



TRINITY PROPERTY TRUST

consisting of the financial reports of
Trinity Property Trust
ABN 76 849 606 305
ARSN 085 850 282

2009 FINANCIAL REPORT

Trinity Funds Management Limited ("the Responsible Entity"), the Responsible Entity of Trinity Property Trust ("the Trust"), presents its report together with the financial report of the Trust for the year ended 30 June 2009 and the auditor's report thereon.

DIRECTORS OF THE RESPONSIBLE ENTITY

The directors of the Responsible Entity at any time during or since the end of the financial year were:

Brett Heading BCom, LLB (Hons)

Chairman appointed 21 August 2009

Brett Heading is an experienced company director and corporate lawyer. He is Chairman of Partners at McCullough Robertson and has been a partner of that firm since 1985, specialising in capital raising, mergers and acquisitions. Brett has been a director of a number of listed and unlisted companies. He is currently Chairman of ASX listed ChemGenex Pharmaceuticals Ltd. He is also a former long-standing member of the Board of Taxation and was a member of the Takeovers Panel from 1997 to 2009.

Christopher Morton BCom, LLB, LLM, MAICD

Managing Director appointed 21 August 2009

Chris Morton has over 24 years' experience in the areas of property law, investment and funds management. He has been admitted as a solicitor for over 25 years and was formerly a senior property law partner and senior management executive with the national legal firm Phillips Fox. In 1997, Chris founded and was Managing Director of Property Funds Australia Limited (PFA), a specialist property funds management company and responsible entity for the \$700 million, Australian exchange listed, PFA Diversified Property Trust. PFA was acquired by Mirvac Group in October 2007. He has been a past president of the Property Council of Australia (Queensland Division), past president of the Australian Direct Property Investment Association (ADPIA) and a member of the Queensland Heritage Council.

Richard Friend BCom, LLB(Hons), LLM, FTIA, MAICD

Independent Non Executive Director since 2007

Richard Friend currently runs his own consulting company, which provides specialist advice and general business consulting. Richard was formerly Managing Partner of Arthur Andersen Brisbane from 1993 until 2002 and then Head of Tax at Ernst & Young Brisbane until 2005. Richard is a non-executive director of an unlisted public company in the financial services industry, and is on the Board of Management of the Abused Child Trust Inc. He also served on the Board of Partners of Ernst & Young Australia from 2002 until 2005.

Hon Keith De Lacy AM Hon D Litt. DUniv, BA, DipAgr, FAIM, FAICD

Chairman since 1999 and resigned 21 August 2009

Keith De Lacy is currently Chairman of Nimrod Resources Ltd, Macarthur Coal Limited, and Cubbie Group Limited; and a director of Reef Casino Trust and Queensland Energy Resources Pty Ltd. Keith is also the Vice President of the Old Division of the Australian Institute of Company Directors (AICD). He was Treasurer of Queensland from 1989 - 1996 and previously chairman of Queensland Sugar Limited (and the Global Sugar Alliance), Ergon Energy and CEC Group Ltd. He was also formerly a director of Queensland Investment Corporation as well as a range of not-for-profit companies.

Anthony Hartnell AM BEc, LLB (Hons), LLM (Highest Hons)

Independent Non Executive Director since 2006 and resigned 21 August 2009

Anthony Hartnell is a founding partner of the law firm Atanaskovic Hartnell and previously a partner of Allen Allen & Hemsley. He is also a former inaugural Chairman of the Australian Securities Commission (now ASIC). He is Chairman of CEC Group Limited and Early Learning Services Limited and is the Chairman of ANU Endowment for Excellence.

Robert Lette MAICD, MDIA, FASFA, AIST

Independent Non Executive Director since 2002 and resigned 10 June 2009

Robert Lette is a consultant to and former partner of the law firm Mullins Lawyers. Since admission to the Supreme Court of Queensland in 1966 he has specialised in commercial, corporate, hospitality, construction and industrial law. He is currently a director of Watpac Limited, Queensland Airports Limited and Chairman of BUSS (Q) - Building Super, Chairman of The Private Capital Group and the Infrastructure Fund of Australia and a director of several private companies. Robert was formerly a director of Viking Industries Limited, a board member of TABQ and is currently the Chairman of the Queensland Harness Racing Board.

Peter Lewis BCom, Licensed real estate agent

Executive Deputy Chairman - Director since 1999 and resigned 22 July 2009

Peter Lewis was the founder of the Trinity Group and was actively involved in the marketing, identification of new opportunities and product development for the Trinity Group. Peter was previously founding director of FPD Savills, Queensland - formerly known as Lewis and Partners, established in 1986, a director of Richard Ellis Queensland, and earlier the owner of three Ray White franchised offices. In April 2006, Peter was appointed Chairman of the Queensland Rugby Union (QRU) and resigned on 30 July 2009.

Donald O'Rorke BBus (Marketing)

Executive Director since 2004 and resigned 10 December 2008

Donald O'Rorke was the managing director of Trinity Development Group Pty Ltd (formerly Consolidated Properties Group Pty Ltd), a wholly owned subsidiary of Trinity Limited. Prior to founding Consolidated Properties in the early 1980s Donald worked with Richard Ellis and development company, CM Group.

Donald is past president of the Property Council of Australia's Queensland division, a former director of Brisbane Marketing and the Wesley Research Institute.

Company Secretaries

Tracy Bartley LLB (Hons), BCL (Oxon)

Company Secretary appointed 1 February 2007 resigned effective from 28 August 2009

Tracy Bartley commenced with the Trinity Group in January 2007. She is a lawyer who brings extensive experience having previously worked as a Senior Associate in the banking and finance sector with Gadens Lawyers and Malleson Stephen Jacques in Brisbane. She has also worked with Allen & Overy in London focusing on international capital markets. Tracy is also the Compliance Officer of the Trinity Group.

Lisa Myers LLB, BBus (Management)

Interim Company Secretary effective from 28 August 2009

Lisa Myers commenced with Trinity Group in July 2007. She is a lawyer who brings extensive experience having previously worked as a Senior Associate in the property sector with Deacons Lawyers in Brisbane. Lisa is the Trinity Group Legal Counsel.

DIRECTORS' MEETINGS

The number of directors' meetings of the Responsible Entity during the financial year (including meetings of committees of directors) and the number of meetings attended by each of the directors (or their nominated alternate director) are:

Director	Board Meetings		Compliance, Audit & Risk Management Committee Meetings		Investors Advisory Board (IAB) *	
	A	B	A	B	A	B
Richard Friend	13	13	8	8	-	-
Keith De Lacy (resigned 21 August 2009)	13	13	8	8	-	-
Anthony Hartnell (resigned 21 August 2009)	13	13	-	-	-	-
Peter Lewis (resigned from the Board on 22 July 2009 and resigned from the IAB on 23 February 2009)	13	12	-	-	2	2
Robert Lette (resigned 10 June 2009)	13	13	-	-	-	-
Donald O'Rorke (resigned 10 December 2008)	6	6	-	-	-	-
Company Secretary/Compliance Officer						
Tracy Bartley (resigned effective 28 August 2009)	13	13	8	8	1	1
External Committee Members						
Alex Fraser	n/a	n/a	8	8	n/a	n/a
Craig Stevens	n/a	n/a	n/a	n/a	2	2
Kevin Hogan (resigned 24 September 2008)	n/a	n/a	n/a	n/a	1	1
John Coombe	n/a	n/a	n/a	n/a	2	2
Greg Cantor (appointed 24 September 2008)	n/a	n/a	n/a	n/a	1	1
Megan Chan (appointed 7 October 2008)	n/a	n/a	n/a	n/a	1	1
Simone Daley (Fund Manager)	n/a	n/a	n/a	n/a	1	1
Bruce Baker (Head of Funds Management - resigned 19 December 2008)	n/a	n/a	n/a	n/a	1	1
David Asplin (Head of Distribution - appointed 19 December 2008)	n/a	n/a	n/a	n/a	1	1
A - Number of meetings held during the time the committee member held office during the year and for which leave of absence not granted						
B - Number of meetings attended						

*The IAB will be disbanded at the next Board meeting.

Compliance, Audit and Risk Management Committee

The Compliance, Audit and Risk Management Committee has a documented charter approved by the Board. The committee comprises independent directors and an external member. Richard Friend is the Chairman of the committee and Tracy Bartley is the committee secretary. Tracy has resigned effective from 28 August 2009 and will be replaced by Lisa Myers.

Investors Advisory Board

Membership of the Investors Advisory Board (IAB) consists of at least four voting members appointed by the unitholders in the unlisted trusts and two non voting members, representing the management or Board of the Responsible Entity. The current non voting members are the Deputy CEO and Head of Funds Management and the Head of Property. Peter Lewis was the Chairman of the IAB until his resignation on 23 February 2009. Craig Stevens was appointed the Chairman on 23 February 2009.

On 24 August 2009, Trinity Funds Management Limited (TFML) received correspondence from the members of the Investors Advisory Board advising of their resignation, citing the need for increased independence from Trinity Funds Management Limited (given the IAB is a sub-committee of TFML) as the unlisted investors group further explores the possibility of an independent tender process in respect of the management of certain unlisted Trusts for which TFML is the Responsible Entity. Based on this the Board's intention is to disband the IAB at the next Board meeting.

PRINCIPAL ACTIVITIES

Trinity Property Trust is an established fund with a proven investment strategy focused on investment in quality retail, commercial and industrial property within Australia. During the year the Trust has continued to focus on increased net recurrent income, tenant retention and maximising rental levels while minimising vacancies. There has been no significant change in the nature of its activities during the year.

REVIEW AND RESULTS OF OPERATIONS

Trinity Funds Management Limited in its management of the Trust has engaged a conservative approach to capital management, which has ensured that gearing levels in the Trust remain relatively low and core debt is hedged. The Trust's low level of gearing is reflective of the large amount of cash reserves held at bank. These cash reserves ensure the Trust remains well positioned to take advantage of opportunities which may emerge in the current market.

Sunsuper increased their investment in the Trinity Property Trust by \$100 million in October 2008. The increased exposure was as a result of a broad review of Sunsuper's existing property portfolio holdings which included an exposure to the Trust from December 2003. The review process included due diligence and analysis by two separate independent asset consultants engaged by Sunsuper.

The Trust's total return for FY09 is -20.33% made up of a positive income return of 5.54% which is offset by a negative capital return of -25.87%.

At balance date the Trust held a 38% stake in the Trinity Enhanced Return Fund. This Fund has reported a total return for FY09 of -32.42%, which has resulted in a reduction in the value of the investment and no distribution for the year.

Rental income

Rental income for the year was \$49.7 million which compares with \$47.3 million for the period from 1 July 2007 to 30 June 2008.

Profit

The net loss for the Trust for the year ended the 30 June 2009 was \$100.4 million (2008: profit of \$43.2 million).

DISTRIBUTION

The sum made available for distribution for the year ended 30 June 2009 after meeting all expenses of the Trust is \$20.7 million or 6.04 cents per unit held for the full year. This compares with \$29.4 million or 10.5199 cents per unit for the year ended 30 June 2008.

STATE OF AFFAIRS

Pursuant to the Distribution Re-investment Plan, 5,262,323 units were issued on 1 July 2008 at \$1.254528 and 3,170,750 units were issued on 1 January 2009 at \$1.133376. Proceeds were used to repay borrowings.

In the opinion of the Responsible Entity there were no significant changes in the state of affairs of the Trust that occurred during the financial year under review other than those listed above.

LIKELY DEVELOPMENTS

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

ENVIRONMENTAL REGULATION

The Trust's operations are not subject to any particular significant environmental regulation under either Commonwealth or State legislation. However, the Responsible Entity believes that the Trust has adequate systems in place for the management of its environmental requirements and is not aware of any breaches of those environmental requirements as they may apply to the Trust.

EVENTS SUBSEQUENT TO BALANCE DATE

The Trust entered into a conditional contract in July 2009 to sell a commercial property at 80 King William Street, Adelaide.

Other than the matter discussed above, there have been no other significant events since balance date which may affect either the operations of the Trust or results of those operations or the state of affairs of the Trust, which have not been disclosed already in this report.

INTERESTS OF THE RESPONSIBLE ENTITY AND DIRECTORS

The Responsible Entity held 766,011 (2008: 766,011) units in the Trust during the year. Details of the interest of the directors in the Trust are disclosed in Note 20 to the financial statements.

UNITS ON ISSUE

Details of units issued by the Trust are disclosed in Note 17 to the financial statements. At 30 June 2009 there were 366,008,332 units on issue (2008: 280,413,301 units).

CURRENT UNIT VALUE & NET TANGIBLE ASSET BACKING

Current unit value at 30 June 2009 (including the distribution payable) was \$0.9983 per unit (2008: \$1.3834) with net tangible asset backing of \$0.97 per unit (2008: \$1.31), which represents 100% of the current unit value (30 June 2008:100%). The value of the Trust's net assets is \$354.6 million (2008: \$366.4 million), with the basis for valuation disclosed in Note 1 to the financial statements.

REMUNERATION**(a) Responsible Entity's remuneration**

The Responsible Entity received remuneration of \$4,109,368 (2008: \$3,947,775) for its management and administration of the Trust during the year.

The Responsible Entity also received \$1,111,243 (2008: \$1,054,530) for its property management services, and received \$555,558 (2008: \$598,419) as fees for due diligence for property acquisitions, project management and leasing services.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Trust has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer of the Responsible Entity or an auditor of the Trust.

During the financial year the Responsible Entity has paid premiums in respect of its officers for liability, legal expenses and insurance contracts for the year ended 30 June 2009. Such insurance contracts insure against certain liabilities (subject to specified exclusions) for persons who are or have been executive officers of the Responsible Entity. Details of the nature of the liabilities covered or the amount of the premium paid have not been included as such disclosure is prohibited under the terms of the contracts.

AUDITOR'S INDEPENDENCE DECLARATION

We confirm that we have obtained a declaration of independence from our auditors, in accordance with Section 307C of the *Corporations Act 2001*, as set out on page 37.

OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDIT FIRM

The following person is an officer of the Responsible Entity and was previously a partner of the current audit firm, PKF Chartered Accountants & Business Advisors, at a time when PKF undertook an audit of the Responsible Entity.

- Craig Bellamy

AUDITOR

PKF (East Coast Practice) continue in office in accordance with Section 327 of the *Corporations Act 2001*.

ROUNDING OF AMOUNTS

The entity is a kind of entity referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors of Trinity Funds Management Limited, the Responsible Entity of Trinity Property Trust.

A handwritten signature in black ink, appearing to read "Richard Friend".

Richard Friend
Non Executive Director

Dated: Brisbane, 31st day of August 2009

**INCOME STATEMENT
 FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$'000	2008 \$'000
Revenue and other income from continuing activities			
Revenue from property rental	5	49,743	47,254
Finance income	8	2,454	247
Other income	5	21	10,049
Total revenue and other income from continuing activities	5	52,218	57,550
Expenses from continuing activities excluding finance costs	6	(19,280)	(17,824)
Net change in fair value of financial assets and derivatives		(6,143)	(655)
Fair value movements in investment properties	12	(88,231)	9,977
(Loss)/profit from continuing activities before finance expenses		(61,436)	49,048
Finance expense	8	(12,861)	(13,574)
Share of net (losses)/profit of equity accounted associate	13	(26,076)	7,716
Net (loss)/profit attributable to unitholders		(100,373)	43,190
Basic (loss)/earnings per unit - cents	27	(29.22)	15.48
Diluted (loss)/earnings per unit - cents	27	(29.22)	15.48

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

	Note	2009 \$'000	2008 \$'000
Current assets			
Cash and cash equivalents	22	81,521	2,523
Trade and other receivables	9	11,738	2,950
Assets held for sale	10	21,596	-
Other assets	11	2,119	1,902
Total current assets		116,974	7,375
Non-current assets			
Trade and other receivables	9	2,849	2,723
Equity accounted investments	13	12,628	38,704
Investment properties	12	411,026	528,774
Other assets	11	2,728	2,878
Total non-current assets		429,231	573,079
Total assets		546,205	580,454
Current liabilities			
Trade and other payables	14	4,289	5,080
Derivative financial instruments	16(b)	4,116	-
Distributions payable	15	10,812	21,468
Total current liabilities		19,217	26,548
Non-current liabilities			
Trade and other payables	14	769	1,028
Interest bearing liabilities	16(a)	169,632	186,435
Derivative financial instruments	16(b)	2,027	-
Total non-current liabilities		172,428	187,463
Total liabilities		191,645	214,011
Net assets		354,560	366,443
Unitholders' funds			
Unitholders' interests	17	427,786	318,571
(Deficiency)/Undistributed profits	18	(73,226)	47,872
Total unitholders' funds		354,560	366,443

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

**STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$'000	2008 \$'000
Cash flows from operating activities			
Rental and other income received		56,334	55,533
Payments to suppliers		(23,829)	(25,803)
Interest received		2,317	247
Borrowing costs		(12,098)	(13,295)
Net cash from operating activities	22	<u>22,724</u>	<u>16,682</u>
Cash flows from investing activities			
Payment for investment properties and assets held for sale		(6,192)	(95,180)
Proceeds from sale of investment properties		-	45,323
Distributions from associate		1,781	299
Net cash from investing activities		<u>(4,411)</u>	<u>(49,558)</u>
Cash flows from financing activities			
Proceeds from issue of units		100,000	-
Payments for redemption of units		(980)	(956)
Payment of loan establishment costs		-	(230)
Proceeds from borrowings		14,000	9,500
Repayment of borrowings		(31,150)	-
Distributions paid		(21,185)	(9,809)
Net cash from financing activities		<u>60,685</u>	<u>(1,495)</u>
Net increase/(decrease) in cash and cash equivalents		78,998	(34,371)
Cash and cash equivalents at the beginning of the financial year		2,523	36,894
Cash and cash equivalents at the end of the financial year	22	<u>81,521</u>	<u>2,523</u>

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

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

	Unitholders' interests \$'000	(Deficiency)/ undistributed profits \$'000	Total unitholders' funds \$'000
30 June 2009			
Balance as at 1 July 2008	318,571	47,872	366,443
Loss for the year attributable to unitholders	-	(100,373)	(100,373)
Issue of units	110,195	-	110,195
Redemption of units	(980)	-	(980)
Distributions to unitholders	-	(20,725)	(20,725)
Balance as at 30 June 2009	427,786	(73,226)	354,560

30 June 2008			
Balance as at 1 July 2007	306,115	34,104	340,219
Earnings for the year attributable to unitholders	-	43,190	43,190
Issue of units	13,412	-	13,412
Redemption of units	(956)	-	(956)
Distributions to unitholders	-	(29,422)	(29,422)
Balance as at 30 June 2008	318,571	47,872	366,443

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

1. Statement of significant accounting policies

Trinity Property Trust ("the Trust") was established under the Constitution dated 27 October 1998 ("the Constitution") and commenced on 27 October 1998. The Trust is a registered managed investment scheme in accordance with the Corporations Act 2001 and is domiciled in Australia.

Trinity Funds Management Limited is the Responsible Entity of the Trust ("the Responsible Entity").

The relationship of the Responsible Entity with the Trust is governed by the terms and conditions specified in the Constitution.

The financial report was authorised for issue by the directors of the Responsible Entity on 31 August 2009.

The financial report is presented in Australian Dollars.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for the Trust as an individual entity for the financial year ended 30 June 2009.

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report of the Trust complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

These financial statements have been prepared under the historical cost convention except for the following:

- investment properties are measured at fair value and assets held for sale are measured at fair value less cost of sales
- derivative financial instruments are measured at fair value.

The methods used to measure fair values are discussed further in note 2.

The accounting policies adopted in preparing the financial statements have been consistently applied.

(b) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the process of applying the Trust's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating Lease Commitments - As Lessor

The Trust has entered into commercial property leases on its investment property portfolio. The Trust has determined that it retains all the significant risks and rewards of ownership of those properties and has thus classified the leases as operating leases.

(ii) Significant accounting estimates and assumptions

Estimates of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar investment properties. Where such information is not available, the Trust determines a property's value within a range of reasonable fair value estimates. In making its judgement, Trinity Funds Management Limited considers information from a variety of sources including:

- (a) Current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;
- (b) Recent prices of similar properties in less active markets with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices;

1. Statement of significant accounting policies (continued)

(b) Significant accounting judgements, estimates and assumptions (continued)

(ii) *Significant accounting estimates and assumptions (continued)*

- (c) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the term of any existing lease and other contracts, and where possible, from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows; and
- (d) Capitalised income projections based upon a property's estimated net market income, which is assumed to be a level annuity in perpetuity and a capitalisation rate derived from analysis of market evidence. Reversions associated with short term leasing risks / costs incentives and capital expenditure may be deducted from the capitalised net income figure.

Assumptions underlying management's estimates of fair value

The Australian market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced. Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged. The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at balance date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

(c) Investments in associates

Associates

Associates are all entities over which the Trust has significant influence but not control, generally accompanying a shareholding of between 10% and 50% of the voting rights. Investments in associates are accounted for in the Trust's financial statements using the equity method.

Under this method, the Trust's share of associates' net profit after tax is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends receivable from associates reduce the carrying amount of the investment.

Jointly controlled operations and assets

Interests of the Trust in jointly controlled operations and jointly controlled assets are brought to account by recognising in the financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns for the sale of goods or services by the joint venture.

(d) Revenue recognition

Rental Income

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. When the Trust provides lease incentives to tenants, the costs of the incentives are recognised over the lease term, on a straight line basis, as a reduction of rental income.

Distribution income

Distribution income is recognised when declared.

1. Statement of significant accounting policies (continued)

(d) Revenue recognition (continued)

Interest income

Interest income is recognised on an accruals basis and if not received at balance date, is reflected in the balance sheet as a receivable.

Net gain on the sale of non-current assets

The net gain on the sale of non-current assets is included as income when the significant risks and rewards of ownership have been transferred to the buyer, usually when a contract for the sale becomes unconditional.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(e) Investment properties

Investment properties are properties which are held for the purpose of producing rental income, capital appreciation, or both.

Investment properties are initially recognised at cost including acquisition costs. Investment properties are subsequently stated at fair value at each balance date with any gain or loss arising from a change in fair value recognised in the Income Statement in the period. Fair value is determined from market based evidence, by an appraisal undertaken by a professionally qualified valuer with experience in the location and category of the investment property. External independent valuations are commissioned at least twice every three years at 30 June, 30 September, 31 March and 31 December, with internal valuations undertaken by suitably experienced and qualified appraisers for those investment properties not externally valued each quarter. Investment properties not showing significant movement in value may have the independent valuation delayed for a period of up to 18 months from the date of prior valuation.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on derecognition of an investment property are recognised in the income statement in the year of derecognition.

Investment properties held for rental purposes are not subject to a depreciation charge.

(f) Income tax

Under current income tax legislation, the Trust is not liable for income tax, provided its taxable income and taxable realised capital gains are fully distributed to unitholders each financial year. The Trust fully distributes its distributable income, calculated in accordance with the constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the constitution.

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

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are generally due to be settled 30 days after the period to which they relate.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables 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 the provision is recognised in the income statement.

1. Statement of significant accounting policies (continued)

(h) Expenses

All expenses including Responsible Entity fees are recognised in the income statement on an accrual basis.

(i) Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangements of borrowings and finance charges in respect of finance leases.

Finance costs are recognised as an expense in the period in which they are incurred with the exception of loan establishment costs.

Loan establishment costs are offset against financial liabilities under the effective interest rate method and amortised over the term of the facility to which they relate.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within sixty days of recognition.

(k) Financial instruments

(i) *Non derivative financial instruments*

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, interest bearing borrowings, and trade and other payables.

Non derivative financial instruments are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(ii) *Derivative financial instruments*

The Trust holds derivative financial instruments to hedge its interest rate risk exposure. Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition any changes in fair value at each balance date are recognised in the income statement.

(l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the tax authority. In these circumstances, the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authority is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax authority are classified as operating cash flows.

1. Statement of significant accounting policies (continued)

(m) Non current assets held for sale

Non current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Upon initial classification as held for sale, assets are recognised at fair value less costs to sell.

(n) Segment reporting

A segment is a distinguishable component of the Trust that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Trust's business and geographical segments.

(o) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(p) Impairment of non financial assets

The carrying amounts of the Trust's non financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the income statement.

(q) Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Distributions

A provision is made for the amount of any distribution payable under the Trust's constitution but not distributed at balance date.

(r) Operating lease payments

Payments required under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived for the leased property.

Lease incentives

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 fitouts. They are amortised 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.

(s) Rounding of amounts

The financial report of the Trust has been prepared in accordance with Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

1. Statement of significant accounting policies (continued)

(t) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(u) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Trust in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing these financial statements:

- Revised AASB 101 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB101 will become mandatory for the Trust's 30 June 2010 financial statements. The Trust has not yet determined the potential effect of the revised standard on the disclosures in the financial statements.
- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The revised AASB 123 will become mandatory for the Trust's 30 June 2010 financial statements and will constitute a change in accounting policy for the Trust. In accordance with the transitional provisions the Trust will apply the revised AASB 123 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Trust's 30 June 2010 financial statements. The Trust has not yet determined the potential effect of the revised standard on future earnings.
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the *Annual Improvements Process* and 2008-6 Further Amendments to Australian Accounting Standards arising from the *Annual Improvements Process* affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments become mandatory for the Trust's 30 June 2010 financial statements. The Trust has not yet determined the potential effect of these improvements on the financial statements.
- AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an *Investment in a Subsidiary, Jointly Controlled Entity or Associate* changes the recognition and measurement of dividend receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Trust's 30 June 2010 financial statements. The Trust has not yet determined the potential effect of these improvements on the financial statements.

2. Determination of fair values

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued or an appropriately experienced and professionally qualified internal appraiser, values the Trust's investment property portfolio. For valuations performed by both internal and external valuers, fair values are determined using the capitalisation of net passing income and the discounted cash flow methods and also having regard to recent market transactions for similar properties in the same locations as the Trust's investment properties.

2. Determination of fair values (continued)

(ii) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for doubtful debts. The carrying value less impairment provision is assumed to approximate their fair values due to their short term nature.

(iii) Financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(iv) Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

3. Financial risk management

Overview

The Trust has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Trust's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Responsible Entity have overall responsibility for the establishment and oversight of the risk management framework. The Board of Trinity Funds Management Limited have established the Compliance Audit and Risk Management Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities. The Responsible Entity, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Compliance, Audit and Risk Management Committee oversees how management monitors compliance with the Trust's risk management policies and procedures and reviews the adequacy of the risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's receivables from customers and amounts due from the leasing of premises in accordance with lease agreements between Trinity Property Trust and building tenants.

3. Financial risk management (continued)

Credit risk (continued)

Trade and other receivables

The Trust's exposure to credit risk is influenced mainly by the individual characteristic of each customer or tenant. The Trust has a diverse range of customers and tenants and therefore there is no significant concentration of credit risk with any single counterparty or group of counterparties.

The Compliance, Audit and Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Trust does business with them. The Trust requests security deposits or bank guarantees from new tenants in order to secure the premises and tenants are invoiced monthly in advance. Ongoing checks are performed by management to ensure settlement terms detailed in individual contracts are adhered to.

The Trust has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Trust's reputation.

The Trust has liquidity risk management policies, which assists it in monitoring cash flow requirements. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the option to raise funds through the issue of new units.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The Trust adopts a policy of ensuring a minimum of 50 percent of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps.

4. Distributions

Distributions provided for or paid by the Trust are:

30 June 2009	Cents per unit	\$'000	Date of payment
Half year ended 31/12/08	3.086	9,913	27 February 2009
Half year ended 30/06/09	2.954	10,812	31 August 2009
Total distributions		20,725	

4. Distributions (continued)

30 June 2008	Cents per unit	\$'000	Date of payment
Half year ended 31/12/07	2.864	7,954	28 February 2008
Half year ended 30/06/08	7.656	21,468	29 August 2008
Total distributions		29,422	

5. Revenue and other income from continuing activities	2009 \$'000	2008 \$'000
Revenue		
Rental income (including outgoings recovered)	49,743	47,254
Other revenue		
Interest	2,454	247
Other income		
Gain on disposal of investment properties	-	10,015
Other	21	34
Total revenue and other income from continuing activities	52,218	57,550

6. Expenses from continuing activities (by function)

Property expenses	12,559	12,351
Loss on disposal of investment properties	783	-
Management fees	4,109	3,948
Property management fees	1,111	1,054
Administration expenses	718	471
Total expenses from continuing activities	19,280	17,824

7. (Loss)/profit from continuing activities

(Loss)/profit from continuing activities is stated after charging/(crediting) the following:

Amortisation:

Loan establishment expenses	347	279
Bad debt expense	103	98
Net movement in provision for doubtful debts	141	(102)

	2009 \$'000	2008 \$'000
8. Finance income and expense		
Finance income		
Interest income on bank deposits	2,454	247
Finance expenses		
Interest expense on financial liabilities	(12,514)	(13,295)
Amortisation of finance costs	(347)	(279)
	(12,861)	(13,574)
Net finance income/(expense)	(10,407)	(13,327)
9. Trade and other receivables		
Current		
Trade receivables	387	719
Less provision for doubtful debts	(286)	(145)
Other receivables	11,637	595
Distribution receivable	-	1,781
Total current	11,738	2,950
Non current		
Receivable - straight lining of rental income	2,849	2,723
Total non current	2,849	2,723
	14,587	5,673

Included in other current receivables is \$11.6 million due from the purchaser of 79-81 Smith Street, Darwin. As at 30 June 2009 the Trust had entered into an unconditional contract to sell the above property. Settlement is scheduled to take place in October 2009.

10. Assets held for sale

Investment properties held for sale	21,596	-
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As at 30 June 2009 the Directors of the Responsible Entity had resolved to sell an investment property located in Adelaide as part of the overall strategy of the Trust.

11. Other assets	2009 \$'000	2008 \$'000
Current		
Prepayments	672	649
Lease incentives	1,447	1,253
Total current	2,119	1,902
Non current		
Lease incentives	2,728	2,878
Total non current	2,728	2,878
12. Investment properties		
Investment properties at fair value	411,026	528,774
Movements in investment properties		
Balance at beginning of financial year	528,774	459,088
Additions	4,541	16,614
Acquisitions	-	64,875
Disposals	(12,462)	(35,680)
Classified as held for sale at 30 June 2007	-	13,900
Classified as held for sale at 30 June 2009	(21,596)	-
Net (loss)/gain from fair value adjustments	(88,231)	9,977
Balance at end of financial year	411,026	528,774

Fair value is determined by either a registered independent appraiser or an appropriately experienced and professionally qualified internal appraiser (Refer Note 1).

12. Investment properties (continued)

Details of the Trust's investment properties:

Property	Ownership interest	Acquisition Date	Book Value 30 June 2009 \$'000	Book Value 30 June 2008 \$'000	Independent Valuation Date	Independent Valuation Amount \$'000	Valuer
Commercial							
350 Eastern Valley Way, Chatswood, NSW	100%	30/09/2004	12,850	14,204	31/12/2008	13,500	Urbis JHD
80 King William Street, Adelaide, SA	100%	15/11/2005	-	21,477	31/12/2007	21,300	Colliers International
79-81 Smith Street, Darwin, NT	100%	3/07/2006	-	12,869	31/12/2008	12,400	Colliers International
13-17 Scaturchio Street, Casuarina, NT	100%	1/10/2007	29,600	31,293	31/12/2008	32,000	Herron Todd White Darwin
16-18 Wentworth Street, Parramatta, NSW	100%	9/09/2005	19,000	20,500	31/12/2008	19,200	CB Richard Ellis Pty Limited
1-3 Fitzwilliam Street, Parramatta, NSW	100%	14/12/2007	30,600	36,291	31/12/2008	34,500	CB Richard Ellis Pty Limited
1 Chandos Street, St Leonards, NSW	100%	12/08/2006	23,500	25,600	30/06/2009	23,500	Jones Lang LaSalle
275 George Street, Sydney, NSW	100%	19/03/1999	41,800	59,855	30/06/2009	41,800	Jones Lang LaSalle
219 Northbourne Avenue, Turner, ACT	100%	7/07/2004	19,750	16,858	31/12/2008	17,250	Colliers International
151 Oakden Street, Greenway, ACT	100%	14/01/2003	5,650	6,900	30/06/2009	5,650	Colliers International
92 Pitt Street, Sydney, NSW	100%	25/07/2005	23,000	33,704	30/06/2009	23,000	Jones Lang LaSalle
383 King Street, Melbourne, VIC	50%	24/10/2006	18,500	22,905	31/12/2008	19,750	Jones Lang LaSalle
Retail/Commercial							
CityLink Plaza, Queanbeyan, NSW	100%	16/02/2004	19,000	19,075	31/12/2008	19,000	Colliers International
67-71 King Street, Warrawong, NSW	100%	27/03/2006	8,500	11,000	30/06/2009	8,500	Jones Lang LaSalle
Retail							
Forest Lake Village, Forest Lake, QLD	100%	14/09/2001	57,000	68,328	31/12/2008	58,950	Colliers International
255 Forest Lake Blvd, Forest Lake, QLD	100%	16/10/2006	12,000	15,141	31/12/2008	12,750	Colliers International
Commercial/Industrial							
Mulgrave Business Park, Mulgrave, VIC	50%	1/06/2006	13,500	17,000	30/06/2009	13,500	Colliers International

12. Investment properties (continued)

Property	Interest	Acquisition Date	Book Value 30 June 2009 \$'000	Book Value 30 June 2008 \$'000	Independent Valuation Date	Independent Valuation Amount \$'000	Valuer
Industrial							
2-6 Barrow Place, Queanbeyan, NSW	100%	21/12/2005	5,400	6,396	31/12/2008	6,000	Colliers International
26-36 Summit Road, Noble Park, Melbourne, VIC	100%	3/10/2003	6,200	7,250	31/12/2008	6,600	Jones Lang LaSalle
Parsons Road, Springvale, VIC	100%	11/07/2006	4,400	5,500	31/12/2008	4,700	Colliers International
3 Distillers Place, Huntingwood, NSW	100%	12/05/2006	11,100	13,000	30/06/2009	11,100	Jones Lang LaSalle
45 Gosport Street, Hemmant, QLD	100%	24/03/2006	10,200	14,000	30/06/2009	10,200	Jones Lang LaSalle
301 Grand Junction Road, Ottoway, SA	100%	27/03/2006	19,800	23,000	30/06/2009	19,800	Jones Lang LaSalle
124 & 145 Northcorp Blvd, Broadmeadows, VIC	100%	1/02/2006	5,000	6,893	31/12/2008	6,000	Colliers International
Other							
28 LaTrobe Street, Melbourne, VIC	100%	24/10/2006	21,700	26,589	31/12/2008	23,500	Colliers International
Total investment properties (including amounts classified in other assets and receivables)			418,050	535,628			
<i>Less amounts classified as:</i>							
Other assets - lease incentives			(4,175)	(4,131)			
Trade and other receivables - straight lining of operating lease rental income			(2,849)	(2,723)			
Total investment properties			411,026	528,774			

13. Equity accounted investments

	2009 \$'000	2008 \$'000
Trinity Enhanced Return Fund	12,628	38,704

Interest in associate	Country of incorporation	Ownership interest	
		2009	2008
Trinity Enhanced Return Fund	Australia	38.5%	47.9%

The reduction in ownership interest in the Trinity Enhanced Return Fund was due to there being a capital injection previously committed to by investors to the Fund. Trinity Property Trust was not party to this commitment.

Trinity Enhanced Return Fund

Principal activities

Trinity Enhanced Return Fund was established in May 2007 as a wholesale, unlisted Australian direct property fund structured to invest in core Australian assets.

The following table illustrates summarised information of the investment in Trinity Enhanced Return Fund:

	2009 \$'000	2008 \$'000
Share of associate's net (loss)/profit	(26,076)	7,716

Carrying amount of investment in associate

Balance at beginning of financial period	38,704	33,069
- share of associate's net profit/(loss)	(26,076)	7,716
- distributions paid/payable from associate	-	(2,081)
Carrying amount of investment in associate at the end of the financial period	12,628	38,704

Summary presentation of the gross amounts of assets, liabilities, revenues and profits of associate:

Assets	165,773	194,694
Liabilities	132,992	113,852
Revenue and other income	13,813	27,774
(Loss)/profit	(56,461)	15,453

14. Trade and other payables

	2009	2008
	\$'000	\$'000
Current		
Trade accounts payable	659	1,086
Other payables	767	1,524
Accruals	1,076	530
Security deposits held	713	481
Rent received in advance	1,074	1,459
Total current	4,289	5,080
Non Current		
Other payables	769	1,028
Total non current	769	1,028
	5,058	6,108

15. Distributions payable
Provision for distribution

Balance at beginning of the year	21,468	15,267
Distributions declared	20,725	29,422
Distributions re-invested under distribution re-investment plan	(10,195)	(13,412)
Distributions paid	(21,186)	(9,809)
Balance at end of the year	10,812	21,468

16. Interest bearing liabilities

(a) Borrowings	2009	2008
	\$'000	\$'000
Non Current		
Commercial bills - secured	170,000	187,150
Less:		
Loan establishment costs	1,388	1,388
Accumulated amortisation	(1,020)	(673)
	368	715
Total non current (net)	169,632	186,435

As at 30 June 2009, the Trust has access to a multi option facility (commercial bills and bank guarantee facilities) with a limit of \$210.5 million (2008: \$210.5 million). The facility is secured by a registered first mortgage over all of the investment and held for sale properties. The multi option facility expires on 31 July 2010. During the year the Trust also had access to a second commercial bill facility which it did not seek renewal of at expiry being 31 October 2008. At balance date the multi option facility was drawn to \$170 million. There were no outstanding bank guarantees as at 30 June 2009.

The covenants of the Trust's facility include:

- Interest coverage ratio will not be less than 1.8 times net rental income divided by gross interest expense;
- The moneys owing are not to exceed 40% of the banks valuation of the investment and held for sale properties; and
- A minimum weighted average lease term of three years tested half yearly in arrears.

From the 1 July 2009 the Trust's facilities have been renegotiated with its financiers and the Trust now has access to a multi option facility (commercial bills and bank guarantee facilities) with a limit of \$230.0m. The facility expires on 31 July 2010 and is secured by a registered first mortgage over all of the investment and held for sale properties.

The covenants of the Trust's facility include:

- The moneys owing are not to exceed 50% of the banks valuation of the investment and held for sale properties;
- Interest coverage ratio will not be less than 1.8 times net rental income divided by gross interest expense; and
- A minimum weighted average lease term of three years tested half yearly in arrears.

(b) Derivative financial instruments

During the year the Trust entered into interest rate derivatives to minimise its' exposure to changes in interest rates on borrowings. The total face value of these interest rate swaps is \$170 million and they were fair valued at 30 June 2009, resulting in a loss of \$6.1 million being recorded in the income statement.

17. Unitholders' interests

During the financial year the following movements in issued units occurred:

	No. of Units	\$'000
30 June 2009		
Opening balance	280,413,301	318,571
Applications	86,345,031	110,195
Redemptions (0.20% of units on issue)	(750,000)	(980)
Closing balance	366,008,332	427,786
30 June 2008		
Opening balance	270,210,065	306,115
Applications	10,948,404	13,412
Redemptions (0.26% of units on issue)	(745,168)	(956)
Closing balance	280,413,301	318,571

All units rank for distribution from the day on which they are issued. Units which rank for distribution for less than the full term of any distribution period will participate in the distribution based on the number of days held as a proportion of the days in the distribution period. All units have equal voting rights.

Capital management

When managing capital, being unitholders' funds, management's objective is to ensure that the entity continues as a going concern as well as to maintain optimal returns to its unitholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available.

The Trust assesses the adequacy of its capital requirements, cost of capital and gearing (ie debt/equity mix) as part of its broader strategic plan. The Trust is presently empowered by its Constitution to incur liabilities up to a limit of 60% of total tangible assets.

Gearing is a measure used to monitor levels of debt capital used by the Trust to fund its operations. This ratio is calculated as net interest bearing liabilities divided by tangible assets (less cash).

The gearing ratios at 30 June 2009 and 30 June 2008 were 18.9% and 31.8% respectively.

The Trust is not subject to any externally imposed capital requirements.

18. (Deficiency)/ undistributed profits

	2009	2008
	\$'000	\$'000
Balance at beginning of year	47,872	34,104
Net (loss)/profit	(100,373)	43,190
Distributions	(20,725)	(29,422)
Balance at end of year	(73,226)	47,872

19. Net tangible assets

	2009	2008
Net tangible assets - \$'000	354,560	366,443
Units issued - number	366,008,332	280,413,301
Net tangible asset backing (book value) per unit - \$	0.9687	1.3068

20. Related party disclosures

Responsible entity

The Responsible Entity of Trinity Property Trust is Trinity Funds Management Limited (ABN 38 082 796 101)

Key management personnel (KMP)

The Trust does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Trust and this is considered the KMP. The directors of the Responsible Entity are key management personnel of that entity and their names are B Heading (appointed 21 August 2009), C Morton (appointed 21 August 2009), K De Lacy (resigned 21 August 2009), A Hartnell (resigned 21 August 2009), R Friend, P Lewis (resigned 22 July 2009), R Lette (resigned 10 June 2009), and D O'Rorke (resigned 10 December 2008).

No compensation is paid to directors or directly by the Trust to any of the key management personnel of the Responsible Entity.

Responsible Entity fees and other transactions

Set out below are the fees paid or payable by the Trust to the Responsible Entity during the year

	2009 \$	2008 \$
Management fees	4,109,368	3,947,775
Property management services, due diligence/acquisitions and project management fees	1,666,801	1,652,949

Balances owed to the Responsible Entity

At balance date \$708 is owed to the Responsible Entity (2008: nil).

Fees

Robert Lette is a consultant to and former partner of Mullins Lawyers. Mullins Lawyers were paid fees of \$40,218 for legal services provided to the Trust (2008: \$327,619).

Richard Friend was a Director of Conics Limited. In the 2009 financial year fees totalling \$1,650 (2008: \$232,771) were paid to entities associated with Conics Limited. The Trust entered into a 5 year lease with Conics (Sydney) Pty Limited to lease space in 92 Pitt Street, Sydney and a lease incentive of \$71,500 was paid in relation to this lease.

20. Related party disclosures (continued)

Unitholdings

As at 30 June the following fully paid units in the Trust are held directly or beneficially by related parties:

	2009	2008
	Units	Units
Trinity Stapled Trust	35,822,732	46,322,732
Trinity Funds Management Limited	766,011	766,011

Keith De Lacy is an advisor to Labor Legacies Pty Ltd, which held 301,125 units as at 30 June 2009 (2008: 301,125). Yvonne De Lacy held 155,538 units as at 30 June 2009 (2008: 146,593)

Robert Lette is chairman of BUSS (Q), which held 28,980,001 units as at 30 June 2009 (2008: 26,980,001).

The following table shows each Director and executive and their associated entities' unitholdings in the Trust during the financial year:

Directors	Balance 30 June 2008	Dividend reinvestment plan	Purchases/Sales	Balance 30 June 2009
R Friend	-	-	-	-
K De Lacy (resigned 21 August 2009)	146,593	8,945	-	155,538
A Hartnell (resigned 21 August 2009)	-	-	-	-
P Lewis (resigned 22 July 2009)	10	-	-	10
R Lette (resigned 10 June 2009)	-	-	-	-
D O'Rorke (resigned 10 December 2008)	-	-	-	-
Executives				
C Bellamy	-	-	-	-
D Asplin	-	-	-	-
T Bartley (resigned effective 28 August 2009)	-	-	-	-
L Brindle (resigned 19 July 2009)	-	-	-	-
S Leigh (resigned 19 July 2009)	-	-	-	-
B McCarthy (resigned 19 December 2008)	-	-	-	-
K Armstrong (resigned 13 November 2008)	-	-	-	-
B Baker (resigned 19 December 2008)	-	-	-	-

20. Related party disclosures (continued)

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.

21. Segment reporting

The Trust operates in predominately one business and geographical segment being the ownership and leasing of investment properties within Australia.

22. Notes to the statement of cash flows

a. Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2009 \$'000	2008 \$'000
Cash at bank and on hand	81,521	2,523
<hr/>		
b. Reconciliation of net (loss)/profit after income tax expense to net cash flows from operating activities		
Net (loss)/profit	(100,373)	43,190
Non-cash items:		
Increase/(decrease) in provision for doubtful debts	141	(102)
Amortisation expense	347	184
Revaluation of investment property	88,231	(9,977)
Loss/(gain) on sale of investment properties	783	(10,015)
Straight line rental increases	(132)	(559)
Fair value of financial assets adjustments	6,143	-
Share of associates net loss/(profit)	26,076	(7,716)
Changes in assets and liabilities:		
Decrease in receivables	471	961
Increase in prepayments and deposits	(24)	(155)
Increase/(decrease) in payables	217	(1,869)
Increase in lease incentives	1,229	2,283
(Decrease)/increase in revenue in advance	(385)	457
Net cash provided by operating activities	<hr/> 22,724	<hr/> 16,682

23. Capital commitments

	2009	2008
	\$'000	\$'000
Capital expenditure commitments		
Investment properties		
Contracted but not provided for or payable:		
Within one year	-	1,373

24. Events subsequent to balance date

The Trust entered into a conditional contract in July 2009 to sell a commercial property at 80 King William Street, Adelaide.

Other than the matter discussed above, there have been no other significant events since balance date which may affect either the operations of the Trust or results of those operations or the state of affairs of the Trust, which have not been disclosed already in this report.

25. Financial instruments

Financial instruments comprise cash and cash equivalents, trade and other receivables, available for sale financial assets, trade and other payables, interest bearing loans and borrowings and distributions payable.

Credit risk

The carrying amount of the Trust's financial assets represents the maximum credit exposure. Trade receivables as disclosed below are generally aged on 30 day terms. The Trust's maximum exposure to credit risk at the reporting date was:

	2009	2008
	\$'000	\$'000
Carrying amount		
Cash and cash equivalents	81,521	2,523
Trade receivables	387	719
Other receivables	11,637	595
Distribution receivable	-	1,781

Impairment losses

As of 30 June 2009, certain trade receivables were impaired and provided for. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. The individually impaired receivables mainly relate to tenants who are in difficult economic situations.

The aging of these receivables is as follows:

1 month or less	186	31
2 to 3 months	24	80
4 months or more	76	34
	286	145

25. Financial instruments (continued)

Credit risk (continued)

Movements in the provision for impairment of receivables are as follows:

	2009	2008
	\$'000	\$'000
Balance at 1 July	(145)	(247)
Provision for impairment recognised during the year	(244)	4
Receivables written off during the year as uncollectable	103	98
Balance at 30 June	(286)	(145)

The creation and release of the provision for impaired receivables has been included in other expenses from continuing activities excluding finance costs in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The balance of trade receivables at reporting date was:

1 month or less	78	522
2 to 3 months	19	19
4 months or more	4	33
	101	574

As at 30 June 2009, certain trade receivables were past due but not impaired. These relate to a number of tenants who have good debt history and are considered recoverable. As at 30 June 2009 other receivables mainly comprise proceeds from the sale of an investment property which will be received within 4 months, all other balances will be received within 1 month. Other receivables do not contain impaired assets and are not past due.

Liquidity risk

The following are the contractual maturities of financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The table below reflects all contractual maturities of financial liabilities including principal and estimated interest cash flows calculated based on conditions existing at balance date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The current facility matures in July 2010 and at which time the bank will, but without having the obligation to do so, review the facility with a view to agreeing to an extension of the facility for a further term. The facility has been utilised to fund the acquisition of investment properties.

The Trust's facilities have been renegotiated with its financiers and the new arrangements take place from 1 July 2009. The amendments to the new facility are expected to increase future cash outflows by \$2.3 million per annum.

25. Financial instruments (continued)

Liquidity risk (continued)

30 June 2009	Carrying amount	Contractual cash flows	Six months or less	6-12 months	1-2 years	2-5 years
<i>Non derivative financial liabilities</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Interest bearing liabilities</i>						
Variable rate bank bills	170,000	176,998	3,230	3,230	170,538	-
Trade payables	3,915	3,915	3,915	-	-	-
Distributions payable	10,812	10,812	10,812	-	-	-
 <i>Derivative financial instruments</i>						
Interest rate swaps	6,143	6,254	2,333	1,841	1,799	281
 30 June 2008						
<i>Interest bearing liabilities</i>						
Fixed rate bank bills	139,650	158,183	4,448	4,448	8,896	140,391
Variable rate bank bills	47,500	55,555	1,933	1,933	3,867	47,822
Trade payables	4,566	4,566	4,566	-	-	-
Distributions payable	21,468	21,468	21,468	-	-	-

Market risk

Market risk is defined as “the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices” and includes interest rate risk. All financial instruments are subject to market risk, however, the required market risk quantitative disclosures are restricted to the sensitivity of profit or loss and equity to changes in market risks. The following disclosures therefore focus on accounting (as opposed to economic) sensitivity and exclude, interest rate risk arising on fixed rate financial loans and receivables.

Interest rates over the twelve month period were analysed and sensitivities determined to show the effect on profit if the interest rates at reporting date had been 50 basis points higher or lower with all other variables held constant. The level of sensitivity was considered reasonable given the current level of both short term and long term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

Interest rates sensitivity analysis

	2009	2008
	Net profit	Net profit
	\$'000	\$'000
Interest rates increase	(408)	(250)
Interest rates decrease	408	250

Subsequent to balance date the margins on the facility have been repriced which would also decrease profit by \$1.7 million.

25. Financial instruments (continued)

Foreign exchange risk

The Trust does not have any foreign exchange exposures.

Fair Values

The carrying values of the Trust's financial assets and financial liabilities approximate their fair values as at 30 June 2009.

26. Auditor's remuneration

	2009	2008
	\$	\$
Amounts received or due and receivable by auditors of the Trust for:		
Audit and review of financial reports	78,600	69,750
Other assurance services:		
Compliance audit	2,833	2,500
	81,433	72,250

27. Earnings per unit

	2009	2008
	\$'000	\$'000
Net (loss)/profit used when calculating basic (loss)/earnings per unit	(100,373)	43,190
Weighted average number of units used in calculating basic (loss)/earnings per unit	343,491,099	279,058,517
(Loss)/earnings per unit - cents	(29.221)	15.475

There are no dilutive securities on issue.

28. Lease receivables

Future minimum lease payments to the Trust under current leases from tenants are:

Within one year	42,220	42,483
Later than one year and no later than five years	102,349	96,983
Later than five years	17,589	31,913
	162,158	171,379

The directors of Trinity Funds Management Limited, the Responsibility Entity of Trinity Property Trust ("the Trust") declare that:

- (a) in the directors' opinion the financial statements and notes on pages 7 to 34, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust's financial position as at 30 June 2009 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1;
- (c) the Trust has operated during the year ended 30 June 2009 in accordance with the provisions of the Constitution dated 27 October 1998 and subsequent amendments; and
- (d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors of Trinity Funds Management Limited, the Responsible Entity of Trinity Property Trust.

A handwritten signature in black ink, appearing to read "Richard Friend".

Richard Friend

Non Executive Director

Dated at Brisbane this 31st day of August 2009

Responsible Entity	Trinity Funds Management Limited ACN 082 796 101 AFS Licence No. 237588 Mezzanine Level, 88 Creek Street BRISBANE QLD 4000 Telephone: (07) 3002 4200 Facsimile: (07) 3002 4201 Website: www.trinity.com.au
Directors of the Responsible Entity	Brett Heading (Chairman) Richard Friend Christopher Morton
Auditors	PKF (East Coast Practice) Chartered Accountants Level 6, AMP Place 10 Eagle Street BRISBANE QLD 4000
Registered office and principal place of business	Mezzanine Level, 88 Creek Street BRISBANE QLD 4000
Country of incorporation	Australia
Number of employees of the Responsible Entity at 30 June 2009	29 (2008: 39)



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

To: The Directors of Trinity Funds Management Limited as responsible entity of Trinity Property Trust

As lead auditor for the audit of Trinity Property Trust for the year ended 30 June 2009 I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Trinity Property Trust.

PKF

PKF

Wayne Wessels
Partner

Dated at Brisbane this 31st day of August 2009

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | www.pkf.com.au

PKF | ABN 83 236 985 726

Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia

GPO Box 1078 | Brisbane | Queensland 4001

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Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Trinity Property Trust

Report on the Financial Report

We have audited the accompanying financial report of Trinity Property Trust ("the Trust"), which comprises the balance sheet as at 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Trinity Funds Management Limited as Responsible Entity for the Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with 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 Trust's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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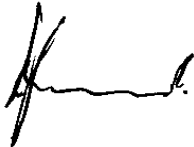
Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Trinity Property Trust is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

PKF**PKF**

Wayne Wessels
Partner

Dated at Brisbane this 31st day of August 2009