

Annual Financial Report

30 JUNE 2010

BlackRock Investment Management (Australia) Limited

ABN 13 006 165 975

Australian Financial Services Licence No 230523

BlackRock Property Trust (Aust)

ARSN 093 132 757

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Directors' Report

The directors of BlackRock Investment Management (Australia) Limited, the Responsible Entity of the BlackRock Property Trust (Aust), ("the Trust") present their report together with the financial statements of the Trust for the financial year ended 30 June 2010 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of the Trust 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 Trust is 120 Collins Street, Melbourne, Australia.

Principal Activities

The Trust invests in accordance with the provisions of the Trust's Constitution. The Trust did not have any employees during the year. There were no significant changes in the nature of the Trust's 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 and up to the date of this report:

Director	Date appointed	Date resigned
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	Resigned 24 November 2009
W T Britten	Appointed 2 December 2009	Resigned 24 February 2010
R J Cochrane	Appointed 2 December 2009	Resigned 22 April 2010
R Bhagat	Appointed 2 December 2009	
M S McCorry	Appointed 2 December 2009	
M J O'Shannassy	Appointed 23 July 1997	Resigned 7 October 2009

Review and Results of Operations

The Trust is invested in a portfolio of direct properties, unlisted property trusts, cash and financial derivatives with underlying property exposure. The aim is to grow the Trust by prudent acquisition of traditional investment grade properties. Where deemed appropriate, redevelopment of existing or newly acquired properties may be undertaken following detailed feasibility studies being carried out, taking account of tenancy pre-commitments.

On 16 July 2009 the BlackRock Property Trust (Aust) was declared to be "non-liquid". It is a breach of the Corporations Act to redeem any units in the Trust except via a formal withdrawal offer to all Unitholders as set out in the Act.

A withdrawal offer was made to all Unitholders of the Trust when sufficient proceeds were accumulated from asset sales. This withdrawal offer closed on 23 April 2010. It was over-subscribed and Unitholders' withdrawals were reduced proportionately.

Results

The returns of the Trust are summarised in the following table:

Fund	Returns*				
	2010 % p.a.	2009 % p.a.	2008 % p.a.	2007 % p.a.	2006 % p.a.
BlackRock Property Trust (Aust)					
X Class Units	1.59	(17.90)	8.39	18.50	15.34
E Class Units [^]	1.62	(17.19)	8.39	11.43	-

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

[^] BlackRock Property Trust (Aust) E Class commenced operations on 9 September 2003, ceased operations on 24 May 2004 and re-commenced operations on 19 December 2006.

Details information on the Trust's distribution is provided in note 10 of the financial statements.

Reconciliation of Net Asset Value for Unit Pricing Purposes to Financial Reporting Purposes

The key differences between net assets for unit pricing and net assets attributable to Unitholders as reported in the financial statements prepared under Australian Accounting Standards have been outlined below:

	BlackRock Property Trust (Aust)	
	Year ended	
	30 June 2010 \$'000	30 June 2009 \$'000
Net Assets for Unit Pricing purposes	382,021	425,266
<i>Timing Differences</i>		
Distribution Payable	(15,701)	(8,819)
Acquisition Costs*	(2,240)	(5,292)
Other	216	(7,302)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AS AT 30 JUNE	364,296	403,853

* A difference arises between the treatment of acquisition costs under Australian Accounting Standards and for unit pricing purposes. For the purposes of unit pricing, acquisition costs are amortised over 3 years, however under Australian Accounting Standards, on first revaluation of a property these amounts are taken to the Statement of Comprehensive Income.

Significant Changes in State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial year under review.

Matters Subsequent to the End of the Financial Year

Except as disclosed in the financial statements, no matters or circumstances have arisen since 30 June 2010 that have significantly affected, or may significantly affect:

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

Likely Developments and Expected Results of Operations

The Trust will continue to be managed in accordance with its investment objectives and guidelines and in accordance with the provisions of Constitution.

Future results will accordingly depend on the performance of the investment markets to which the Trust is 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 Trust.

Indemnification and Insurance of Officers and Auditors

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

No fees were paid out of Trust property to the directors of the Responsible Entity during the year.

The auditor of the Trust is in no way indemnified out of the assets of the Trust.

Environmental Regulations

The operation of the Trust is 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 Trust is a registered scheme 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.

Directors' Report (continued)

Additional Disclosures

The Trust has applied the relief available in Class Order 06/441 issued by the Australian Securities & 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 8, 10 and 11 to the financial statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 6.

The financial statements were authorised for issue by the directors on 28 September 2010.

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

D Frawley
Director

G A Boyle
Director

Melbourne, dated this 28th day of September 2010

Auditor's Independence Declaration

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

INDEPENDENCE DECLARATION –BLACKROCK PROPERTY TRUST (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 Property Trust (Aust).

As lead audit partner for the audit of the financial statements of BlackRock Property Trust (Aust) for the year ended 30 June 2010, 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 2010

Liability limited by a scheme approved under
Professional Standards Legislation

Balance Sheet as at 30 June 2010

BlackRock Property Trust (Aust)			
	Note	2010 \$'000	2009 \$'000
ASSETS			
Cash and Cash Equivalents	9(a)	822	1,287
Prepayments		699	691
Income Receivable		239	859
Receivables from Related Schemes	11	26	30
Receivables from Unlisted Property Trusts		900	446
Other Receivables		363	84
Investment Properties		408,900	465,459
Loan Establishment Costs		707	1,254
Financial Assets Designated at Fair Value Through Profit or Loss			
– Units in Related Schemes	11	15,964	11,288
– Units in Unlisted Property Trusts		69,251	73,637
Financial Assets held for Trading			
– Low Exercise Price Option		19,711	19,775
– Swaps		2,408	1,729
TOTAL ASSETS		519,990	576,539
LIABILITIES			
Distribution Payable		15,701	8,819
Accounts Payable and Accrued Expenses		1,449	789
Loan Facility			
– Interest Payable		44	78
– Current		–	–
– Non-Current		138,500	163,000
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		155,694	172,686
Net Assets Attributable to Unitholders (Liability)	8	364,296	403,853
NET ASSETS		–	–

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

Statement of Comprehensive Income for the year ended 30 June 2010

BlackRock Property Trust (Aust)			
	Note	2010	2009
		\$'000	\$'000
INVESTMENT INCOME			
Net Gain/(Loss) on Financial Assets designated at Fair Value through Profit or Loss		(6,663)	(26,375)
Net Gain/(Loss) on Financial Assets held for Trading		611	1,511
Net Gain/(Loss) on Fair Value of Investment Properties		(14,212)	(104,598)
Property Rental Income		41,839	47,850
Distributions from Unlisted Property Trusts		5,833	7,191
Distributions from Related Schemes	11	495	376
Interest Income		14	89
Other Income		18	97
TOTAL INVESTMENT INCOME/(LOSS)		27,935	(73,859)
EXPENSES			
Property Expenses		7,986	10,229
Amortisation of Lease Incentives and Future Rent Expenses		(9,963)	(668)
Land Tax		3,474	2,512
Interest Expense		8,207	10,566
Other Operating Expenses	11(b)	2,569	558
TOTAL OPERATING EXPENSES		12,273	23,197
NET OPERATING PROFIT/(LOSS)		15,662	(97,056)
FINANCING COSTS ATTRIBUTABLE TO UNITHOLDERS			
Distributions to Unitholders	10	36,529	32,886
Increase/(Decrease) in Net Assets Attributable to Unitholders	8	(20,867)	(129,942)
NET PROFIT/(LOSS) FOR THE YEAR		-	-
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Cash Flow Statement for the year ended 30 June 2010

BlackRock Property Trust (Aust)			
	Note	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from Sale of Financial Instruments designated at Fair Value through Profit or Loss		97,112	104,235
Purchase of Financial Instruments designated at Fair Value through Profit or Loss		(103,522)	(84,646)
Property Rental Income Received		42,460	47,143
Interest Received		14	39
Distributions from Related Schemes		499	499
Distributions Received from Unlisted Property Trusts		5,379	8,719
Operating Expenses Paid		(21,847)	(24,700)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	9(b)	20,095	51,289
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Capital Expenditure on Investment Properties		(5,774)	(5,429)
Proceeds from Sales of Investment Properties		58,084	24,320
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		52,310	18,891
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Applications by Unitholders		4,934	25,118
Payments for Redemptions by Unitholders		(26,565)	(62,410)
Distributions Paid		(26,705)	(18,248)
Net movement on Loan Facility		(24,534)	(13,745)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		(72,870)	(69,285)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(465)	895
Cash and Cash Equivalents at the beginning of the financial year		1,287	392
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9(a)	822	1,287
Non-cash Financing Activities	9(c)		

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

Statement of Changes in Equity for the year ended 30 June 2010

	BlackRock Property Trust (Aust)	
	2010 \$'000	2009 \$'000
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL YEAR	-	-
Profit/(Loss) for the year	-	-
Other Comprehensive Income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR	-	-

Under Australian Accounting 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 year.

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

Notes to the Financial Statements for the year ended 30 June 2010

NOTE 1: GENERAL INFORMATION

This financial report includes financial statements for BlackRock Property Trust (Aust) as an individual entity. The Trust was constituted on 23 December 1986.

The financial statements were authorised for issue by the directors on 28 September 2010. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

On 16 July 2009 the BlackRock Property Trust (Aust) was declared to be “non-liquid”. It is a breach of the Corporations Act to redeem any units in the Trust except via a formal withdrawal offer to all Unitholders as set out in the Act.

A withdrawal offer was made to all Unitholders of the Trust when sufficient proceeds were accumulated from asset sales. This withdrawal offer closed on 23 April 2010. It was over-subscribed and Unitholders’ withdrawals were reduced proportionately.

NOTE 2: ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

(a) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2(b).

Standards affecting presentation and disclosure

AASB 101 *Presentation of Financial Statements* (as revised in September 2007), AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB101*

AASB 101 (September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments*

The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Funds have elected not to provide comparative information of these expanded disclosures in the current year in accordance with the transitional relief’s offered in these amendments.

(b) Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoptions have not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation*

The revision to AASB 132 *Financial Instruments: Presentation* amends the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on a fund an obligation to deliver to another party and a pro rata share of the net assets of the fund only on liquidation, to be classified as equity, subject to specified criteria being met.

(c) Standards and Interpretations in issue not yet adopted

At the date of preparation of the financial statements, the standards and interpretations listed below were in issue but not yet effective:

The directors’ assessment of the impact of these new standards (to the extent relevant to the Funds) and interpretations is set out below:

- (i) AASB9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)*

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

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

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

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

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

NOTE 2: ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (continued)

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Funds will apply the amended standard from 1 July 2011. When the amendments are applied, the

Funds would need to disclose any transactions between its subsidiaries and its associates. However, as the Fund does not have any subsidiaries and associates, the amendment will not have any effect on the Fund's financial statements.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance and Basis of Preparation

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

The Balance Sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to Unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

Compliance with International Financial Reporting Standards

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements of the Trust, comprising the financial statements and notes thereto, comply with International Financial Reporting Standards (IFRS).

Financial statement presentation

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

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies adopted are consistent with those of the previous year unless otherwise stated. Comparative information is reclassified where appropriate to enhance comparability.

(b) Investment Properties

Investment properties are investments in direct properties which are held either to earn rental income or for capital appreciation or both. Land and Buildings and Plant and Equipment are not depreciated/ amortised over their estimated useful lives as they are held for investment purposes. All investment properties of the Trust are not restricted, in terms of realisability of investments or remittance of income and disposal of proceeds.

Investment properties are measured at cost initially, including related acquisition costs and are subsequently measured at fair value. Acquisition costs include statutory charges, legal fees and professional fees and are capitalised and included as book value of the property. Additions and other expenditure on investment properties which are capital in nature are capitalised as incurred. Where capital expenditure is incurred, rent receivable, future rent and lease incentives balances have changed since the valuation of the property, these changes are reflected in the Balance Sheet in addition to the fair value valuation.

Investment properties are held at fair value. The fair value is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller, in an arms length transaction after proper marketing where the parties have each acted knowledgeably, prudently and without compulsion.

Investment properties are independently valued fully by an independent external valuer every twelve months, with the valuer providing a valuation update each quarter. Additional independent valuations may be carried out on investment properties in the event of material movements in fair value due to changes in underlying property market conditions, leasing arrangements and significant capital improvements. Independent valuations have been instructed and conducted pursuant to the Constitution.

Fair value is based on active market prices, market yields, discounted cash flows and active market prices, adjusted, if necessary for any difference in nature, location or condition of the specific property. The fair value of investment properties reflect, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. It also reflects, on a similar basis, any cash outflows (excluding those relating to future capital expenditure) that could be expected in respect of the properties. Some of the outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in fair value of investment properties are recorded in the Statement of Comprehensive Income.

(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 Trust does not designate any derivatives as hedges in a hedging relationship.

■ 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 Trust's documented investment strategy. The Trust's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

The Trust recognises financial assets and liabilities on the date it becomes party to the contractual agreement (trade date).

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

The Trust has designated all of its 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 Statement of Comprehensive Income.

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

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

Units in Unlisted Property Trusts

The fair value of units in the unlisted property trusts are valued at the redemption prices of the investment schemes as provided by the Investment Issuers as at balance date.

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.

(d) Derivative Financial Instruments

In the normal course of business the Trust enters 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.

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 Trust'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 Trust 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 Trust.

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

Over-the-Counter Contracts

When the Trust writes or purchases 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 Statement of Comprehensive Income.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Trust has realised a gain or loss on the related investment transaction in the Statement of Comprehensive Income. When the Trust enters into a closing transaction, the Trust will realise a gain or loss in the Statement of Comprehensive Income depending upon whether the amount from the closing transaction is greater or less than the premium received or paid.

Cross Currency Swaps

The differential expected to be paid or received on the maturity of cross currency 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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income.

(e) Net Assets Attributable to Unitholders

In accordance with AASB 132 unitholders funds are classified as a financial liability and disclosed as such in the Balance Sheet, being referred to as "Net assets attributable to unitholders". The units can be put back to the Trust at any time for cash equal to a proportionate share of the Trust's net asset values. The 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 Trust. Changes in the value of this financial liability are recognised in the Statement of Comprehensive Income as they arise.

Because the Trust's redemption unit price is based on different valuation principles to those applied in the financial statements, a valuation difference exists, which forms part of changes in unitholder funds.

(f) 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 Sheet.

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 Trust's main income generating activity.

(g) Investment Income and Expenses

Rental income from operating leases with fixed rent reviews is recognised on a straight line basis over the lease term. As it differs from cash transactions, an amount of lease income receivable will form part of the investment property asset and this would be offset by notional fair value to rental income. Other than operating leases with fixed rent reviews, all other leases, including those with rental increases through consumer price index, market rent reviews and other variable terms are accounted for on a rental income accruals basis.

Interest income and expense are recognised in the Statement of Comprehensive Income 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 notes 3(b), 3(c) and 3(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 Trust estimates cash flows, considering all contractual terms of the financial instrument (for example, prepayment options), but does 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.

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

(h) Expenses

All expenses, including Property outgoings, Responsible Entity's fees and audit fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income tax

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

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

Deferred tax benefits including building capital allowances and depreciation allowances are passed on to unitholders.

(j) Distributions

In accordance with the Trust's Constitution and Amendments, the Trust fully distributes the distributable (taxable) income to unitholders by cash or reinvestment. Distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

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

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as financing costs.

(l) Foreign Currency Translation

Functional and Presentation Currency

Items included in the Trust's 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 Trust competes for funds and are regulated. The Australian dollar is also the Trust's 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 Statement of Comprehensive Income.

The Trust does 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.

(m) 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.

Other receivables are generally due for settlement no more than 30 days from the date of recognition. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. The amount of any impairment loss is recognised in the Statement of Comprehensive Income within other expenses.

(n) Payables

Payables include amounts due to brokers, liabilities and accrued expenses owing by the Trust 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 2010 under the Trust's Constitutions.

(o) Applications and Redemptions

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded at redemption price. There are no exit fees charged on redemption.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Goods and Services Tax (GST)

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

The Trust qualifies for input tax credits, hence property rental income, property expenses, audit fees and other expenses have been recognised in the Statement of Comprehensive Income 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 Sheet.

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

(q) Use of Estimates

The Trust 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.

(r) Rounding of Amounts

The Trust is an entity 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 statements. Amounts in the financial statements have been rounded off in accordance with that Class Order, unless otherwise indicated.

(s) Lease Incentives

Lease incentives may be provided to lessees to enter into an operating lease. These incentives may be in the form of cash, rent free periods, lessee or lessor owned fit-outs. The cost of incentives are amortised on a straight line basis over the term of the lease as a reduction of rental income. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

NOTE 4: PROPERTY LEASING ARRANGEMENTS

The Trust has appointed independent professional property managers to manage the directly owned properties. Contracts of engagement of property managers are for periods of up to 3 years with an option to renegotiate and rollover on expiry.

The services provided include tenants management, maintenance of buildings and facilities, record keeping and reporting to the Trust.

The property managers invoice tenants for rent, collect rent, secure new tenants and ensure that property buildings have minimal vacancies. Building maintenance and support services are also provided by property managers.

The Trust receives property management reports and net rental income from the property managers on a monthly basis.

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

NOTE 5: FUTURE LEASE PAYMENTS

The Trust has committed non cancellable operating leases with current tenants in direct properties as at 30 June 2010. Future minimum lease payments comprise base rental and contingent rents which includes future increases to base rents due to consumer price index increases and rent reviews as provided in the lease agreements. Future minimum lease payments from 1 July 2010, excluding rental receivable during optional renewal periods and rental expense recoveries, are provided as follows:

(a) Base Lease Payments

PROPERTIES	Less than 12 months \$'000	1-5 years \$'000	> 5 years \$'000	Total \$'000
2010				
79-90 Link Drive Campbellfield	1,001	4,005	-	5,006
Riverview Business Park - Epping Road, Lane Cove	2,133	3,647	426	6,206
60 Holbeche Road, Arndell Park	1,822	4,309	-	6,131
Tally Ho Business Park, Burwood	1,426	4,219	-	5,645
NEC House - Rodborough Road Frenchs Forest	570	952	-	1,522
Tattersall's House - St Kilda Road	2,341	4,298	-	6,639
Marsh Centre - Lonsdale Street	2,447	4,163	2,211	8,821
Austar National Customer Operations Centre - Robina	2,926	11,682	919	15,527
50 Raubers Road, Banyo	835	787	-	1,622
Shore St West, Shopping Centre, Cleveland	616	1,092	-	1,708
Woodville Road, East Fairfield	498	520	-	1,018
34-42 Sheppard St, Hume	393	153	-	546
107 Pitt Street, Sydney	1,398	1,917	-	3,315
41-45 Hydrive Drive, Dandenong	624	796	-	1,420
7-15 Groves Road, Bennetts Green	412	985	-	1,397
10 Barrack Street, Sydney	4,225	5,874	114	10,213
Perry Park, Perry Park Estate, Alexandria	2,988	2,813	-	5,801
Centrelink Aitkenvale, Ross River Road, Aitkenvale	1,430	5,141	-	6,571
369 Ann Street, Brisbane	1,886	6,110	2,335	10,331
TOTAL BASE LEASE PAYMENTS	29,971	63,463	6,005	99,439
2009				
Rosemeadow Marketplace Shopping Centre	1,109	2,360	46	3,515
Riverview Business Park - Epping Road, Lane Cove	1,403	3,133	725	5,261
60 Holbeche Road, Arndell Park	1,822	5,472	-	7,294
Tally Ho Business Park, Burwood	1,426	5,645	-	7,071
NEC House - Rodborough Road Frenchs Forest	368	983	-	1,351
883 Whitehorse Road, Box Hill	1,998	7,997	1,998	11,993
Tattersall's House - St Kilda Road	2,341	6,639	-	8,980
Marsh Centre - Lonsdale Street	3,527	5,763	3,059	12,349
Austar National Customer Operations Centre - Robina	2,603	10,418	6,032	19,053
87 Chifley Drive, Preston	708	976	-	1,684
50 Raubers Road, Banyo	890	769	-	1,659
Shore St West, Shopping Centre, Cleveland	518	1,080	20	1,618
Woodville Road, East Fairfield	710	1,025	-	1,735
34-42 Sheppard St, Hume	605	693	-	1,298
107 Pitt Street, Sydney	736	888	-	1,624
41-45 Hydrive Drive, Dandenong	521	1,187	-	1,708
79-90 Link Drive Campbellfield	1,143	4,574	1,143	6,860
289-313 Bayswater Road, Bayswater	669	2,678	2,623	5,970
7-15 Groves Road, Bennetts Green	758	2,618	-	3,376
10 Barrack Street, Sydney	4,860	9,005	531	14,396
Perry Park, Perry Park Estate, Alexandria	2,327	2,652	-	4,979
Centrelink Aitkenvale, Ross River Road, Aitkenvale	1,436	5,748	850	8,034
369 Ann Street, Brisbane	995	3,770	1,841	6,606
TOTAL BASE LEASE PAYMENTS	33,473	86,073	18,868	138,414

NOTE 5: FUTURE LEASE PAYMENTS (continued)

(b) Contingent Lease Payments

	Less than 12 months	1-5 years	> 5 years	Total
PROPERTIES	\$'000	\$'000	\$'000	\$'000
2010				
79-90 Link Drive Campbellfield	-	-	-	-
Riverview Business Park - Epping Road, Lane Cove	-	-	-	-
60 Holbeche Road, Arndell Park	-	-	-	-
Tally Ho Business Park, Burwood	129	382	-	511
NEC House - Rodborough Road Frenchs Forest	-	-	-	-
Tattersall's House - St Kilda Road	-	-	-	-
Marsh Centre - Lonsdale Street	54	215	134	403
Austar National Customer Operations Centre - Robina	1,242	4,959	390	6,591
50 Raubers Road, Banyo	65	108	-	173
Shore St West, Shopping Centre, Cleveland	23	10	-	33
Wookville Road, East Fairfield	41	57	-	98
34-42 Sheppard St, Hume	-	-	-	-
107 Pitt Street, Sydney	-	-	-	-
41-45 Hydrive Drive, Dandenong	-	-	-	-
7-15 Groves Road, Bennetts Green	-	-	-	-
10 Barrack Street, Sydney	112	240	-	352
Perry Park, Perry Park Estate, Alexandria	44	15	-	59
Centrelink Aitkenvale, Ross River Road, Aitkenvale	-	-	-	-
369 Ann Street, Brisbane	-	-	-	-
TOTAL BASE LEASE PAYMENTS	1,710	5,986	524	8,220
2009				
Rosemeadow Marketplace Shopping Centre	34	74	-	108
Riverview Business Park - Epping Road, Lane Cove	-	-	-	-
60 Holbeche Road, Arndell Park	-	-	-	-
Tally Ho Business Park, Burwood	134	529	-	663
NEC House - Rodborough Road Frenchs Forest	-	-	-	-
883 Whitehorse Road, Box Hill	-	-	-	-
Tattersall's House - St Kilda Road	-	-	-	-
Marsh Centre - Lonsdale Street	71	239	209	519
Austar National Customer Operations Centre - Robina	1,056	4,227	2,448	7,731
87 Chifley Drive, Preston	4	4	-	8
50 Raubers Road, Banyo	51	35	-	86
Shore St West, Shopping Centre, Cleveland	25	28	-	53
Wookville Road, East Fairfield	59	89	-	148
34-42 Sheppard St, Hume	9	-	-	9
107 Pitt Street, Sydney	51	75	-	126
41-45 Hydrive Drive, Dandenong	-	-	-	-
79-90 Link Drive Campbellfield	-	-	-	-
289-313 Bayswater Road, Bayswater	-	-	-	-
7-15 Groves Road, Bennetts Green	-	-	-	-
10 Barrack Street, Sydney	107	298	-	405
Perry Park, Perry Park Estate, Alexandria	127	149	-	276
Centrelink Aitkenvale, Ross River Road, Aitkenvale	-	-	-	-
369 Ann Street, Brisbane	19	155	155	329
TOTAL BASE LEASE PAYMENTS	1,747	5,902	2,812	10,461

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

NOTE 5: FUTURE LEASE PAYMENTS (continued)

(c) Total Lease Payments

	Less than 12 months	1-5 years	> 5 years	Total
PROPERTIES	\$'000	\$'000	\$'000	\$'000
2010				
79-90 Link Drive Campbellfield	1,001	4,005	-	5,006
Riverview Business Park - Epping Road, Lane Cove	2,133	3,647	426	6,206
60 Holbeche Road, Arndell Park	1,822	4,309	-	6,131
Tally Ho Business Park, Burwood	1,555	4,601	-	6,156
NEC House - Rodborough Road Frenchs Forest	570	952	-	1,522
Tattersall's House - St Kilda Road	2,341	4,298	-	6,639
Marsh Centre - Lonsdale Street	2,501	4,378	2,345	9,224
Austar National Customer Operations Centre - Robina	4,168	16,641	1,309	22,118
50 Raubers Road, Banyo	900	895	-	1,795
Shore St West, Shopping Centre, Cleveland	639	1,102	-	1,741
Wookville Road, East Fairfield	539	577	-	1,116
34-42 Sheppard St, Hume	393	153	-	546
107 Pitt Street, Sydney	1,398	1,917	-	3,315
41-45 Hydrive Drive, Dandenong	624	796	-	1,420
7-15 Groves Road, Bennetts Green	412	985	-	1,397
10 Barrack Street, Sydney	4,337	6,114	114	10,565
Perry Park, Perry Park Estate, Alexandria	3,032	2,828	-	5,860
Centrelink Aitkenvale, Ross River Road, Aitkenvale	1,430	5,141	-	6,571
369 Ann Street, Brisbane	1,886	6,110	2,335	10,331
TOTAL BASE LEASE PAYMENTS	31,681	69,449	6,529	107,659
2009				
Rosemeadow Marketplace Shopping Centre	1,143	2,434	46	3,623
Riverview Business Park - Epping Road, Lane Cove	1,403	3,133	725	5,261
60 Holbeche Road, Arndell Park	1,822	5,472	-	7,294
Tally Ho Business Park, Burwood	1,560	6,174	-	7,734
NEC House - Rodborough Road Frenchs Forest	368	983	-	1,351
883 Whitehorse Road, Box Hill	1,998	7,997	1,998	11,993
Tattersall's House - St Kilda Road	2,341	6,639	-	8,980
Marsh Centre - Lonsdale Street	3,598	6,002	3,268	12,868
Austar National Customer Operations Centre - Robina	3,659	14,645	8,480	26,784
87 Chifley Drive, Preston	712	980	-	1,692
50 Raubers Road, Banyo	941	804	-	1,745
Shore St West, Shopping Centre, Cleveland	543	1,108	20	1,671
Wookville Road, East Fairfield	769	1,114	-	1,883
34-42 Sheppard St, Hume	614	693	-	1,307
107 Pitt Street, Sydney	787	963	-	1,750
41-45 Hydrive Drive, Dandenong	521	1,187	-	1,708
79-90 Link Drive Campbellfield	1,143	4,574	1,143	6,860
289-313 Bayswater Road, Bayswater	669	2,678	2,623	5,970
7-15 Groves Road, Bennetts Green	758	2,618	-	3,376
10 Barrack Street, Sydney	4,967	9,303	531	14,801
Perry Park, Perry Park Estate, Alexandria	2,454	2,801	-	5,255
Centrelink Aitkenvale, Ross River Road, Aitkenvale	1,436	5,748	850	8,034
369 Ann Street, Brisbane	1,014	3,925	1,996	6,935
TOTAL BASE LEASE PAYMENTS	35,220	91,975	21,680	148,875

NOTE 6: INVESTMENT PROPERTIES

2010				
Name of Property	Riverview Business Park, Epping Road, Lane Cove, NSW	Tally Ho Business Park, Burwood, VIC	NEC House, Rodborough Road, Frenchs Forest, NSW	Tattersall's House, St Kilda Road, VIC
Type of Property	Office	Office	Office	Office
Ownership	100%	100%	100%	100%
Acquisition Date	27-Jul-99	5-Dec-95	2-Feb-01	18-Dec-97
Acquisition Price	\$16,580,670	\$8,747,251	\$9,267,984	\$23,237,367
Total Cost including Additions and Lease Incentives	\$21,823,996	\$15,940,262	\$8,179,736	\$27,254,673
Property Manager	CB Richard Ellis	Fitzroys	CB Richard Ellis	CB Richard Ellis
Date of Latest Valuation	30-June-2010	30-June-2010	30-June-2010	30-June-2010
Independent valuer	DTZ Australia	DTZ Australia	m3 Property Strategists	DTZ Australia
Latest Valuation amount	\$21,800,000	\$16,850,000	\$6,800,000	\$26,750,000
Movement since last reporting date	\$(100,000)	\$(150,000)	\$(1,200,000)	\$(1,750,000)
FAIR VALUE AT REPORTING DATE	\$21,800,000	\$16,850,000	\$6,800,000	\$26,750,000
Name of Property		Marsh Centre, Lonsdale Street, Melbourne, VIC	Austar Communications Building, Robina Town Centre Drive, Gold Coast, QLD	Holbeche Road, Arndell Park, NSW
Type of Property		Office	Office	Industrial
Ownership		100%	100%	100%
Acquisition Date		10-Sep-98	1-Nov-01	19-May-95
Acquisition Price		\$29,687,931	\$20,222,909	\$11,394,344
Total Cost including Additions and Lease Incentives		\$58,596,782	\$45,111,283	\$27,170,203
Property Manager		Fitzroys	CB Richard Ellis	McGees Property
Date of Latest Valuation		30-June-2010	30-June-2010	30-June-2010
Independent valuer		Jones Lang LaSalle	Jones Lang LaSalle	DTZ Australia
Latest Valuation amount		\$59,000,000	\$40,500,000	\$19,500,000
Movement since last reporting date		\$3,700,000	\$(500,000)	\$-
FAIR VALUE AT REPORTING DATE		\$59,000,000	\$40,500,000	\$19,500,000
Name of Property	Northlands, Raubers Road, Banyo, QLD	Shore St West Shopping Centre, Cleveland, QLD	Woodville Rd, East Fairfield, NSW	34-42 Sheppard St, Hume ACT
Type of Property	Industrial	Retail	Industrial	Industrial
Ownership	100%	100%	100%	100%
Acquisition Date	31-08-05	7-Jul-06	13-Sep-06	3-Nov-06
Acquisition Price	\$11,634,500	\$8,013,212	\$7,986,109	\$12,231,481
Total Cost including Additions and Lease Incentives	\$10,987,181	\$6,432,402	\$7,167,070	\$13,774,021
Property Manager	Knight Frank	Knight Frank	CB Richard Ellis	Ray White
Date of Latest Valuation	30-June-2010	30-June-2010	30-June-2010	30-June-2010
Independent valuer	m3 Property Strategists	DTZ Australia	Savills	Knight Frank
Latest Valuation amount	\$11,400,000	\$7,000,000	\$6,900,000	\$13,750,000
Movement since last reporting date	\$80,000	\$600,000	\$(450,000)	\$(250,000)
FAIR VALUE AT REPORTING DATE	\$11,400,000	\$7,000,000	\$6,900,000	\$13,750,000
Name of Property	107 Pitt St, Sydney, NSW	41-45 Hydrive Drive, Dandenong, VIC	79-90 Link Drive, Campbellfield, VIC	7-15 Groves Road, Bennets Green, NSW
Type of Property	Office	Industrial	Industrial	Retail
Ownership	100%	100%	100%	100%
Acquisition Date	21-Dec-06	21-Dec-06	21-Dec-06	3-Jul-07
Acquisition Price	\$24,813,798	\$7,084,963	\$8,682,852	\$9,886,289
Total Cost including Additions and Lease Incentives	\$24,653,147	\$5,639,512	\$10,238,852	\$7,536,698
Property Manager	CB Richard Ellis	Colliers International	Fitzroys	CB Richard Ellis
Date of Latest Valuation	30-June-2010	30-June-2010	30-June-2010	30-June-2010
Independent valuer	m3 Property Strategists	m3 Property Strategists	m3 Property Strategists	DTZ Australia
Latest Valuation amount	\$22,200,000	\$5,800,000	\$10,000,000	\$7,600,000
Movement since last reporting date	\$(1,718,725)	\$100,000	\$300,000	\$-
FAIR VALUE AT REPORTING DATE	\$22,200,000	\$5,800,000	\$10,000,000	\$7,600,000

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

NOTE 6: INVESTMENT PROPERTIES

2010				
Name of Property	10 Barrack Street, Sydney, NSW	Perry Park, Perry Park Estate, Alexandria, NSW	Centrelink Aitkenvale, 307-311 Ross River Road, Aitkenvale, QLD	369 Ann Street, Brisbane, QLD
Type of Property	Office	Industrial	Office	Office
Ownership	100%	100%	100%	50%
Acquisition Date	7-Dec-07	7-Dec-07	26-Nov-07	1-May-08
Acquisition Price	\$86,525,097	\$69,653,881	\$17,065,000	\$25,202,802
Total Cost including Additions and Lease Incentives	\$53,314,071	\$50,229,468	\$14,458,117	\$19,322,736
Property Manager	CB Richard Ellis	CB Richard Ellis	Knight Frank	Knight Frank
Date of Latest Valuation	30-June-2010	30-June-2010	30-June-2010	30-June-2010
Independent valuer	DTZ Australia	Jones Lang LaSalle	DTZ Australia	DTZ Australia
Latest Valuation amount	\$52,000,000	\$48,700,000	\$14,600,000	\$17,750,000
Movement since last reporting date	\$(1,500,000)	\$(1,400,000)	\$100,000	\$(729,487)
FAIR VALUE AT REPORTING DATE	\$52,000,000	\$48,700,000	\$14,600,000	\$17,750,000
TOTAL FAIR VALUE OF INVESTMENT PROPERTIES				\$408,900,000
2009				
Name of Property	Rosemeadow Marketplace Shopping Centre, Copperfield Drive, Rosemeadow, NSW	Riverview Business Park, Epping Road, Lane Cove, NSW	Tally Ho Business Park, Burwood, VIC	NEC House, Rodborough Road, Frenchs Forest, NSW
Type of Property	Retail	Office	Office	Office
Ownership	100%	100%	100%	100%
Acquisition Date	13-May-94	27-Jul-99	5-Dec-95	2-Feb-01
Acquisition Price	\$12,793,784	\$16,580,670	\$8,747,251	\$9,267,984
Total Cost including Additions and Lease Incentives	\$15,737,915	\$24,313,898	\$19,982,786	\$9,143,021
Property Manager	Knight Frank	CB Richard Ellis	Fitzroys	CB Richard Ellis
Date of Latest Valuation	30-June-2009	30-June-2009	30-June-2009	30-June-2009
Independent valuer	Savills	DTZ Australia	DTZ Australia	m3 Property Strategists
Latest Valuation amount	\$13,200,000	\$21,900,000	\$17,000,000	\$8,000,000
Movement since last reporting date	\$(2,597,000)	\$(1,987,440)	\$(1,345,500)	\$(598,000)
FAIR VALUE AT REPORTING DATE	\$13,200,000	\$21,900,000	\$17,000,000	\$8,000,000
Name of Property	883 Whitehorse Road, Box Hill, VIC	Tattersall's House, St Kilda Road, VIC	Marsh Centre, Lonsdale Street, Melbourne, VIC	Austar Communications Building, Robina Town Centre Drive, Gold Coast, QLD
Type of Property	Office	Office	Office	Office
Ownership	100%	100%	100%	100%
Acquisition Date	25-Jan-01	18-Dec-97	10-Sep-98	1-Nov-01
Acquisition Price	\$16,473,977	\$23,237,367	\$29,687,931	\$20,222,909
Total Cost including Additions and Lease Incentives	\$28,310,164	\$34,710,059	\$68,267,726	\$41,884,205
Property Manager	Jones Lang LaSalle	CB Richard Ellis	Fitzroys	CB Richard Ellis
Date of Latest Valuation	30-June-2009	30-June-2009	30-June-2009	30-June-2009
Independent valuer	Knight Frank	DTZ Australia	Savills	LandMark White
Latest Valuation amount	\$23,100,000	\$28,500,000	\$55,300,000	\$41,000,000
Movement since last reporting date	\$(3,398,250)	\$(4,113,580)	\$(10,676,500)	\$(2,053,400)
FAIR VALUE AT REPORTING DATE	\$23,100,000	\$28,500,000	\$55,300,000	\$41,000,000

NOTE 6: INVESTMENT PROPERTIES

2009				
Name of Property	Holbeche Road, Arndell Park, NSW	87 Chifley Drive, Preston, VIC	Northlands - Raubers Road, Banyo, QLD	Shore St West Shopping Centre, Cleveland, QLD
Type of Property	Industrial	Industrial	Industrial	Retail
Ownership	100%	100%	100%	100%
Acquisition Date	19-May-95	30-Sep-05	31-08-05	7-Jul-06
Acquisition Price	\$11,394,344	\$8,500,000	\$11,634,500	\$8,013,212
Total Cost including Additions and Lease Incentives	\$14,075,030	\$8,982,426	\$14,354,121	\$9,631,877
Property Manager	McGees Property	Colliers International	Knight Frank	Knight Frank
Date of Latest Valuation	30-June-2009	30-June-2009	30-June-2009	30-June-2009
Independent valuer	Colliers International	CBRE	m3 Property Strategists	Savills
Latest Valuation amount	\$19,500,000	\$7,450,000	\$11,320,000	\$6,400,000
Movement since last reporting date	\$(999,000)	\$(1,648,500)	\$(2,474,000)	\$2,998,500
FAIR VALUE AT REPORTING DATE	\$19,500,000	\$7,450,000	\$11,320,000	\$6,400,000
Name of Property	Woodville Rd, East Fairfield, NSW	34-42 Sheppard St, Hume, ACT	107 Pitt St, Sydney, NSW	41-45 Hydrive Drive, Dandenong, VIC
Type of Property	Industrial	Industrial	Office	Industrial
Ownership	100%	100%	100%	100%
Acquisition Date	13-Sep-06	3-Nov-06	21-Dec-06	21-Dec-06
Acquisition Price	\$7,986,109	\$12,231,481	\$24,813,798	\$7,084,963
Total Cost including Additions and Lease Incentives	\$8,621,216	\$14,214,965	\$30,631,670	\$6,988,601
Property Manager	CB Richard Ellis	Ray White	CB Richard Ellis	Colliers International
Date of Latest Valuation	30-June-2009	30-June-2009	30-June-2009	30-June-2009
Independent valuer	Jones Lang LaSalle	Knight Frank	m3 Property Strategists	m3 Property Strategists
Latest Valuation amount	\$7,350,000	\$14,000,000	\$23,900,000	\$5,700,000
Movement since last reporting date	\$(998,100)	\$(102,000)	\$(6,477,775)	\$(1,098,500)
FAIR VALUE AT REPORTING DATE	\$7,350,000	\$14,000,000	\$23,918,725	\$5,700,000
Name of Property	79-90 Link Drive, Campbellfield, VIC	289-313 Bayswater Road, Bayswater, VIC	7-15 Groves Road, Bennets Green, NSW	10 Barrack Street, Sydney, NSW
Type of Property	Industrial	Industrial	Retail	Office
Ownership	100%	100%	100%	100%
Acquisition Date	21-Dec-06	3-Aug-07	3-Jul-07	7-Dec-07
Acquisition Price	\$8,682,852	\$8,458,471	\$9,886,289	\$86,525,097
Total Cost including Additions and Lease Incentives	\$12,036,165	\$12,055,558	\$9,007,289	\$78,896,408
Property Manager	Fitzroys	Colliers International	CB Richard Ellis	CB Richard Ellis
Date of Latest Valuation	30-June-2009	30-June-2009	30-June-2009	30-June-2009
Independent valuer	m3 Property Strategists	CB Richard Ellis	DTZ Australia	Savills
Latest Valuation amount	\$9,700,000	\$9,400,000	\$7,600,000	\$53,500,000
Movement since last reporting date	\$(2,548,500)	\$(2,124,466)	\$(1,195,000)	\$(23,797,000)
FAIR VALUE AT REPORTING DATE	\$9,700,000	\$9,400,000	\$7,600,000	\$53,500,000
Name of Property	Perry Park, Perry Park Estate, Alexandria, NSW	Centrelink Aitkenvale, 307-311 Ross River Road, Aitkenvale, QLD	369 Ann Street, Brisbane, QLD	
Type of Property	Industrial	Office	Office	
Ownership	100%	50%		
Acquisition Date	7-Dec-07	26-Nov-07		1-May-08
Acquisition Price	\$69,653,881	\$17,065,000		\$25,202,802
Total Cost including Additions and Lease Incentives	\$63,124,557	\$16,590,317		\$25,650,197
Property Manager	CB Richard Ellis	Knight Frank		Knight Frank
Date of Latest Valuation	30-June-2009	30-June-2009		30-June-2009
Independent valuer	DTZ Australia	Jones Lang LaSalle		Knight Frank
Latest Valuation amount	\$50,100,000	\$14,500,000		\$17,000,000
Movement since last reporting date	\$(10,896,000)	\$(1,598,200)		\$(6,099,487)
FAIR VALUE AT REPORTING DATE	\$50,100,000	\$14,500,000		\$17,020,513
TOTAL FAIR VALUE OF INVESTMENT PROPERTIES				\$465,459,238

NOTE 7: FINANCIAL RISK MANAGEMENT

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

The Trust's overall risk management programmes focus on ensuring compliance with the Trust's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Trust is exposed. The Trust 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 ("the Board") has established an Investment Risk Management Committee ("IRMC") which is chaired by the Manager of the Risk and Quantitative Analysis team and is comprised of senior management, investment and compliance staff. The IRMC meets at least quarterly, and as otherwise required, to review aspects of portfolio performance, independent monitoring reports, risk management compliance and derivative usage. The IRMC reports to the Board and is subject at all times to the direction and supervision of the Board.

The Trust uses different methods to measure different types of risk to which it is 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 Trust (Aust)

The Trust aims to provide investors with exposure to a diversified portfolio of property investments by selectively acquiring quality investment properties which provide a blend of income and capital growth.

The Property Trust is invested primarily in a portfolio of direct property and also can invest up to 25% of assets in unlisted property trusts. The Property Trust aims to outperform the Mercer Unlisted Property Trusts Index (before fees and taxes) over rolling five year periods.

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

As part of the risk management programme BlackRock has established risk limits (Trust guidelines) within which the Trust is managed. The Trust's guidelines detail the following risk limits (expressed as tracking error in per annum terms):

Fund	Risk Limits
BlackRock Property Trust (Aust)	<ul style="list-style-type: none"> ■ No investment in a single property can constitute more than 30 % of the Trust's net asset value. ■ Trust will consider development projects (generally land and development) agreements when: <ul style="list-style-type: none"> (i) cost of development will not exceed 15% of total portfolio value; and (ii) Risk transferred (eg. Development with majority pre-leased or income guarantees provided). ■ The Trust may borrow for investment purposes up to 40% of the Trust's value to: <ul style="list-style-type: none"> (i) Facilitate a purchase of a building, ensuring diversification of the property portfolio with the income yield servicing the debt. (ii) In anticipation of receipt of proceeds from the sale of a building whereby the sale contract has been signed and the Trust is awaiting settlement.

As at 30 June 2010 the Trust held investment properties, unlisted property trusts, a low exercise price option used to gain exposure to the Goodman Hong Kong Logistics Fund and a loan facility.

Investment properties are not defined as financial assets by Accounting Standards and therefore detailed disclosures in respect of direct property is outside of the scope of the following disclosures.

Compliance with the Trust's policies is reported to the IRMC quarterly.

(b) Market Risk

(i) Price Risk

Price risk is the risk that the value of the Trust's investment portfolios will fluctuate as a result of changes in market prices. The Trusts are exposed to unit trust and derivative securities price risk. This arises from investments held by the Trust for which prices in the future are uncertain. 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 on the following page.

NOTE 7: FINANCIAL RISK MANAGEMENT (continued)

Asset Class	Minimum %	Neutral %	Maximum %
BlackRock Property Trust (Aust)			
Direct Property	50	100	140
Unlisted Property Trusts	-	-	25
Cash	(40)	-	25

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

Section (c) VaR Sensitivity Analysis explains how the risk is measured and summarises the potential exposure of the Trust's net assets attributable to unitholders.

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

	2010				2009			
	Notional Principal Amount			Fair Value	Notional Principal Amount			Fair Value
	Asset \$'000	Liability \$'000	Net \$'000	\$'000	Asset \$'000	Liability \$'000	Net \$'000	\$'000
BlackRock Property Trust (Aust)								
Low exercise price option	19,711	-	19,711	19,711	19,775	-	19,775	19,775
Swaps - Domestic	18,470	(16,062)	2,408	2,408	19,276	(17,546)	1,730	1,729
Futures - Domestic	-	-	-	-	-	-	-	-
Swaps - Domestic	-	-	-	-	-	-	-	-

(ii) Foreign exchange risk

The Trust holds non-monetary assets denominated in currencies other than the Australian dollar. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk. Foreign exchange risk arises as the value of monetary securities denominated in other countries will fluctuate due to changes in exchange rates. This risk is measured using sensitivity analysis.

The Trust also enters into currency swaps to hedge some or all of its exposure. To ensure that the investment and income will be protected in the low exercise price option ("LEPO") arrangements from adverse foreign exchange movements, cross currency swaps have been implemented for both the capital and forecast distributions.

The foreign exchange risk exposures have been prepared on the basis of the Trust's direct investments and not on a look through basis for investments held indirectly through units in unit trusts and related schemes. Consequently, the disclosure of currency risk in the note may not represent the true currency risk profile of the Trust where the Trust has significant investments in unit trusts which also have exposure to currency markets.

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

NOTE 7: FINANCIAL RISK MANAGEMENT (continued)

	Hong Kong Dollar \$'000	Australian Dollar \$'000	Total \$'000
30 JUNE 2010			
ASSETS			
Cash and Cash Equivalents	248	574	822
Financial Instruments designated at Fair Value through Profit or Loss	-	85,215	85,215
Financial Instruments held for Trading at Fair Value through Profit or Loss	19,711	2,408	22,119
Other Assets	-	411,834	411,834
TOTAL ASSETS	19,959	500,031	519,990
LIABILITIES			
Accounts Payable and Accrued Expenses	-	1,449	1,449
Distribution Payable	-	15,701	15,701
Financial Instruments held for Trading at Fair Value through Profit or Loss	-	-	-
Loan Facility	-	138,544	138,544
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)	-	155,694	155,694
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY	19,959	344,337	364,296
30 JUNE 2009			
ASSETS			
Cash and Cash Equivalents	287	1,000	1,287
Financial Instruments designated at Fair Value through Profit or Loss	-	84,925	84,925
Financial Instruments held for Trading at Fair Value through Profit or Loss	19,775	1,729	21,504
Other Assets	-	468,823	468,823
TOTAL ASSETS	20,062	556,477	576,539
LIABILITIES			
Accounts Payable and Accrued Expenses	-	789	789
Distribution Payable	-	8,819	8,819
Financial Instruments held for Trading at Fair Value through Profit or Loss	-	-	-
Loan Facility	-	163,078	163,078
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)	-	172,686	172,686
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY	20,062	383,791	403,853

(iii) Interest Rate Risk

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

During the year, the BlackRock Property Trust (Aust) refinanced its portfolio level debt facility, extending its maturity to 30 June 2012. Previously, the Trust had a \$200m facility with Westpac banking Corporation which was due to mature in December 2010.

Both the Trust and the lender agreed to amend the facility size to \$170m to reflect the Trust's reduced current and future debt requirements. The Trust has implemented this gearing strategy for both transactional and strategic purposes. The Trust has entered into fixed rate hedging strategies to reduce this risk to interest rate movements.

The table on the following page summarises the Trust's exposure to interest rate risks. It includes the Trust's assets and liabilities at fair value.

NOTE 7: FINANCIAL RISK MANAGEMENT (continued)

	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
BlackRock Property Trust (Aust)				
30 JUNE 2010				
FINANCIAL ASSETS				
Cash and Cash Equivalents	822	-	-	822
Rent Receivable	-	-	239	239
Prepayments	-	-	699	699
Receivables from Unlisted Property Trusts	-	-	900	900
Receivables from Related Schemes	-	-	26	26
Other Receivables	-	-	363	363
Investment Properties	-	-	408,900	408,900
Deposit and Acquisition Costs	-	-	-	-
Loan Establishment Costs	-	-	707	707
Financial Instruments designated at Fair Value through Profit or Loss				
- Units in Related Schemes	-	-	15,964	15,964
- Units in Unlisted Property Trusts	-	-	69,251	69,251
Financial Instruments held for Trading				
- Low Exercise Price Options	-	-	19,711	19,711
- Swaps	-	-	2,408	2,408
TOTAL ASSETS	822	-	519,168	519,990
FINANCIAL LIABILITIES				
Distributions Payables	-	-	15,701	15,701
Accounts Payable and Accrued Expenses	-	-	1,449	1,449
Loan Facility	138,544	-	-	138,544
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)	138,544	-	17,150	155,694
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY	(137,722)	-	502,018	364,296
<hr/>				
	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
BlackRock Property Trust (Aust)				
30 JUNE 2009				
FINANCIAL ASSETS				
Cash and Cash Equivalents	1,287	-	-	1,287
Rent Receivable	-	-	859	859
Prepayments	-	-	691	691
Receivables from Unlisted Property Trusts	-	-	446	446
Receivables from Related Schemes	-	-	30	30
Other Receivables	-	-	84	84
Investment Properties	-	-	465,459	465,459
Loan Establishment Costs	-	-	1,254	1,254
Financial Instruments designated at Fair Value through Profit or Loss				
- Units in Related Schemes	-	-	11,288	11,288
- Units in Unlisted Property Trusts	-	-	73,637	73,637
Financial Instruments held for Trading				
- Low Exercise Price Options	-	-	19,775	19,775
- Swaps	-	-	1,729	1,729
TOTAL ASSETS	1,287	-	575,252	576,539
FINANCIAL LIABILITIES				
Distributions Payables	-	-	8,819	8,819
Accounts Payable and Accrued Expenses	-	-	789	789
Loan Facility	163,078	-	-	163,078
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)	163,078	-	9,608	172,686
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS - LIABILITY	(161,791)	-	565,644	403,853

An analysis of financial liabilities by maturities is provided in paragraph (d) below.

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

NOTE 7: FINANCIAL RISK MANAGEMENT (continued)

(c) Summarised Sensitivity Analysis

The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unitholders to interest rate risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Trust's investments with relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than

anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Trust invests. As a result, historic variations are not a definitive indicator of future variations in risk variables.

To determine what is a reasonably possible movement BlackRock has applied historical data for the past three years and applied two standard deviations to the outcome.

	Price Risk		Interest Rate Risk	
30 JUNE 2010	56.44%	-56.44%	+ 109 bps	-109 bps
Indirect Property	39,303,190	(39,303,190)	-	-
Loan	-	-	1,508,703	(1,508,703)
Cash	-	-	8,949	(8,949)
30 JUNE 2009	+52.84%	-52.84%	+85bps	-85bps
Indirect Property	38,910,084	(38,910,084)	-	-
Loan	-	-	1,382,252	(1,382,252)
Cash	-	-	10,911	(10,911)

Foreign exchange risk is the risk that the value of the Low Exercise Price Option will fluctuate due to a movement in the foreign exchange rates. This risk is mitigated by taking out a currency swap over the Low Exercise Price Option exposure.

(d) Credit Risk Exposure

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 investments in debt instruments and from trading derivative products. Other credit risk arises from cash and cash equivalents, deposits with banks and other financial institutions and amounts due from brokers. At 30 June 2010 the total carrying amount of financial assets exposed to credit risk amounted to \$25,874,000, (2009: \$26,155,000). None of these assets were impaired. Past due but not impaired assets have been disclosed below.

(i) Derivatives

All exchange traded derivatives are executed through brokers, and cleared through a clearing broker and approved by the IRMC. Over the counter derivative transactions are conducted only with approved counterparties, who meet the applicable specific Trust requirements and where trading documentation is in place. Foreign exchange contracts are subject to credit risk in relation to the relevant counterparties, which is principally the NAB.

To minimise credit risk, the Trust 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 IRMC. the counterparty in relation to the LEPO is Merrill Lynch (Australia) Futures Limited.

(ii) Rent Receivable

Credit risk from tenants is minimised by securing bank guarantees and security deposits, and drawing on these in the case of default by a tenant. Ongoing credit evaluation is performed on the financial condition of tenants and, where appropriate, an allowance for doubtful debtors is raised.

Concentration of credit risk from tenants is minimised primarily by:

- Ensuring tenants, together with respective credit limits, are approved, and
- Ensuring that leases are undertaken with a large number of tenants.

As such, the Trust does not have a concentration of credit risk that arises from an exposure to a single tenant.

Past due, but not impaired.

As at 30 June 2010, rent receivables of \$238,541 (2009 \$858,867) were past due but not impaired. The ageing analysis of the Trust's rent receivables is as follows:

	2010	2009
	\$	\$
Not past due	-	-
Renegotiated	-	-
Past due 0-30 days, but not impaired	24,028	727,858
Past due 31-60 days, but not impaired	75,589	(165,815)
Past due 61-90 days, but not impaired	138,924	(77,244)
Past 90 days	-	374,068
TOTAL	238,541	858,867

NOTE 7: FINANCIAL RISK MANAGEMENT (continued)

(iii) 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.

VaR analysis is also used to manage and measure the credit risk of the Trust.

(e) Liquidity Risk

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

In the ordinary course of business the Trust is 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. The Trust also maintains continuous monitoring of forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. It should be noted that the Trust is "non-liquid".

From time to time liquidity can be restricted in this sector due to market conditions limiting transactions in the commercial markets. During these times BlackRock will review the liquidity provisions of the Trust and closely monitor the cash inflows and outflows. These restrictions will not impact the normal operations of the Trust.

BlackRock investment management staff consider and maintain the liquidity of the Trust, in the context of the investment objectives and liquidity requirements of the Trust.

The table below analyses the Trust'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 months	1–3 years	3–5 years	> 5 years	On Call
	\$'000	\$'000	\$'000	\$'000	\$'000
AS AT 30 JUNE 2010					
Distribution Payable	15,701	-	-	-	-
Accounts Payable and Accrued Expenses	1,449	-	-	-	-
Loan Facility & Swaps	(2,047)	138,500	-	-	-
Net Assets Attributable to Unitholders	-	-	-	-	364,296
TOTAL	15,103	138,500	-	-	364,296
AT 30 JUNE 2009					
Distribution Payable	8,819	-	-	-	-
Accounts Payable and Accrued Expenses	789	-	-	-	-
Loan Facility & Swaps	615	165,177	-	-	-
Net Assets Attributable to Unitholders	-	-	-	-	403,853
TOTAL	10,223	165,177	-	-	403,853

NOTE 7: FINANCIAL RISK MANAGEMENT (continued)

(f) Fair Value Estimation

The financial assets and liabilities which are included in the Balance Sheets of the Trusts 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 Statement of Comprehensive Income.

■ Fair value in an active market

The fair value of a financial assets and liabilities traded in active markets is 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 Trust 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 Trust 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.

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

(g) Fair Value Hierarchy

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

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

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

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

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

NOTE 7: FINANCIAL RISK MANAGEMENT (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
BlackRock Property Trust (Aust)				
30 JUNE 2010				
FINANCIAL ASSETS				
Financial Instruments designated at Fair Value through Profit or Loss				
- Units in Related Schemes	15,964	-	-	15,964
- Units in Unlisted Property Trusts	-	-	69,251	69,251
Financial Instruments held for Trading				
- Low Exercise Price Option	-	19,711	-	19,711
- Swaps	-	2,408	-	2,408
TOTAL	15,964	22,119	69,251	107,334
FINANCIAL LIABILITIES				
Financial Instruments designated at Fair Value through Profit or Loss				
TOTAL	-	-	-	-

No transfers between levels occurred during the year for the following Trust:

■ BlackRock Property Trust (Aust)

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
BlackRock Property Trust (Aust)			
Transfers between Levels 1 and 2			
- Equity Securities	-	-	-
- Fixed Interest Securities	-	-	-
- Units in Unit Schemes	-	-	-
Transfers between Levels 2 and 3			
- Equity Securities	-	-	-
- Fixed Interest Securities	-	-	-
- Units in Unit Schemes	-	-	-
	Units in Unlisted Property Trusts \$'000	Low Exercise Price Option \$'000	Swaps \$'000
BlackRock Property Trust (Aust)			
Opening Balance	73,637	-	-
Purchases	-	-	-
Sales	-	-	-
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Gains and losses recognised in profit or loss	(4,386)	-	-
CLOSING BALANCE	69,251	-	-

The majority of assets classified as level 3 assets are units in unlisted property trusts priced using an external pricing source but that are infrequently traded and hence there is a degree of subjectivity associated with the accuracy of the price. Given the number of such investments it is not practical to provide reasonable alternative prices to each investment.

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

NOTE 8: NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

The Trust considers its capital to be Unitholders' Funds. The Trust manages their net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability.

The objective of the Trust is to provide unitholders with returns in accordance with the Product Disclosure Statement ("PDS"). The Trust 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.

Movements in number of units and net assets attributable to unitholders during the year were as follows:

BlackRock Property Trust (Aust)				
	2010		2009	
Unitholders' Funds	No of Units '000	\$'000	No of Units '000	\$'000
E CLASS UNITS				
Opening Unitholders' Funds	91,272	77,193	88,549	97,678
Application				
– Cash	–	–	2,723	3,001
– Distribution Reinvestment Plan	–	–	–	–
Redemptions*	(4,641)	(3,583)	–	–
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(3,743)	–	(23,486)
CLOSING BALANCE	86,631	69,867	91,272	77,193
X CLASS UNITS				
Opening Unitholders' Funds	413,707	326,660	441,594	460,244
Application				
– Cash	6,340	4,935	19,967	22,117
– Distribution Reinvestment Plan	3,615	2,942	12,985	13,165
Redemptions*	(27,251)	(22,984)	(60,839)	(62,410)
Increase/(Decrease) in Net Assets Attributable to Unitholders	–	(17,124)	–	(106,456)
CLOSING BALANCE	396,411	294,429	413,707	326,660
TOTAL	483,042	364,296	504,979	403,853

* Include amounts paid under a withdrawal offer with the Trust in "non-liquid" status, as set out in the Directors' report.

NOTE 9: NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	BlackRock Property Trust (Aust)	
	2010	2009
	\$'000	\$'000
Cash	822	1,287
Margin Accounts < 90 days	-	-
Overdraft	-	-
	822	1,287

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

	BlackRock Property Trust (Aust)	
	2010	2009
	\$'000	\$'000
Net Operating Profit/(Loss)	15,662	(97,056)
Add/(Less) Items Classified as Investing Activities		
Net Gain/(Loss) on Fair Value of Investment Properties	14,212	104,598
Amortisation of Lease Incentives and Future Rent Expenses	(9,963)	(668)
Change in Assets and Liabilities During the Year:		
(Increase)/Decrease in Financial Instruments held at Fair Value through Profit or Loss	(904)	44,892
(Increase)/Decrease in Rent Receivable	620	(706)
(Increase)/Decrease in Loan Establishment Costs	547	(440)
(Increase)/Decrease in Prepayments	(8)	173
(Increase)/Decrease in Receivables from Related Schemes	4	74
(Increase)/Decrease in Unlisted Property Trust	(454)	1,083
(Increase)/Decrease in Other Receivables	(281)	427
Increase/(Decrease) in Accounts Payable and Accrued Expenses	660	(1,088)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	20,095	51,289

(c) Non-cash Financing Activities

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

	2010		2009	
	Units	\$'000	Units	\$'000
BlackRock Property Trust (Aust)				
- E Class	-	-	-	-
- X Class	3,616	2,942	12,985	13,165

As described in note 3(j), 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.

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

NOTE 10: DISTRIBUTIONS

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

	2010		2009	
	Distributions Paid Cents/Unit	Distributions Payable Cents/Unit	Distributions Paid Cents/Unit	Distributions Payable Cents/Unit
BlackRock Property Trust (Aust)				
- X Class Units	3.25	4.09	1.73	4.75
- E Class Units	3.25	4.10	1.75	4.75
	2010		2009	
	Distributions Paid \$'000	Distributions Payable \$'000	Distributions Paid \$'000	Distributions Payable \$'000
BlackRock Property Trust (Aust)				
- X Class Units	2,815	3,737	1,583	4,332
- E Class Units	12,887	17,090	7,236	19,735

NOTE 11: RELATED PARTIES

Responsible Entity

The Responsible Entity of the Trust 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.

Key Management Personnel

Directors

Key management personnel includes 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	Date resigned
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	Resigned 24 November 2009
W T Britten	Appointed 2 December 2009	Resigned 24 February 2010
R J Cochrane	Appointed 2 December 2009	Resigned 22 April 2010
R Bhagat	Appointed 2 December 2009	
M S McCorry	Appointed 2 December 2009	
M J O'Shannassy	Appointed 23 July 1997	Resigned 7 October 2009

Other Key Management Personnel

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

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

Key Management Personnel Unitholding

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 Trust, either directly, indirectly, or beneficially.

Key Management Personnel Compensation

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

Key Management Personnel Loan Disclosures

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

Other Transactions within the Trust

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

NOTE 11: 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 Trust. Fees charged for the year are included in the Statement of Comprehensive Income.

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 Trust 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 Statement of Comprehensive Income.

The Responsible Entity ceased to charge management fees on 4 August 2004.

Investing Activities

The Trust 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 Trust is presently entitled, are included in the Statement of Comprehensive Income. The portions of these amounts not received at balance date are included in the Balance Sheet.

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

	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 Schemes at Year End	Distribution Received from the Related Scheme During the Year	Distribution Receivable from the Related Scheme at Year End
2010	Units	\$	\$	\$	%	\$	\$
BlackRock Money Market Fund	15,964,067.00	15,964,067	101,788,147	97,111,896	8.65	469,368	25,901
2009	Units	\$	\$	\$	%	\$	\$
BlackRock Money Market Fund	11,287,816	11,287,816	106,018,106	104,234,461	4.31	346,088	29,865

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

NOTE 11: RELATED PARTIES (continued)

Related Party Schemes' Unitholdings

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

	Number of Units Held Opening	Number of Units Held Closing	Interest Held	Number of Units Acquired	Number of Units Disposed	Distributions Paid/Payable by the Trust
2010	Units	Units	%	Units	Units	\$
BlackRock Balanced Pooled Super Fund	4,765,409	4,552,904	1.15	-	242,505	342,263
BlackRock Combined Property Income Fund (Aust)	245,875,482	233,363,214	58.86	5,834,042	18,346,310	17,659,347
BlackRock Direct Property Fund (Aust)	122,017,636	118,842,360	29.98	3,317,721	8,434,696	8,982,410
BlackRock Direct Real Estate Fund (Aust)	24,531,666	24,006,563	6.06	803,786	1,685,981	1,807,214
BlackRock Wholesale Balanced Fund	8,541,932	8,107,244	2.05	-	434,687	613,501
BlackRock Wholesale Managed Income Fund	7,974,558	7,568,744	1.91	-	405,814	572,751
	Number of Units Held Opening	Number of Units Held Closing	Interest Held	Number of Units Acquired	Number of Units Disposed	Distributions Paid/Payable by the Trust
2009	Units	Units	%	Units	Units	\$
BlackRock Balanced Pooled Super Fund	4,796,623	4,765,409	1.15	-	93,212	309,700
BlackRock Combined Property Income Fund (Aust)	262,992,985	245,875,482	59.43	4,505,316	25,022,066	15,979,247
BlackRock Direct Property Fund (Aust)	133,156,825	122,017,636	29.49	14,507,539	32,231,377	8,008,994
BlackRock Direct Real Estate Fund (Aust)	23,990,575	24,531,666	5.93	953,920	1,583,688	1,599,608
BlackRock Wholesale Balanced Fund	8,578,183	8,541,932	2.06	-	147,127	555,133
BlackRock Wholesale Managed Income Fund	8,079,010	7,974,558	1.94	-	208,875	518,260

NOTE 12: PROPERTY EXPENSES

(a) Property Expenses arising from investment properties that generated rental income

	2010 \$'000	2009 \$'000
Administration Costs	305	232
Air-conditioning	398	441
Building Supervision	228	289
Cleaning	967	1,200
Consulting Fee	332	628
Electricity and Gas	1,007	774
Fire Protection	246	218
Insurance	548	736
Leasing Cost	676	969
Lifts and Escalators	216	198
Pest Control	15	17
Plants and Gardens	100	118
Property Management Fees	450	651
Rates and Taxes	900	1,536
Repairs and Maintenance	447	636
Security	185	209
Valuation Fees	170	275
Property Expenses arising from investment properties that generated rental income	7,190	9,127

(b) Property Expenses arising from investment properties that did not generate rental income

	2010 \$'000	2009 \$'000
Administration Costs	17	9
Air-conditioning	30	37
Building Supervision	34	39
Cleaning	84	127
Consulting Fee	129	86
Electricity and Gas	100	124
Fire Protection	27	41
Insurance	13	67
Leasing Cost	137	145
Lifts and Escalators	16	28
Pest Control	2	1
Plants and Gardens	11	14
Property Management Fees	37	59
Rates and Taxes	84	184
Repairs and Maintenance	47	77
Security	17	25
Valuation Fees	11	39
Total Expenses arising from investment properties that did not generate rental income	796	1,102
Total Expenses arising from investment properties	7,986	10,229

NOTE 13: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2010 \$'000	2009 \$'000
Valuation Fees	46	23
GST Payable	324	408
Land Tax Accrual	270	356
Professional Fees	105	2
Lease Incentives	704	-
	1,449	789

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

NOTE 14: AUDITOR'S REMUNERATION

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

	BlackRock Property Trust (Aust)	
	2010	2009
	\$	\$
Audit Services	15,170	13,897
Other Services		
- Tax Compliance Services	7,918	6,000
- Compliance	1,421	1,365
TOTAL REMUNERATION OF DELOITTE TOUCHE TOHMATSU AUSTRALIA	24,509	21,262

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

NOTE 15: UNITS IN UNLISTED PROPERTY TRUSTS

	BlackRock Property Trust (Aust)	
	2010	2009
	\$'000	\$'000
INVESTMENTS IN UNLISTED PROPERTY TRUSTS		
Japara Aged Care & Retirement Trust	9,123	9,123
Goodman Australia Industrial Fund	36,313	40,085
Retail Co-Investment Trust	18,641	19,311
Retirement Villages Trust	5,174	5,118
	69,251	73,637

As at 30 June 2010 the values of units in Unlisted Property Trusts were valued at fair value.

In addition to the above, BlackRock Property Trust (Aust) also held a low exercise price option used to gain exposure to the Goodman Hong Kong Logistics Fund. As at 30 June 2010 its fair value was \$19,711,000, (2009: \$19,775,000).

NOTE 16: LOAN

	BlackRock Property Trust (Aust)	
	2010	2009
	\$'000	\$'000
Interest expense payable	44	78
Secured bank loans	138,500	163,000
TOTAL	138,544	163,078

All carrying values represent fair values at the end of the financial year. The maturity date of the current loan is 30th June 2012.

(a) Assets pledged as security

The Lender does not have security over the individual assets of the Trust, however in the event of a default, the Lender does have the right to claim against the Responsible Entity's right to be indemnified out of the assets of the Trust.

(b) Financing arrangements

Unrestricted access was available at balance date to the following.

	BlackRock Property Trust (Aust)	
	2010	2009
	\$'000	\$'000
Secured bank loans		
Total facilities	170,000	180,000
Used at Balance Date	138,500	163,000
UNUSED AT BALANCE DATE	31,500	17,000

NOTE 17: CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2010 (30 June 2009: Nil).

NOTE 18: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events which have occurred since balance date which would impact on the financial position of the Trust disclosed in the Balance Sheets as at 30 June 2010 or on the results and cash flows of the Trust for the year ended on that date.

Directors' Declaration

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 7 to 38 are in accordance with the *Corporations Act 2001*, including:
 - (i) comply with Accounting Standards, the *Corporation Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2010 and of its performance, as represented by the results of their operations, changes in equity and their cash flow for the financial year ended on that date; and
 - (iii) complying with International Financial Reporting Standards and Australian equivalents to International Financial Reporting Standards; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of the Responsible Entity made pursuant to S.295 (5) of the *Corporations Act 2001*.

D Frawley
Director

G A Boyle
Director

Melbourne, dated this 28th day of September 2010

Independent Auditor's Report

Independent Auditor's Report to the Unitholders of BlackRock Property Trust (Aust)

We have audited the accompanying financial report of BlackRock Property Trust (Aust) ("the Fund"), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, cash flow statement and the statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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 3, 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 Fund's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's 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 Trust (Aust) is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of BlackRock Property Trust (Aust) as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

DELOITTE TOUCHE TOHMATSU

Neil A. Brown
Partner
Chartered Accountants
Melbourne, 28 September 2010

Liability limited by a scheme approved under Professional Standards Legislation.