances and Transactions with Related Schemes				
Distributions Receivable*	6,649,462	5,743,144	5,314,053	9,792,183
Trade Receivables	–	–	1,909,480	–
Responsible Entity Fee Rebates Receivable	–	–	–	–
	6,649,462	5,743,144	7,223,533	9,792,183

* The amounts of distributions received and total amounts invested in Related Schemes are disclosed under the heading "Investing Activities".

2. Related Parties (continued)

Related Party Transactions and Balances (continued)

	BlackRock Property Securities Fund (Aust)		BlackRock Direct Property Fund (Aust)	
	2009 \$	2008 \$	2009 \$	2008 \$
Responsible Entity's Fees and other transactions				
Total Responsible Entity's fees paid or due and payable by the funds:				
Class Responsible Entity Fees:				
- C Class Units	-	-	(360,528)	(266,962)
- D Class Units	(78,299)	(177,473)	-	-
- E Class Units	-	-	(650,012)	(1,033,999)
- W Class Units	-	-	(261,471)	(268,695)
- X Class Units	-	-	-	-
Fund Responsible Entity Fees	(78,299)	(177,473)	(1,272,011)	(1,569,656)
Class Expense Reimbursement:				
- C Class Units	-	-	-	-
- D Class Units	-	-	-	-
- E Class Units	-	-	-	-
- W Class Units	-	-	-	-
- X Class Units	-	-	-	-
Fund Expense Reimbursement	-	-	-	-
Class Other Income				
- C Class Units	-	-	-	-
- D Class Units	-	-	-	-
- E Class Units	-	-	-	-
- W Class Units	-	-	-	-
- X Class Units	-	-	-	-
Fund Other Income	-	-	-	-
Class Responsible Entity Fees and Expense Reimbursement Payable:				
- C Class Units	-	-	(28,479)	(33,394)
- D Class Units	(4,706)	(11,659)	-	-
- E Class Units	-	-	(48,838)	(81,234)
- W Class Units	-	-	(20,663)	(25,425)
- X Class Units	-	-	-	-
Fund Responsible Entity Fees and Expense Reimbursement Payable	(4,706)	(11,659)	(97,980)	(140,053)
Balances and Transactions with Related Schemes				
Distributions Receivable *	5,113	86,959	2,134,200	1,845,483
Trade Receivables	-	-	1,628,114	800,845
Responsible Entity Fee Rebates Receivable	-	-	-	-
	5,113	86,959	3,762,314	2,646,328

* The amounts of distributions received and total amounts invested in Related Schemes are disclosed under the heading "Investing Activities".

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

2. Related Parties (continued)

Related Party Transactions and Balances (continued)

	BlackRock Direct Real Estate Fund (Aust)	
	2009	26 April 2007 to 30 June 2008
	\$	\$
Responsible Entity's Fees and other transactions		
Total Responsible Entity's fees paid or due and payable by the funds:		
Class Responsible Entity Fees:		
– A Class Units	(189,314)	(143,284)
– B Class Units	–	(77)
– W Class Units	(234,498)	(125,113)
– X Class Units	–	–
– K Class Units	(916)	(134)
Fund Responsible Entity Fees	(424,728)	(268,608)
Class Expense Reimbursement:		
– A Class Units	–	–
– B Class Units	–	–
– W Class Units	–	–
– X Class Units	–	–
– K Class Units	–	–
Fund Expense Reimbursement	–	–
Class Other Income		
– A Class Units	–	–
– B Class Units	–	–
– W Class Units	–	–
– X Class Units	–	–
– K Class Units	–	–
Fund Other Income	–	–
Class Responsible Entity Fees and Expense Reimbursement Payable:		
– A Class Units	(15,073)	(17,525)
– B Class Units	–	–
– W Class Units	(18,638)	(21,974)
– X Class Units	–	–
– K Class Units	(76)	(89)
Fund Responsible Entity Fees and Expense Reimbursement Payable	(33,787)	(39,588)
Balances and Transactions with Related Schemes		
Distributions Receivable *	429,081	332,497
Trade Receivables	299,421	–
Responsible Entity Fee Rebates Receivable	–	–
	728,502	332,497

* The amounts of distributions received and total amounts invested in Related Schemes are disclosed under the heading "Investing Activities".

Investing Activities

The Funds may purchase and sell units in other approved schemes managed by the Responsible Entity in the ordinary course of business.

Distributions from investments to which the Funds are presently entitled, are included in the Income Statements. The portions of these amounts not received at balance date are included in the Balance Sheets.

Details of the Funds' investments are set out in the following pages.

2. Related Parties (continued)

Investing Activities (continued)

	Number of Units Held at Year End	Fair Value of Units Held at Year End	Value of Units Purchased During the Year	Value of Units Sold During the Year	Interest Held in Related Funds at Year End	Distribution Received from the Related Scheme During the Year	Distribution Receivable from the Related Scheme at Year End
2009	#	\$	\$	\$	%	\$	\$
BlackRock Combined Property Income Fund (Aust) – Consolidation							
BlackRock Money Market Fund	11,316,078	11,316,078	160,136,787	163,979,220	4.31	716,345	32,083
BlackRock Property Trust (Aust)	245,875,482	201,863,771	8,644,944	27,000,000	49.41	11,678,660	4,300,587
BlackRock Direct Property Fund (Aust)	22,863,565	19,765,552	1,626,996	2,000,000	21.65	1,257,850	346,903
BlackRock Direct Real Estate Fund (Aust)	5,056,160	3,816,390	1,049,830	–	20.17	205,986	87,469
BlackRock Combined Property Income Fund (Aust) – Parent							
BlackRock Money Market Fund	9,852,025	9,852,025	65,581,942	65,279,296	3.75	483,571	26,970
BlackRock Property Trust (Aust)	245,875,482	201,863,771	8,644,944	27,000,000	49.41	11,678,660	4,300,587
BlackRock Property Securities Fund (Aust)	245,377,471	123,915,623	4,135,998	3,000,000	94.58	10,151,905	579,185
BlackRock Direct Property Fund (Aust)	22,863,565	19,765,552	1,626,996	2,000,000	21.65	1,257,850	346,903
BlackRock Direct Real Estate Fund (Aust)	5,056,160	3,816,390	1,049,830	–	20.17	205,986	87,469
BlackRock Property Securities Fund (Aust)							
BlackRock Money Market Fund	1,464,053	1,464,053	94,554,845	98,699,924	0.56	232,774	5,113
BlackRock Direct Property Fund (Aust)							
BlackRock Property Trust (Aust)	122,017,636	100,176,479	23,784,187	34,129,886	24.52	5,874,794	2,134,200
BlackRock Direct Real Estate Fund (Aust)							
BlackRock Property Trust (Aust)	24,531,666	20,140,498	2,556,647	1,598,869	4.93	1,170,527	429,081
	Number of Units Held at Year End	Fair Value of Units Held at Year End	Value of Units Purchased During the Year	Value of Units Sold During the Year	Interest Held in Related Funds at Year End	Distribution Received from the Related Scheme During the Year	Distribution Receivable from the Related Scheme at Year End
2008	#	\$	\$	\$	%	\$	\$
BlackRock Combined Property Income Fund (Aust) – Consolidation							
BlackRock Money Market Fund	15,158,511	15,158,511	273,219,102	304,620,013	3.92	1,465,866	209,167
BlackRock Property Trust (Aust)	262,992,985	282,007,378	50,084,759	22,500,000	13.99	12,985,089	3,644,944
BlackRock Direct Property Fund (Aust)	23,213,066	26,207,551	13,844,660	11,007,534	19.56	1,456,594	626,996
BlackRock Direct Real Estate Fund (Aust)	3,996,910	3,937,755	4,000,000	–	15.53	–	49,830
BlackRock Combined Property Income Fund (Aust) – Parent							
BlackRock Money Market Fund	9,549,380	9,549,380	149,558,781	174,718,581	2.47	1,181,525	122,208
BlackRock Property Trust (Aust)	262,992,985	282,007,378	50,084,759	22,500,000	13.99	12,985,089	3,644,944
BlackRock Property Securities Fund (Aust)	243,985,002	223,953,833	96,056,391	7,100,000	93.52	13,942,783	4,135,998
BlackRock Direct Property Fund (Aust)	23,213,066	26,207,551	13,844,660	11,007,534	19.56	1,456,594	626,996
BlackRock Direct Real Estate Fund (Aust)	3,996,910	3,937,755	4,000,000	–	15.53	–	49,830
BlackRock Property Securities Fund (Aust)							
BlackRock Money Market Fund	5,609,131	5,609,131	123,660,321	129,901,432	1.45	284,341	86,959
BlackRock Direct Property Fund (Aust)							
BlackRock Property Trust (Aust)	133,156,825	142,784,064	27,446,640	2,003,175	25.12	8,303,108	1,845,483
BlackRock Direct Real Estate Fund (Aust) – 18 April 2007 to 30 June 2008							
BlackRock Property Trust (Aust)	23,990,576	25,725,094	55,040,366	65,610,196	4.53	700,491	332,497

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

2. Related Parties (continued)

Investing Activities – Key Management Personnel and Key Management Personnel Related Entities

	Number of Units Held at Opening	Number of Units Held at Year End	Fair Value of Units Held at Year End	Value of Units Purchased During the Year	Value of Units Sold During the Year	Interest Held in Related Fund at Year End	Distribution Received from the Related Scheme During the Year	Distribution Receivable from the Related Scheme at Year End
2009	#	#	\$	\$	\$	%	\$	\$
Maurice O'Shannassy								
BlackRock Direct Real Estate Fund (Aust)	99	102	77	–	–	0.00*	2	1
Ruth O'Shannassy								
BlackRock Direct Real Estate Fund (Aust)	99	105	79	–	–	0.00*	4	2
The Tiger Fund								
BlackRock Direct Real Estate Fund (Aust)	99	105	79	–	–	0.00*	4	2
Jodi Frawley								
BlackRock Direct Real Estate Fund (Aust)	99	103	78	–	–	0.00*	3	2
Con Tzatzakis								
BlackRock Direct Real Estate Fund (Aust)	99	102	77	–	–	0.00*	2	1
Madeleine Tzatzakis								
BlackRock Direct Real Estate Fund (Aust)	99	102	77	–	–	0.00*	2	1
Luca Tzatzakis								
BlackRock Direct Real Estate Fund (Aust)	99	102	77	–	–	0.00*	2	1
Russell Maddox								
BlackRock Direct Real Estate Fund (Aust)	99	105	79	–	–	0.00*	4	2
	Number of Units Held at Opening	Number of Units Held at Year End	Fair Value of Units Held at Year End	Value of Units Purchased During the Year	Value of Units Sold During the Year	Interest Held in Related Fund at Year End	Distribution Received from the Related Scheme During the Year	Distribution Receivable from the Related Scheme at Year End
2008	#	#	\$	\$	\$	%	\$	\$
Maurice O'Shannassy								
BlackRock Direct Real Estate Fund (Aust)	–	99	98	–	–	0.00*	–	1
Ruth O'Shannassy								
BlackRock Direct Real Estate Fund (Aust)	–	99	98	–	–	0.00*	–	1
The Tiger Fund								
BlackRock Direct Real Estate Fund (Aust)	–	99	98	–	–	0.00*	–	1
Jodi Frawley								
BlackRock Direct Real Estate Fund (Aust)	–	99	98	–	–	0.00*	–	1
Con Tzatzakis								
BlackRock Direct Real Estate Fund (Aust)	–	99	98	–	–	0.00*	–	1
Madeleine Tzatzakis								
BlackRock Direct Real Estate Fund (Aust)	–	99	98	–	–	0.00*	–	1
Luca Tzatzakis								
BlackRock Direct Real Estate Fund (Aust)	–	99	98	–	–	0.00*	–	1
Russell Maddox								
BlackRock Direct Real Estate Fund (Aust)	–	99	98	–	–	0.00*	–	1

* denotes less than 0.01%

2. Related Parties (continued)

Investing Activities (continued)

During the year, the Responsible Entity used a number of brokers to provide broking services to the Funds, including associated companies of the Responsible Entity. All transactions were undertaken under normal commercial conditions and at an arm's length basis.

Related party schemes' unitholding

Parties related to the Funds (including BlackRock Investment Management (Australia) Limited, its related parties and other schemes managed by BlackRock Investment Management (Australia) Limited), held units in the Funds as follows:

	Number of Units Held Opening	Number of Units Held Closing	Interest Held	Number Units Acquired	Number Units Disposed	Distributions Paid/Payable by the Fund
2009	Units	Units	%	Units	Units	\$
BlackRock Property Securities Fund (Aust)						
BlackRock Combined Property Income Fund (Aust)	243,985,002	245,377,471	94.58	4,494,526	3,102,057	10,731,090
BlackRock Direct Property Fund (Aust)						
BlackRock Combined Property Income Fund (Aust)	23,213,066	22,863,565	21.65	1,415,200	1,764,701	1,604,753
BlackRock Direct Real Estate Fund (Aust)						
BlackRock Combined Property Income Fund (Aust)	3,996,910	5,056,160	20.17	1,059,251	-	293,455
2008	Units	Units	%	Units	Units	\$
BlackRock Property Securities Fund (Aust)						
BlackRock Combined Property Income Fund (Aust)	183,319,070	243,985,002	93.52	67,093,516	6,427,586	18,078,781
BlackRock Direct Property Fund (Aust)						
BlackRock Combined Property Income Fund (Aust)	20,863,672	23,213,066	19.56	11,825,458	9,476,064	2,083,590
BlackRock Direct Real Estate Fund (Aust)						
BlackRock Combined Property Income Fund (Aust)	-	3,996,910	15.53	3,996,910	-	49,830

3. Auditor's Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the funds:

	Audit Services [^]		Other Services [^]			
	2009* \$	2008* \$	Tax Compliance Services	Compliance	Tax Compliance Services	Compliance
Amounts received, or due and receivable, by the auditors:						
BlackRock Combined Property Income Fund (Aust)						
- Consolidated	28,236	46,204	10,000	2,730	12,250	4,572
BlackRock Combined Property Income Fund (Aust)						
- Parent	16,772	26,706	5,000	1,365	5,775	2,376
BlackRock Property Securities Fund (Aust)	11,464	19,498	5,000	1,365	6,475	2,376
BlackRock Direct Property Fund (Aust)	11,464	19,498	4,800	1,365	6,251	2,376
BlackRock Direct Real Estate Fund (Aust)	5,602	19,498	3,100	1,365	4,097	2,376

[^] The fees for the above services were paid to Deloitte Touche Tohmatsu for the year ended 30 June 2009 and they were paid to PricewaterhouseCoopers Australia for the year ended 30 June 2008.

* These amounts have been paid by the Responsible Entity. Amounts disclosed for Auditor's Remuneration include non-recoverable GST.

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

4. Net Assets Attributable to Unitholders

As stipulated within the Funds' Constitutions, each unit represents a right to an individual share in the Funds and does not extend the right to the underlying assets of the Funds. Units are issued and redeemed at the holders' option at prices based on the value of the Funds' net assets at the time of issue/redemption less transaction costs.

The Funds consider their capital to be Unitholders' Funds. The Funds manages their net assets attributable to unitholders as capital, not withstanding net assets attributable to unitholders are classified as a liability.

The objective of the Funds is to provide unitholders with returns in accordance with the Product Disclosure Statement ("PDS"). The Funds aims to deliver this objective mainly through investing in a portfolio in accordance with the limitations set by the PDS, while maintaining sufficient liquidity to meet unitholders' redemptions.

For the reasons stated in note 1(b) the closing balance of 'Net Assets attributable to Unitholders of the Parent Entity' will not equate to the 'Net Assets Attributable to Unitholders of the Parent Entity' as disclosed in the Consolidated Balance Sheet.

Movements in number of units and net assets attributable to unitholders of the parent entity during the financial period ended 30 June 2009 were as follows:

BlackRock				
Combined Property Income Fund (Aust)				
	2009		2009	
	No. of Units '000	\$'000	No. of Units '000	\$'000
	C Class Units		D Class Units	
Opening Unitholders' Funds	28,410	34,850	506,013	605,232
Applications				
– Cash	284	349	23,914	29,521
– Distribution Reinvestment Plan	299	322	4,142	4,466
Redemptions	(1,441)	(1,783)	(21,236)	(26,421)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(10,275)	–	(191,244)
Closing Balance	27,552	23,463	512,833	421,554
Total Closing Balance – BlackRock Combined Property Income Fund (Aust)			540,385	445,017
BlackRock				
Property Securities Fund (Aust)				
	2009		2009	
	No. of Units '000	\$'000	No. of Units '000	\$'000
	D Class Units		X Class Units	
Opening Unitholders' Funds	16,892	15,595	243,984	224,074
Applications				
– Cash	1,744	1,218	4,495	4,136
– Distribution Reinvestment Plan	1,026	728	–	–
Redemptions	(6,241)	(4,132)	(3,102)	(3,000)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(5,595)	–	(102,282)
Closing Balance	13,421	7,814	245,377	122,928
Total Closing Balance – BlackRock Property Securities Fund (Aust)			258,798	130,742

4. Net Assets Attributable to Unitholders (continued)

BlackRock Direct Property Fund (Aust)								
	2009		2009		2009		2009	
	No. of Units '000	\$'000	No. of Units '000	\$'000	No. of Units '000	\$'000	No. of Units '000	\$'000
	E Class Units		X Class Units		W Class Units		C Class Units	
Opening Unitholders' Funds	61,285	75,431	23,213	26,612	16,257	18,959	17,911	20,549
Applications								
– Cash	407	500	860	1,000	1	1	223	246
– Distribution Reinvestment Plan	855	1,010	555	627	342	399	168	178
Redemptions	(18,454)	(22,750)	(1,765)	(2,000)	(849)	(1,062)	(553)	(613)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(12,117)	–	(6,282)	–	(4,328)	–	(4,877)
Closing Balance	44,093	42,074	22,863	19,957	15,751	13,969	17,749	15,483
BlackRock Direct Property Fund (Aust)								
2009								
	No. of Units '000						\$'000	
	L Class Units							
Opening Unitholders' Funds							–	–
Applications								
– Cash							14,599	15,000
– Distribution Reinvestment Plan							–	–
Redemptions							–	–
Increase/(Decrease) in Net Assets Attributable to Unitholders							–	(4,011)
Closing Balance							14,599	10,989
Total Closing Balance – BlackRock Direct Property Fund (Aust)							115,055	102,472
BlackRock Direct Real Estate Fund (Aust)								
	2009		2009		2009		2009	
	No. of Units '000	\$'000	No. of Units '000	\$'000	No. of Units '000	\$'000	No. of Units '000	\$'000
	A Class Units		W Class Units		X Class Units		K Class Units	
Opening Unitholders' Funds	6,828	7,007	14,536	14,489	3,997	3,950	375	370
Applications								
– Cash	43	42	–	–	1,009	1,000	–	–
– Distribution Reinvestment Plan	89	85	221	204	50	50	17	15
Redemptions	(117)	(122)	(389)	(385)	–	–	(20)	(20)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(1,595)	–	(3,349)	–	(1,178)	–	(87)
Closing Balance	6,843	5,417	14,368	10,959	5,056	3,822	372	278
Total Closing Balance – BlackRock Direct Real Estate Fund (Aust)							26,639	20,476

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

4. Net Assets Attributable to Unitholders (continued)

Movements in number of units and net assets attributable to unitholders of the parent entity during the financial year ended 30 June 2008 were as follows:

BlackRock Combined Property Income Fund (Aust)				
	2008		2008	
	No. of Units '000	\$'000	No. of Units '000	\$'000
	C Class Units		D Class Units	
Opening Unitholders' Funds	24,032	36,284	394,592	589,089
Applications				
– Cash	7,607	11,902	179,032	258,592
– Distribution Reinvestment Plan	366	548	6,854	9,841
Redemptions	(3,595)	(5,167)	(74,465)	(100,991)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(8,717)	–	(151,299)
Closing Balance	28,410	34,850	506,013	605,232
Total Closing Balance – BlackRock Combined Property Income Fund (Aust)			534,423	640,082

BlackRock Property Securities Fund (Aust)				
	2008		2008	
	No. of Units '000	\$'000	No. of Units '000	\$'000
	D Class Units		X Class Units	
Opening Unitholders' Funds	16,760	26,495	183,319	290,772
Applications				
– Cash	2,995	3,932	49,077	70,150
– Distribution Reinvestment Plan	1,176	1,804	18,016	25,906
Redemptions	(4,039)	(5,802)	(6,428)	(7,099)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(10,834)	–	(155,655)
Closing Balance	16,892	15,595	243,984	224,074
Total Closing Balance – BlackRock Property Securities Fund (Aust)			260,876	239,669

BlackRock Direct Property Fund (Aust)								
	2008		2008		2008		2008	
	No. of Units '000	\$'000	No. of Units '000	\$'000	No. of Units '000	\$'000	No. of Units '000	\$'000
	E Class Units		X Class Units		W Class Units		C Class Units	
Opening Unitholders' Funds	81,398	99,765	20,863	23,376	19,131	22,335	7,929	9,010
Applications								
– Cash	17,353	21,690	10,200	11,983	–	–	10,147	11,417
– Distribution Reinvestment Plan	1,527	1,892	1,626	1,861	321	404	107	121
Redemptions	(38,993)	(49,048)	(9,476)	(11,008)	(3,195)	(4,065)	(272)	(306)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	1,132	–	400	–	285	–	307
Closing Balance	61,285	75,431	23,213	26,612	16,257	18,959	17,911	20,549
Total Closing Balance – BlackRock Direct Property Fund (Aust)							118,666	141,551

4. Net Assets Attributable to Unitholders (continued)

BlackRock Direct Real Estate Fund (Aust)								
26 April 2007 to 30 June 2008			26 April 2007 to 30 June 2008		26 April 2007 to 30 June 2008		26 April 2007 to 30 June 2008	
No. of Units '000		\$'000	No. of Units '000		No. of Units '000		No. of Units '000	
A Class Units			W Class Units		X Class Units		K Class Units	
Opening Unitholders' Funds	-	-	-	-	-	-	-	-
Applications								
- Cash	6,890	7,161	15,431	15,576	3,997	4,000	384	385
- Distribution Reinvestment Plan	95	99	115	115	-	-	-	-
Redemptions	(157)	(165)	(1,010)	(1,016)	-	-	(9)	(10)
Increase/(Decrease) in Net Assets Attributable to Unitholders	-	(88)	-	(186)	-	(50)	-	(5)
Closing Balance	6,828	7,007	14,536	14,489	3,997	3,950	375	370
Total Closing Balance – BlackRock Direct Real Estate Fund (Aust)							25,736	25,816

5. Notes to the Cash Flow Statements

(a) Reconciliation of Cash

Cash and cash equivalents at the end of the financial year is reconciled to the Balance Sheet as follows:

	BlackRock Combined Property Income Fund (Aust)				BlackRock Property Securities Fund (Aust)	
	Consolidated		Parent		2009 \$'000	2008 \$'000
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000		
Cash	5	177	-	-	5	177
Bank Overdraft	(21)	-	-	-	(21)	-
	(16)	177	-	-	(16)	177

(b) Reconciliation of Net Operating Profit/(Loss) to Net Cash from Operating Activities

	BlackRock Combined Property Income Fund (Aust)				BlackRock Property Securities Fund (Aust)	
	Consolidated		Parent		2009 \$'000	2008 \$'000
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000		
Net Operating Profit/(Loss)	(173,950)	(127,456)	(167,856)	(117,502)	(96,538)	(147,236)
Change in Assets and Liabilities During the Year:						
(Increase)/Decrease in Financial Instruments held at Fair Value through Profit or Loss	203,885	16,874	195,360	(16,162)	108,564	99,441
(Increase)/Decrease in Income Receivable	3,484	(708)	-	-	3,484	(708)
(Increase)/Decrease in Receivables from Related Schemes	(895)	(273)	2,569	7,578	82	(24)
(Increase)/Decrease in Other Receivables	1,214	(40)	(1)	(30)	1,215	(10)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	(675)	(11,929)	122	134	(785)	(12,062)
Net Cash Inflow/(Outflow) from Operating Activities	33,063	(123,532)	30,194	(125,982)	16,022	(60,599)

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

5. Notes to the Cash Flow Statements (continued)

(a) Reconciliation of Cash

Cash and cash equivalents at the end of the financial year is reconciled to the Balance Sheet as follows:

	BlackRock Direct Property Fund (Aust)		BlackRock Direct Real Estate Fund (Aust)	
	2009	2008	2009	26 April 2007 to 30 June 2008
	\$'000	\$'000	\$'000	\$'000
Cash	-	-	-	-
	-	-	-	-

(b) Reconciliation of Net Operating Profit/(Loss) to Net Cash from Operating Activities

	BlackRock Direct Property Fund (Aust)		BlackRock Direct Real Estate Fund (Aust)	
	2009	2008	2009	26 April 2007 to 30 June 2008
	\$'000	\$'000	\$'000	\$'000
Net Operating Profit/(Loss)	(24,699)	12,234	(5,068)	397
Changes in Assets and Liabilities During the Year:				
(Increase)/Decrease in Financial Instruments held at Fair Value through Profit or Loss	42,581	11,514	5,584	(25,725)
(Increase)/Decrease in Receivables from Related Schemes	(1,116)	31	(396)	(332)
(Increase)/Decrease in Other Receivables	(1)	(13)	(2)	(8)
Increase/(Decrease) in Accounts Payable and Accrued Expenses	(34)	(4,575)	(8)	42
Net Cash Inflow/(Outflow) from Operating Activities	16,731	19,191	110	(25,626)

(c) Non-cash Financing Activities

During the financial year, the following units were created as a result of distributions reinvested in the Funds under the distribution reinvestment plan:

	2009		2008	
	Units '000	\$'000	Units '000	\$'000
BlackRock Combined Property Income Fund (Aust)				
C Class Units	299	322	366	548
D Class Units	4,142	4,466	6,854	9,841
BlackRock Property Securities Fund (Aust)				
D Class Units	1,026	727	1,176	1,804
X Class Units	-	-	18,016	25,906
BlackRock Direct Property Fund (Aust)				
C Class Units	168	178	107	121
E Class Units	855	1,010	1,527	1,892
W Class Units	342	399	321	404
L Class Units	-	-	-	-
X Class Units	555	627	1,626	1,861
BlackRock Direct Real Estate Fund (Aust)				
A Class Units	89	85	95	99
W Class Units	221	204	115	115
X Class Units	51	50	-	-
K Class Units	17	15	-	-

As described in note 1(k), non-distributable income is included in net assets attributable to unitholders. The change in this amount each year represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

6. Distributions

During the financial year, the following amounts of distributions were paid and payable for each class of units:

	2009		2008	
	Distributions Paid Cents/Unit	Distribution Payable Cents/Unit	Distributions Paid Cents/Unit	Distribution Payable Cents/Unit
BlackRock Combined Property Income Fund (Aust)				
C Class Units	4.51	1.29	4.72	1.14
D Class Units	5.03	1.25	6.65	1.86
BlackRock Property Securities Fund (Aust)				
D Class Units	3.90	0.16	5.56	1.56
X Class Units	4.14	0.24	6.13	1.70
BlackRock Direct Property Fund (Aust)				
C Class Units	3.82	0.85	4.13	2.09
E Class Units	4.82	1.21	4.93	2.53
W Class Units	4.81	1.16	4.90	2.52
L Class Units	4.84	1.33	-	-
X Class Units	5.50	1.52	5.42	2.70
BlackRock Direct Real Estate Fund (Aust)*				
A Class Units	2.18	1.17	5.14	0.56
B Class Units	-	-	1.99	-
W Class Units	2.84	1.35	2.35	0.78
X Class Units	4.07	1.73	-	1.25
K Class Units	3.87	1.70	-	1.24

* Distributions in 2008 relates to the period from 26 April 2007 to 30 June 2008.

During the financial year, the following amounts of distributions were paid and payable for each class of units:

	2009		2008	
	Distributions Paid \$'000	Distribution Payable \$'000	Distributions Paid \$'000	Distribution Payable \$'000
BlackRock Combined Property Income Fund (Aust)				
C Class Units	1,234	356	1,351	324
D Class Units	25,671	6,402	31,420	9,419
BlackRock Property Securities Fund (Aust)				
D Class Units	587	21	910	264
X Class Units	10,152	579	13,943	4,136
BlackRock Direct Property Fund (Aust)				
C Class Units	676	151	591	374
E Class Units	2,116	535	4,230	1,551
W Class Units	750	183	871	409
L Class Units	706	195	-	-
X Class Units	1,257	347	1,457	627
BlackRock Direct Real Estate Fund (Aust)*				
A Class Units	147	80	211	38
B Class Units	-	-	-	-
W Class Units	405	195	308	114
X Class Units	206	87	-	50
K Class Units	14	7	-	5

* Distributions in 2008 relates to the period from 26 April 2007 to 30 June 2008.

7. Financial Risk Management

The Funds' activities expose them to a variety of financial risks: including market risk (comprising currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Funds' overall risk management programmes focus on ensuring compliance with the Funds' Product Disclosure Statements and seek to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds may use derivative financial instruments to alter certain risk exposures subject to the policies and procedures set out in BlackRock's Derivative Risk Statement. Financial risk management is carried out by the Investment Management teams and the Risk and Quantitative Analysis team under policies approved by the Responsible Entity.

The Board of the Responsible Entity has established a Risk Management Committee ("RMC") which is chaired by the Manager of the Risk and Quantitative Analysis team and is comprised of senior management, investment and compliance staff. The RMC meets at least quarterly, and as otherwise required, to review aspects of portfolio performance, independent monitoring reports, risk management compliance and derivative usage. The RMC reports to the Board and is subject at all times to the direction and supervision of the Board.

The Funds use different methods to measure different types of risks to which they are exposed. These methods include Value at Risk ("VaR") analysis in the case of interest rate, foreign exchange and other price risks and ratings analysis for credit risk. VaR Analysis is explained in section (c).

(a) Strategy in using financial instruments

BlackRock Property Securities Fund (Aust)

The aim of the Fund is to deliver a total return consisting of distributions/dividends and capital gains, through investment in listed property trusts and other property related securities. BlackRock aims to outperform the S&P/ASX 200 Property Trust Accumulation Index over rolling five year periods. Futures and options may be used to implement investment decisions and to manage risk in the Fund.

BlackRock Combined Property Income Fund (Aust)

The aim of the Fund is to provide investors with an exposure to a mix of direct property and listed property securities, a blend of income and capital growth and diversification advantages combining direct property and listed property securities. BlackRock aims to outperform the benchmark made up of 50% Mercer Unlisted Property Funds Index (before fees and taxes) and 50% S&P/ASX 200 Property Trust Accumulation Index over rolling 5 year periods. The Fund uses a Low Exercise Price Option (LEPO) to provide synthetic exposure or to replicate the returns of the BlackRock Property Trust (Aust).

BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust)

The Funds aim to provide investors with exposure to a diversified range of property investments. The investment objective will be achieved by investing primarily in the BlackRock Property Trust.

The BlackRock Property Trust is actively managed and selectively acquires quality investment properties which provide a blend of income and growth. The Property Trust is invested primarily in a portfolio of direct property and may also invest up to 25% of assets in unlisted property trusts. The Property Trust aims to outperform the Mercer Unlisted Property Funds Index (before fees and taxes) over rolling five year periods.

Compliance with the Funds' tracking error with reference to the relative index is monitored daily by the Risk and Quantitative Analysis team and reported to the RMC quarterly.

7. Financial Risk Management (continued)

(a) Strategy in using financial instruments (continued)

As part of the risk management programme, BlackRock has established risk limits (fund guidelines) within which the Funds are managed. The Funds' guidelines detail the following risk limits:

Fund	Risk Limits
BlackRock Property Securities Fund (Aust)	<ul style="list-style-type: none"> ■ The number of core stocks held within the portfolio will usually be between 20 and 30. ■ Exposure to a single company or trust or to a single group of associated companies or trusts shall not exceed the greater of 10% of the portfolio or twice the company's weight in the S&P/ASX 200 Property Trusts Accumulation Index.
BlackRock Combined Property Income Fund (Aust)	<ul style="list-style-type: none"> ■ The Fund's exposure to direct property can be achieved by investing in the BlackRock Property Trust (Aust), BlackRock Direct Property Fund (Aust) or any other fund that predominantly (more than 90%) invests in the BlackRock Property Trust (Aust). ■ The Fund uses a Low Exercise Price Option (LEPO) to provide synthetic exposure or to replicate the returns of the BlackRock Property Trust (Aust).

At 30 June 2009 and 30 June 2008 only the BlackRock Property Securities Fund was directly invested. The other Funds only held units in related schemes, with the exception of the BlackRock Combined Property Income Fund (Aust) which also holds a Low Exercise Price Option (LEPO) over units in BlackRock Property Trust (Aust) and also holds 'Other Investments' in BlackRock Direct Property Fund (Aust).

Risk exposure calculations are prepared and reviewed by the Risk and Quantitative Analysis team. Compliance with the Funds' policies is reported to the RMC quarterly.

(b) Market risk

(i) Price risk

Price risk is the risk that the value of the Funds' investment portfolios will fluctuate as a result of changes in market prices. The Funds are exposed to equity securities, unit trust and derivative securities price risk. This arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates. Section (ii) below sets out how this component of price and risk is managed and measured. They are classified on the balance sheet as fair value through profit or loss. All securities investments present a risk of loss of capital.

The Investment Manager mitigates price risk through a careful selection of securities and other financial instruments and manages it through ensuring all activities are transacted in accordance with mandates, overall investment strategy and within approved limits as detailed below:

	Minimum %	Benchmark %	Maximum %
BlackRock Property Securities Fund (Aust)			
Listed Property Securities	80	100	100
Cash and liquid assets	0	0	20

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

7. Financial Risk Management (continued)

(b) Market risk (continued)

(i) Price risk (continued)

The majority of the BlackRock Property Securities Fund's equity investments are publicly traded and are listed on the Australian stock exchange.

The BlackRock Direct Property Fund (Aust) and the BlackRock Direct Real Estate Fund (Aust) are wholly invested in the BlackRock Property Trust (Aust). BlackRock Combined Property Income Fund (Aust) invests in a number of BlackRock Property Funds either directly or via the LEPO.

Market price analysis is conducted regularly on a total portfolio basis which includes the effects of derivatives.

Section (c) *Summarised VaR analysis* explains how the risk is measured and summarises the potential exposure of the Funds' net assets attributable to unitholders.

At the reporting date, the notional principal amounts of derivative financial instruments held by the Funds' were as follows:

	2009			Fair Value
	Notional Principal Amount			
	Asset \$'000	Liability \$'000	Net \$'000	
BlackRock Combined Property Income Fund (Aust)				
Low Exercise Price Option	74,847	-	74,847	74,847
Other Investments	11,112	-	11,112	11,112
BlackRock Property Securities Fund (Aust)				
Index Futures	2,513	-	2,513	-
	2008			
	Notional Principal Amount			Fair Value
	Asset \$'000	Liability \$'000	Net \$'000	\$'000
BlackRock Combined Property Income Fund (Aust)				
Low Exercise Price Option	94,877	-	94,877	94,877
BlackRock Property Securities Fund (Aust)				
Index Futures	1,523	-	1,523	-

(ii) Foreign exchange risk

The Funds do not have any direct exposure to foreign exchange risk based on the Funds direct investments. This disclosure has not been made on a look through basis for investments held indirectly through the underlying Funds. The disclosure of foreign exchange risk may not present the true foreign exchange risk profile of the Funds where the underlying fund has significant exposure to foreign exchange risk.

(iii) Interest rate risk

The Funds' interest bearing financial assets and liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The risk is mitigated through ensuring activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

The Funds have minimal direct exposure to interest rate risk based on the Funds' direct investments. This disclosure has not been made on a look through basis for investments held indirectly through the underlying Funds. The disclosure of interest rate risk may not present the true interest rate risk profile of the Funds where the underlying fund has significant exposure to interest rate risk.

7. Financial Risk Management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risks. It includes the Fund's assets and liabilities at fair value.

	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
BlackRock Combined Property Income Fund (Aust)				
2009				
Financial Assets				
Cash & Cash Equivalents	-	-	-	-
Margin Accounts	-	-	-	-
Income Receivable	-	-	-	-
Receivables from Related Schemes	-	-	7,224	7,224
Other Receivables	-	-	131	131
Financial Assets Designated at Fair Value through Profit or Loss				
- Units in Related Schemes	-	-	359,213	359,213
- Low Exercise Price Option	-	-	74,847	74,847
- Other Investments	-	-	11,112	11,112
Total Assets	-	-	452,527	452,527
Financial Liabilities				
Distribution Payable	-	-	6,758	6,758
Accounts Payable and Accrued Expenses	-	-	752	752
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	-	-	7,510	7,510
Net Assets Attributable to Unitholders - Liability	-	-	445,017	445,017
BlackRock Property Securities Fund (Aust)				
2009				
Financial Assets				
Cash & Cash Equivalents	5	-	-	5
Margin Accounts	-	-	-	-
Income Receivable	-	-	2,360	2,360
Receivables from Related Schemes	-	-	5	5
Other Receivables	-	-	504	504
Financial Assets Designated at Fair Value through Profit or Loss				
- Equity Securities	-	-	128,129	128,129
- Units in Related Schemes	-	-	1,464	1,464
Total Assets	5	-	132,462	132,467
Financial Liabilities				
Bank Overdraft	21	-	-	21
Distribution Payable	-	-	600	600
Accounts Payable and Accrued Expenses	-	-	1,104	1,104
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	21	-	1,704	1,725
Net Assets Attributable to Unitholders - Liability	(16)	-	130,758	130,742

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

7. Financial Risk Management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
BlackRock Direct Property Fund (Aust)				
2009				
Financial Assets				
Cash & Cash Equivalents	-	-	-	-
Margin Accounts	-	-	-	-
Income Receivable	-	-	-	-
Receivables from Related Schemes	-	-	3,763	3,763
Other Receivables	-	-	28	28
Financial Assets Designated at Fair Value through Profit or Loss				
- Low Exercise Price Option	-	-	-	-
- Units in Related Schemes	-	-	100,176	100,176
Total Assets	-	-	103,967	103,967
Financial Liabilities				
Distribution Payable	-	-	1,411	1,411
Accounts Payable and Accrued Expenses	-	-	84	84
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	-	-	1,495	1,495
Net Assets Attributable to Unitholders - Liability	-	-	102,472	102,472
BlackRock Direct Real Estate Fund (Aust)				
2009				
Financial Assets				
Cash & Cash Equivalents	-	-	-	-
Margin Accounts	-	-	-	-
Income Receivable	-	-	-	-
Receivables from Related Schemes	-	-	729	729
Other Receivables	-	-	10	10
Financial Assets Designated at Fair Value through Profit or Loss				
- Low Exercise Price Option	-	-	-	-
- Units in Related Schemes	-	-	20,140	20,140
Total Assets	-	-	20,879	20,879
Financial Liabilities				
Distribution Payable	-	-	369	369
Accounts Payable and Accrued Expenses	-	-	34	34
Financial Liabilities Held at Fair Value through Profit or Loss				
- Options	-	-	-	-
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	-	-	403	403
Net Assets Attributable to Unitholders - Liability	-	-	20,476	20,476

7. Financial Risk Management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
BlackRock Combined Property Income Fund (Aust)				
2008				
Financial Assets				
Cash & Cash Equivalents	-	-	-	-
Margin Accounts	-	-	-	-
Income Receivable	-	-	-	-
Receivables from Related Schemes	-	-	9,792	9,792
Other Receivables	-	-	130	130
Financial Instruments held at Fair Value through Profit or Loss				
- Low Exercise Price Option	-	-	94,877	94,877
- Units in Related Schemes	-	-	545,656	545,656
Total Assets	-	-	650,455	650,455
Financial Liabilities				
Distribution Payable	-	-	9,743	9,743
Accounts Payable and Accrued Expenses	-	-	630	630
Financial Instruments held at Fair Value through Profit or Loss				
- Options	-	-	-	-
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	-	-	10,373	10,373
Net Assets Attributable to Unitholders - Liability	-	-	640,082	640,082
BlackRock Property Securities Fund (Aust)				
2008				
Financial Assets				
Cash & Cash Equivalents	177	-	-	177
Margin Accounts	-	-	-	-
Income Receivable	-	-	5,844	5,844
Receivables from Related Schemes	-	-	87	87
Other Receivables	-	-	1,718	1,718
Financial Instruments held at Fair Value through Profit or Loss				
- Equity Securities	-	-	232,548	232,548
- Units in Related Schemes	-	-	5,609	5,609
Total Assets	177	-	245,806	245,983
Financial Liabilities				
Distribution Payable	-	-	4,400	4,400
Accounts Payable and Accrued Expenses	-	-	1,914	1,914
Financial Instruments held at Fair Value through Profit or Loss				
- Options	-	-	-	-
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	-	-	6,314	6,314
Net Assets Attributable to Unitholders - Liability	177	-	239,492	239,669

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

7. Financial Risk Management (continued)

(b) Market risk (continued)

(iii) Interest rate risk (continued)

	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
BlackRock Direct Property Fund (Aust)				
2008				
Financial Assets				
Cash & Cash Equivalents	-	-	-	-
Margin Accounts	-	-	-	-
Income Receivable	-	-	-	-
Receivables from Related Schemes	-	-	2,646	2,646
Other Receivables	-	-	27	27
Financial Instruments held at Fair Value through Profit or Loss				
– Equity Securities	-	-	-	-
– Units in Related Schemes	-	-	142,784	142,784
Total Assets	-	-	145,457	145,457
Financial Liabilities				
Distribution Payable	-	-	2,961	2,961
Accounts Payable and Accrued Expenses	-	-	945	945
Financial Instruments held at Fair Value through Profit or Loss				
– Options	-	-	-	-
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	-	-	3,906	3,906
Net Assets Attributable to Unitholders – Liability	-	-	141,551	141,551
BlackRock Direct Real Estate Fund (Aust)				
2008				
Financial Assets				
Cash & Cash Equivalents	-	-	-	-
Margin Accounts	-	-	-	-
Income Receivable	-	-	-	-
Receivables from Related Schemes	-	-	332	332
Other Receivables	-	-	8	8
Financial Instruments held at Fair Value through Profit or Loss				
– Units in International Trusts	-	-	-	-
– Units in Related Schemes	-	-	25,725	25,725
Total Assets	-	-	26,065	26,065
Financial Liabilities				
Distribution Payable	-	-	207	207
Accounts Payable and Accrued Expenses	-	-	42	42
Financial Instruments held at Fair Value through Profit or Loss				
– Options	-	-	-	-
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	-	-	249	249
Net Assets Attributable to Unitholders – Liability	-	-	25,816	25,816

7. Financial Risk Management (continued)

(c) Summarised VaR analysis

Value at Risk (VaR) is a risk model used to estimate the potential losses that could occur on the Funds' net asset value position due to movements in interest rates, currency and market prices over a given period and for a specified degree of confidence.

BlackRock uses VaR analysis and/or tracking error estimates to measure and manage risk as these are commonly used and understood models, are easily interpreted and are consistent across different risk types, asset classes and types of funds. For the purpose of these accounts VaR analysis has been presented, in some cases derived from tracking error estimates. The objective in all cases is to estimate potential losses and manage the downside risk.

The tables below summarise the outputs of the VaR model in relation to market risk exposures, incorporating price risk, foreign exchange risk and interest rate risk. This market risk exposure is reflective of the interdependencies between the price risk, foreign exchange risk and interest rate risk variables.

BlackRock calculates VaR relative to the Funds' benchmarks. The analysis implies that the manager can be 95% confident that the value of the portfolio will not decrease by any more than the figures in the table below relative to a portfolio of the same value as the Funds' portfolios which replicates the composition of the benchmark over the 5 day period from 30 June.

	2009		2008	
	\$'000	%	\$'000	%
Value at Risk for BlackRock Combined Property Income Fund (Aust)				
Market Risk	8,438	1.90	4,622	0.72
Value at Risk for BlackRock Property Securities Fund (Aust)				
Market Risk	347	0.27	1,327	0.55
Value at Risk for BlackRock Direct Property Fund (Aust)				
Market Risk	851	0.83	1,679	1.19
Value at Risk for BlackRock Direct Real Estate Fund (Aust)				
Market Risk	170	0.83	306	1.19

(i) Detailed Information about the Models

There are a number of different VaR models used within the Funds Management industry. BlackRock uses one or more of ex-ante and ex-post estimates of portfolio risk relative to benchmark and the Monte Carlo simulation model depending on the fund type. Models are calculated using historical data and a covariance matrix where applicable.

The VaR numbers shown in these accounts have the following features:

- VaR is calculated to a 95 per cent confidence level. VaR at a confidence level identifies the maximum expected loss under that confidence level.
- VaR is calculated for a 5 day holding. The time horizon of five days is selected to coincide with the period used to analyse the portfolio positions. The risk data is examined in various daily, weekly and monthly forums.
- The portfolio VaR is not the simple sum of the individual asset stand alone VaRs; the correlations among assets in the portfolio are considered.

Although VaR is a valuable risk management tool it should be interpreted, as with all predictive models, with consideration to its assumptions and limitations. The main assumptions and limitations are listed below:

- Models assume certain financial variables are normally distributed: The normality assumption allows BlackRock to scale portfolio risk estimates to the appropriate confidence levels. The normality assumption is derived from statistical analysis for examining sample populations of observations and the implications of not assuming normality would preclude the use of most statistical tools, including mainstream commercial models for risk measurement.
- The use of historical returns and correlations between assets would not take into account future potential events: It is a commonly stated and well-recognised limitation that past performance is not a reliable indicator of future performance.
- Model risk, in general terms, is a known limitation that includes: the quality or accuracy of the underlying data, where significant events occur within the data, the changing sensitivity of the funds' assets to external market factors over time, and appreciating that using only one model may be limiting in itself to obtaining the best understanding of a funds' risk position.

7. Financial Risk Management (continued)

(c) Summarised VaR analysis (continued)

BlackRock acknowledges these limitations and thus compares ex-ante to ex-post risk estimates to review expectations versus actual outcomes. Should ex-post values differ significantly from ex-ante returns; an assessment of the reasons for this will be made.

The funds' risk is managed with constant review of both performance and risk numbers by the investment professionals within the business. These reviews consist of:

- Weekly meetings between the global members of Risk & Quantitative Analysis (RQA). These meetings include RQA Australia.
- Monthly meetings between RQA and the Fund Managers.
- Monthly meetings between RQA and the Chief Investment Officer.
- Ad hoc presentations to the Risk Management Committee (RMC) to keep RMC abreast of RQA processes and latest updates.
- Daily report of performance figures along with a comparison of ex-ante versus ex-post returns sent to RQA London.
- RQA professionals sitting and working closely with the Fund Managers every day.

(d) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under contract. Credit risk primarily arises from BlackRock Combined Property Income Fund's investment in a Low Exercise Price Option and other investments also. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers.

At 30 June 2009 the total carrying amount of financial assets exposed to credit risk is set out in the table below. This amount best represents the maximum credit risk exposure at the balance sheet date. None of these assets are past due or impaired.

	2009 \$'000	2008 \$'000
BlackRock Combined Property Income Fund (Aust)	93,314	104,799
BlackRock Property Securities Fund (Aust)	2,874	7,826
BlackRock Direct Property Fund (Aust)	3,791	2,673
BlackRock Direct Real Estate Fund (Aust)	739	340

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of on-Balance Sheet financial assets and liabilities as they are marked to market.

(i) Derivatives

To minimise credit risk, the Fund only transacts with counterparties of investment grade quality (BBB- or above as rated by Standard & Poor's). BlackRock has a process in place to assess the creditworthiness of counterparties and assess that the risk is evenly distributed. Matters arising in relation to counterparties are reviewed regularly by the RMC.

(ii) Other credit risk

Exposure to credit risk on cash and cash equivalents, margin accounts and amounts due from brokers (receivables) is considered to be minimal due to the high credit rating of the relevant financial institutions and the short time to settlement, in the case of brokers.

(e) Liquidity risk

Liquidity risk is the risk that the Funds will not be able to meet their financial obligations as they fall due.

From 25 August 2008, BlackRock has suspended any redemption in BlackRock Combined Property Income Fund (Aust).

From 25 August 2008 to 15 July 2009, the processing and payment of any redemption was deferred for BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) for up to a maximum period of 18 months.

On 16 July 2009, the Board of BlackRock Investment Management (Australia) declared BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) and on 25 August 2008 for BlackRock Combined Property Income Fund (Aust) to be "non-liquid" in accordance with the requirements under the Corporations Act. As a result of this declaration and for as long as the funds continue to be non-liquid, it is a breach of the Corporation Act to redeem any units except via a formal withdrawal offer to all unit holders as set out in the Act.

7. Financial Risk Management (continued)

(e) Liquidity risk (continued)

The funds are normally exposed to daily cash redemptions of redeemable units. The liquidity risks associated with the need to satisfy unitholders' requests for redemptions are mitigated by maintaining adequate liquidity to satisfy usual redemption volumes and restricting the investment activities of the funds to securities that are actively traded and highly liquid. The funds also maintain continuous monitoring of forecast and actual cashflows and matching the maturity profiles of financial assets and liabilities.

BlackRock Investment Management (Australia) Limited staff consider and maintain the liquidity of the funds, in the context of the investment objectives and liquidity requirements of the funds. Operational procedures are in place to review margin requirements on futures contract. Risk Management Committee reviews liquidity reports to ensure the funds have sufficient liquidity to pay client redemptions and meet margin calls as required.

The liquidity of the BlackRock Direct Property Fund (Aust), BlackRock Direct Real Estate Fund (Aust) and the BlackRock Combined Property Income Fund (Aust) is directly impacted by the liquidity in the BlackRock Property Trust (Aust). The majority of the investments in the BlackRock Property Trust (Aust) are direct investment properties. Events subsequent to the year end have impacted the Funds. For further details refer to note 9.

The table below analyses the Funds' financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 12 month	1–3 years	3–5 years	> 5 years	On Call
	\$'000	\$'000	\$'000	\$'000	\$'000
BlackRock Combined Property Income Fund (Aust)					
As at 30 June 2009					
Distribution payable	(6,758)	-	-	-	-
Accounts payable & Accrued expenses	(752)	-	-	-	-
Net assets attributable to unitholders*	-	-	-	-	(445,017)
Total	(7,510)	-	-	-	(445,017)
BlackRock Property Securities Fund (Aust)					
As at 30 June 2009					
Bank overdraft	(21)	-	-	-	(21)
Distribution payable	(600)	-	-	-	-
Accounts payable & Accrued expenses	(1,104)	-	-	-	-
Net assets attributable to unitholders*	-	-	-	-	(130,742)
Total	(1,725)	-	-	-	(130,763)
BlackRock Direct Property Fund (Aust)					
As at 30 June 2009					
Distribution payable	(1,411)	-	-	-	-
Accounts payable & Accrued expenses	(84)	-	-	-	-
Net assets attributable to unitholders*	-	-	-	-	(102,472)
Total	(1,495)	-	-	-	(102,472)
BlackRock Direct Real Estate Fund (Aust)					
As at 30 June 2009					
Distribution payable	(369)	-	-	-	-
Accounts payable & Accrued expenses	(34)	-	-	-	-
Net assets attributable to unitholders*	-	-	-	-	(20,476)
Total	(403)	-	-	-	(20,476)

* Events subsequent to balance date have impacted on the liquidity of the funds, refer to note 9 for further details.

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

7. Financial Risk Management (continued)

(e) Liquidity risk (continued)

	Less than 12 month	1–3 years	3–5 years	> 5 years	On Call
	\$'000	\$'000	\$'000	\$'000	\$'000
BlackRock Combined Property Income Fund (Aust)					
As at 30 June 2008					
Distribution payable	(9,743)	-	-	-	-
Accounts payable & Accrued expenses	(630)	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(640,082)
Total	(10,373)	-	-	-	(640,082)
BlackRock Property Securities Fund (Aust)					
As at 30 June 2008					
Distribution payable	(4,400)	-	-	-	-
Accounts payable & Accrued expenses	(1,914)	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(239,669)
Total	(6,314)	-	-	-	(239,669)
BlackRock Direct Property Fund (Aust)					
As at 30 June 2008					
Distribution payable	(2,961)	-	-	-	-
Accounts payable & Accrued expenses	(945)	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(141,551)
Total	(3,906)	-	-	-	(141,551)
BlackRock Direct Real Estate Fund (Aust)					
As at 30 June 2008					
Distribution payable	(207)	-	-	-	-
Accounts payable & Accrued expenses	(42)	-	-	-	-
Net assets attributable to unitholders	-	-	-	-	(25,816)
Total	(249)	-	-	-	(25,816)

(f) Fair value estimation

The financial assets and liabilities which are included in the Balance Sheets of the Funds are carried at fair value.

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 are measured at fair value with changes in their value recognised in the income statement.

■ Fair value in an active market

The fair value of financial assets and liabilities traded in active markets are based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

■ Fair value in an inactive or unquoted market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Funds may from time to time hold financial instruments that are not quoted in active markets, such as over-the-counter (OTC) derivatives. Fair values of such instruments are determined by using internal valuation models. Where valuation models are used to determine fair values, they are periodically reviewed and validated by experienced personnel of the Responsible Entity, independent of the area that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

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

7. Financial Risk Management (continued)

(f) Fair value estimation (continued)

BlackRock Combined Property Fund (Aust) holds options over units in BlackRock Property Trust (Aust). These options are carried at their intrinsic value which is the value of the units in the underlying scheme less the cost of exercising the options.

Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such funds.

(g) Consolidated Financial Risk Management Disclosures

As a consequence of its investment strategy (resulting in the Fund investing in a BlackRock Fund), BlackRock Combined Property Income Fund (Aust) has had interests in BlackRock Property Securities Fund (Aust), which exceeded 50% of the units issued during the current or prior period, and hence has had control of the fund for some or all of the current or prior period.

The parent and the subsidiary are managed separately, irrespective of the fact that BlackRock Combined Property Income Fund (Aust) has control of BlackRock Property Securities Fund (Aust). The risks are managed, measured and monitored on a fund by fund basis. This is set out in sections (a) to (d) in the case of both BlackRock Combined Property Income Fund (Aust) and BlackRock Property Securities Fund (Aust). Further information on the holdings of BlackRock Combined Property Income Fund (Aust) at the current and prior period ends are set out in note 2.

The tables below present the quantitative information disclosed elsewhere in this note on a consolidated basis.

(i) Market Risk

At the reporting date, the notional principal amounts of derivative financial instruments held by the group were as follows:

	2009			Fair Value
	Notional Principal Amount			
	Asset \$'000	Liability \$'000	Net \$'000	
BlackRock Combined Property Income Fund (Aust) – Consolidated				
Low Exercise Price Option	74,847	–	74,847	74,847
Other Investments	11,112	–	11,112	11,112
Index Futures	2,513	–	2,513	–
	2008			Fair Value
	Notional Principal Amount			
	Asset \$'000	Liability \$'000	Net \$'000	
BlackRock Combined Property Income Fund (Aust) – Consolidated				
Low Exercise Price Option	94,877	–	94,877	94,877
Index Futures	1,523	–	1,523	–

(ii) Foreign Exchange Risk

The consolidated BlackRock Combined Property Income Fund (Aust) does not have any direct exposure to foreign exchange risk based on the Funds' direct investments. This disclosure has not been made on a look through basis for investments held indirectly through the underlying funds. The disclosure of foreign exchange risk may not present the true foreign exchange risk profile of the funds where the underlying fund has significant exposure to foreign exchange risk.

Notes to the Financial Statements for the year ended 30 June 2009 (continued)

7. Financial Risk Management (continued)

(g) Consolidated Financial Risk Management Disclosures (continued)

(iii) Interest Rate Risk

The table below summarises the consolidated entity's exposure to interest rate risks. It includes the consolidated entity's assets and liabilities at fair value.

	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
BlackRock Combined Property Income Fund (Aust) – Consolidated 2009				
Financial Assets				
Cash & Cash Equivalents	5	–	–	5
Margin Accounts	–	–	–	–
Income Receivable	–	–	2,360	2,360
Receivables from Related Schemes	–	–	6,649	6,649
Other Receivables	–	–	635	635
Financial Instruments held at Fair Value through Profit or Loss				
– Equity Securities	–	–	128,129	128,129
– Units in Related Schemes	–	–	236,762	236,762
– Low Exercise Price Option	–	–	74,847	74,847
– Other Investments	–	–	11,112	11,112
Total Assets	5	–	460,494	460,499
Financial Liabilities				
Bank Overdraft	21	–	–	21
Distribution Payable	–	–	6,779	6,779
Accounts Payable and Accrued Expenses	–	–	1,856	1,856
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	21	–	8,635	8,656
Net Assets Attributable to Unitholders – Liability	(16)	–	451,859	451,843
BlackRock Combined Property Income Fund (Aust) – Consolidated 2008				
Financial Assets				
Cash & Cash Equivalents	177	–	–	177
Margin Accounts	–	–	–	–
Income Receivable	–	–	5,844	5,844
Receivables from Related Schemes	–	–	5,743	5,743
Other Receivables	–	–	1,848	1,848
Financial Instruments held at Fair Value through Profit or Loss				
– Equity Securities	–	–	232,548	232,548
– Units in Related Schemes	–	–	327,311	327,311
– Low Exercise Price Option	–	–	94,877	94,877
Total Assets	177	–	668,171	668,348
Financial Liabilities				
Distribution Payable	–	–	10,007	10,007
Accounts Payable and Accrued Expenses	–	–	2,544	2,544
Financial Instruments held at Fair Value through Profit or Loss				
– Options	–	–	–	–
Total Liabilities (Excluding Net Assets Attributable to Unitholders)	–	–	12,551	12,551
Net Assets Attributable to Unitholders – Liability	177	–	655,620	655,797

7. Financial Risk Management (continued)

(g) Consolidated Financial Risk Management Disclosures (continued)

(iv) Credit risk

Credit risk primarily arises from BlackRock Combined Property Income Fund's investment in a Low Exercise Price Option and other investments. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers.

At 30 June 2009 the total carrying amount of financial assets exposed to credit risk is set out in the table below. This amount best represents the maximum credit risk exposure at the balance sheet date. None of these assets are past due or impaired.

	2009 \$'000	2008 \$'000
BlackRock Combined Property Income Fund (Aust) – Consolidated	95,608	108,489

Market prices generally incorporate credit risk assessments into valuations and risk of loss is implicitly provided for in the carrying value of on-Balance Sheet financial assets and liabilities as they are marked to market.

(v) Liquidity Risk

The table below analyses the consolidated entity's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 12 month \$'000	1–3 years \$'000	3–5 years \$'000	> 5 years \$'000	On Call \$'000
BlackRock Combined Property Income Fund (Aust) – Consolidated					
As at 30 June 2009					
Bank overdraft	(21)	–	–	–	(21)
Distribution payable	(6,779)	–	–	–	–
Accounts payable & Accrued expenses	(1,856)	–	–	–	–
Net assets attributable to unitholders	–	–	–	–	(451,843)
Total	(8,656)	–	–	–	(451,864)
BlackRock Combined Property Income Fund (Aust) – Consolidated					
As at 30 June 2008					
Distribution payable	(10,007)	–	–	–	–
Accounts payable & Accrued expenses	(2,544)	–	–	–	–
Net assets attributable to unitholders	–	–	–	–	(655,797)
Total	(12,551)	–	–	–	(655,797)

(vi) Value at Risk

As the investment in subsidiaries is carried at fair value (and hence, consolidated net assets closely approximate parent net assets), the Value at Risk disclosures for the group are the same as for the parent entity (BlackRock Combined Property Income Fund (Aust)).

8. Contingent Assets and Liabilities and Commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2009 (30 June 2008: Nil).

9. Events Occurring After the Balance Sheet Date

With the exception of the note below and the current market volatility, which is reflected in the daily unit prices, there have been no other significant events which have occurred since balance date which would impact on the financial position of the Funds disclosed in the balance sheet as at the 30 June 2009 or on the results and cash flows of the Funds for the year ended on that date.

On 16 July 2009, the Board of BlackRock Investment Management (Australia) declared BlackRock Property Trust (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) to be "non-liquid" in accordance with the requirements under the Corporations Act. As a result of this declaration and for as long as the funds continue to be non-liquid, it is a breach of the Corporations Act to redeem any units in these Funds except via a formal withdrawal offer to all unit holders as set out in the Act.

From 25 August 2008, BlackRock has suspended any redemption in BlackRock Combined Property Income Fund (Aust).

From 25 August 2008 to 15 July 2009, the processing and payment of any redemption was deferred for BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) for up to a maximum of 18 months.

BlackRock installed these changes to ensure it acts in the best interests of all investors in these Funds, to preserve adequate liquidity and investor value when processing and paying withdrawal requests.

These decisions have been influenced by the fact that financial markets are undergoing a period of re-pricing of debt and equity, which have a significant effect on buyers of commercial property and the property industry generally. As a consequence there has been very few commercial property transactions being completed this year, limiting liquidity in this sector.

This has had a direct effect on the BlackRock Property Trust (Aust) from which the BlackRock Direct Property Fund (Aust), BlackRock Direct Real Estate Fund (Aust) and the BlackRock Combined Property Income Fund (Aust) gain their exposure to direct property.

It is important to note that the underlying direct property assets in the Property Trust remain very sound, with 23 properties diversified across the office, industrial and retail sectors and spread geographically around Australia. The direct property portfolio is currently approximately 94% occupied with a weighted average lease expiry of approximately 4.0 years.

All other aspects of the Funds, including distributions, daily unit pricing and applications, continue to operate as usual.

Directors' Declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 8 to 49 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards; the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' and the consolidated entities' financial position as at 30 June 2009 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the period ended on that date; and
- (b) there are reasonable grounds to believe that the funds will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

M J O'Shannassy
Director

G A Boyle
Director

Melbourne, 28 September 2009

Independent Auditor's Report

Independent Auditor's Report to the Unitholders of BlackRock Property Securities Fund (Aust), BlackRock Combined Property Income Fund (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust)

We have audited the accompanying financial report of BlackRock Property Securities Fund (Aust), BlackRock Combined Property Income Fund (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) ("the Funds"), which comprises the balance sheets as at 30 June 2009, and the income statements, cash flow statements and statements of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entities comprising the Funds and the entities they controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity, BlackRock Investment Management (Australia) Limited, 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 control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors of the Responsible Entity also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the funds' 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 funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, 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.

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

- (a) the financial report of BlackRock Property Securities Fund (Aust), BlackRock Combined Property Income Fund (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Funds' and consolidated entities' financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

DELOITTE TOUCHE TOHMATSU

Neil Brown
Partner
Chartered Accountants
Melbourne, 28 September 2009

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