

Australian Property Fund /

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Directors' report

The Directors of National Mutual Funds Management Limited (a wholly owned subsidiary of AXA Asia Pacific Holdings Limited), the 'Responsible Entity' of the Australian Property Fund (the 'Fund'), present their report together with the financial statements of the Fund for the year ended 30 June 2011. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

Principal activities

The principal activity of the Fund is to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Fund Constitution.

The Fund invests predominantly in an unlisted managed investment scheme, the Wholesale Australian Property Fund ARSN 088 996 392 ('Underlying Fund'). The Underlying Fund invests primarily in direct property (office, industrial and retail), and maintains an exposure to listed and/or unlisted property securities and cash and cash equivalents.

On 19 August 2008, the Responsible Entity suspended withdrawals from the Fund in line with the illiquid provisions of the *Corporations Act 2001*. Withdrawals from the Fund are only made in circumstances where investors meet specific financial hardship criteria, as no systematic withdrawal offer process has been in place during the financial year; however quarterly income distributions continue as normal.

There were no significant changes in the nature of the Fund's activities during the financial year.

Directors

The following persons held office as Directors of National Mutual Funds Management Limited during the year or since the end of the year and up to the date of this report:

D S Craine
E A Foley (resigned on 17 November 2010)
W J Lee (resigned on 29 March 2011)
I C Campbell
P Sampson (resigned on 30 March 2011)
P E Akopiantz (resigned on 30 March 2011)
K W Keenan (resigned on 29 March 2011)
M J Royer (resigned on 30 June 2011)
J R Dawson (appointed on 29 March 2011)
S J P Dunne (appointed on 29 March 2011)
S M Burgess (appointed on 30 June 2011)

Directors' report (continued)

Review and results of operations

The Fund maintains its investment strategy in unlisted managed investment schemes and cash and cash equivalents.

The investment policy of the Fund continues to be that detailed in the current Product Disclosure Statement and in accordance with the provisions of the Fund Constitution.

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2011 \$	30 June 2010 \$
Profit before finance costs attributable to unit holders	4,122,540	2,437,672

Distributions

	Year ended	
	30 June 2011 \$	30 June 2010 \$
Distributions to unit holders	3,299,098	3,971,066

The key differences between unit pricing and financial reporting have been outlined below:

	As at	
	30 June 2011 \$	30 June 2010 \$
Net assets for unit pricing purposes	58,679,571	65,852,921
Reclassification of net assets attributable to unit holders to liabilities	(58,679,571)	(65,852,921)
Net assets for financial reporting purposes	-	-

Significant changes in state of affairs

A significant event occurred during the year in relation to the change in ownership of the Responsible Entity's parent company. Effective 30 March 2011, AMP Limited acquired ownership of AXA Asia Pacific Holdings Limited from AXA SA. The Responsible Entity remains a wholly owned subsidiary of AXA Asia Pacific Holdings Limited. As of this date, the ultimate parent of the Responsible Entity is AMP Limited. There are no other changes to the state of affairs of the Fund other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

Future developments

The Fund will continue to be managed in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of the Fund Constitution. Future results will accordingly depend on the performance of the markets to which the Fund is exposed.

Options granted

No options were:

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

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

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

Indemnification and insurance of officers and auditors

During or since the end of the financial year, the Responsible Entity has not indemnified or made a relevant agreement to indemnify an officer of the Responsible Entity or auditor of the Fund or of any related corporate body against a liability incurred by an officer of the Responsible Entity or auditor of the Fund. In addition, the Responsible Entity has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Fund.

Fund information in the financial report

Fees paid to the Responsible Entity and its associates out of the Fund property during the year are disclosed in Note 10 to the financial statements.

The number of units in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 10 to the financial statements.

The number of interests in the Fund issued during the financial year, withdrawals from the Fund during the financial year, and the number of interests in the Fund at the end of the financial year are disclosed in Note 7(a) to the financial statements.

The value of the Fund's assets as at the end of the financial year is disclosed in the statement of financial position as 'Total Assets' and the basis of valuation is included in Note 1 to the financial statements.

Independence declaration by Auditor

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

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

On behalf of the Directors



Steve Burgess

Director
Melbourne
19 September 2011

Auditor's independence declaration

Deloitte

The Board of Directors
National Mutual Funds Management Limited
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19 September 2011

Dear Board Members

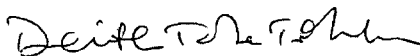
Australian Property Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of National Mutual Funds Management Limited, as Responsible Entity of the Australian Property Fund.

As lead audit partner for the audit of the financial statements of the Australian Property Fund for the financial year ended 30 June 2011, 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



P A Caldwell
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Touche Tohmatsu Limited.

Independent auditor's report

Deloitte

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Independent Auditor's Report to the unitholders of the Australian Property Fund

We have audited the accompanying financial report of the Australian Property Fund, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 8 to 29.

Directors' Responsibility for the Financial Report

The directors of National Mutual Funds Management Limited (the "Responsible Entity") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independent auditor's report (continued)

Deloitte.

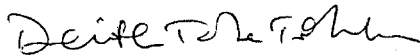
Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of National Mutual Funds Management Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of the Australian Property Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the fund's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.



DELOITTE TOUCHE TOHMATSU



P A Caldwell
Partner
Chartered Accountants
Melbourne, 19 September 2011

Directors' declaration

The financial statements and the notes thereto of the Fund for the financial year ended 30 June 2011 have been prepared by the Responsible Entity in accordance with the *Corporations Act 2001*.

The Directors of the Responsible Entity declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements; and
- (c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and *Corporations Regulations 2001*, and giving a true and fair view of the financial position and performance of the Fund.

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

On behalf of the Directors



Steve Burgess
Director
Melbourne
19 September 2011

Statement of comprehensive income

For the year ended 30 June 2011

	Notes	Year ended	
		30 June 2011	30 June 2010
		\$	\$
Investment income			
Distribution income		3,892,917	4,669,830
Interest income		81,150	14,919
Net gains/(losses) on financial instruments held at fair value through profit or loss	6	823,444	(1,533,297)
Other investment income		21,788	-
Total investment income		4,819,299	3,151,452
Expenses			
Management fees	8, 10	678,481	695,291
Auditor's remuneration	9	11,406	18,401
Other operating expenses		6,872	88
Total operating expenses		696,759	713,780
Profit before finance costs attributable to unit holders		4,122,540	2,437,672
Finance costs attributable to unit holders			
Distributions to unit holders	5	(3,299,098)	(3,971,066)
(Increase)/decrease in net assets attributable to unit holders	7(b)	(823,442)	1,533,394
Profit/(loss) for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-

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

Statement of financial position

As at 30 June 2011

	Notes	As at	
		30 June 2011 \$	30 June 2010 \$
Assets			
Cash and cash equivalents		2,362,246	1,057,918
Receivables	3	913,321	1,292,603
Financial assets held at fair value through profit or loss	2	56,250,618	66,193,167
Total assets		59,526,185	68,543,688
Liabilities (excluding net assets attributable to unit holders)			
Payables	4	75,770	1,576,598
Distributions payable	5	770,844	1,114,169
Total liabilities (excluding net assets attributable to unit holders)		846,614	2,690,767
Net assets attributable to unit holders - liability	7(b)	58,679,571	65,852,921
Net assets		-	-

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2011

The Fund's net assets attributable to unit holders are classified as a liability under AASB 132 - *Financial Instruments Presentation*. As such, the Fund has no equity and no items of changes in equity have been presented for the current or comparative year.

Statement of cash flows

For the year ended 30 June 2011

	Notes	Year ended	
		30 June 2011 \$	30 June 2010 \$
Cash flows from operating activities			
Distributions received		4,275,964	4,467,725
Interest received		76,196	13,470
Other income received		22,977	358
Management fees (paid)/received		(2,039,959)	26,212
Payment of other expenses		(157,628)	-
Net cash provided by operating activities	12(a)	2,177,550	4,507,765
Cash flows from investing activities			
Proceeds from sale of investments		10,765,993	-
Net cash provided by investing activities		10,765,993	-
Cash flows from financing activities			
Proceeds from applications by unit holders		22,034	24,347
Payments for redemptions by unit holders		(8,023,057)	(166,351)
Distributions paid		(3,638,192)	(3,742,011)
Net cash used in financing activities		(11,639,215)	(3,884,015)
Net increase in cash and cash equivalents		1,304,328	623,750
Cash and cash equivalents at the beginning of the year		1,057,918	434,168
Cash and cash equivalents at the end of the year	12(b)	2,362,246	1,057,918
Non-cash investing and financing activities	12(c)		
Non-cash operating, investing and financing activities	12(c)		

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

Notes to the financial statements

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1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and interpretations of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial statements have been prepared on the basis of historical cost, except for certain financial instruments that have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. Refer to Note 1(b)(iii) for details of the judgment exercised by management in determining the fair value of investments held by the Fund.

Compliance with International Financial Reporting Standards (IFRS)

Compliance with Australian Accounting Standards ensures that the financial statements of the Fund comply with International Financial Reporting Standards.

(b) Financial instruments

(i) Classification

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

- Financial instruments designated at fair value through profit or loss upon initial recognition

These are investments in unlisted managed investment schemes.

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

(ii) Recognition/derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

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

(iii) Measurement

Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities held at fair value through profit or loss are measured initially 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 fair value recognised in profit or loss.

- Fair value in an inactive or unquoted market

Investments in unlisted managed investment schemes are recorded at fair value represented by the redemption value per unit as reported by the managers of such funds.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

Australian Property Fund

Financial statements 30 June 2011

1 Summary of significant accounting policies (continued)

(c) Net assets attributable to unit holders

Units are redeemable at the unit holder's option and are classified as financial liabilities due to mandatory distributions. The units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the reporting date if unit holders exercised their right to put the units back to the Fund.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, or other short-term highly liquid investments net of outstanding bank overdrafts.

(e) Investment income

Interest income is recognised on a time-proportionate basis taking into account the effective yield on the financial assets.

Distributions from unlisted managed investment schemes are recognised as of the date the unit value is quoted ex-distribution.

(f) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

(g) Income tax

Under current income tax legislation the Fund is not liable to pay income tax as the net income of the Fund is assessable in the hands of the beneficiaries (the unit holders) who are "presently entitled" to the income of the Fund. There is no income of the Fund to which the unit holders are not presently entitled and additionally, the Fund Constitution requires the distribution of the full amount of the net income of the Fund to the unit holders each period.

As a result, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that taxable gains are realised by the Fund, these gains would be included in the taxable income that is assessable in the hands of the unit holders as noted above.

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

(h) Distributions

In accordance with the Fund Constitution, the Fund fully distributes its realised distributable taxable income to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

Distributions to unit holders comprise the taxable income of the Fund. The distributions are payable at the end of September, December, March and June each year.

(i) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

The application and redemption prices are determined as the net asset value of the Fund per the constitution adjusted for the estimated transaction costs, divided by the number of units on issue on the date of the application or redemption.

(j) Increase/decrease in net assets attributable to unit holders

Non-distributable income is transferred directly to net assets attributable to unit holders. This balance represents unrealised gains and losses due to the change in the fair value of investments. These gains and losses have been recognised in the statement of comprehensive income in either the current or a previous period, and have not been distributed to unit holders.

Once the gains and losses have been realised these items are distributed to unit holders. Income recognition differences consist of accrued income not yet assessable, expenses provided or accrued which are not yet deductible, net capital losses and tax free or tax deferred income.

(k) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management fees, custodian fees and other expenses are recognised net of the amount of goods and services tax ('GST') recoverable from the Australian Tax Office ('ATO') as the Fund qualifies for reduced input tax credit ('RITC') at a rate of at least 75%.

Accounts payable and accrued expenses are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included as a current asset in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis.

The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the taxation authority is classified as operating cash flows.

(l) Receivables

Receivables are recorded at amortised cost less impairment and may include amounts for distributions and interest. Distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(m) Payables

Trade payables and other accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

Australian Property Fund

Financial statements 30 June 2011

1 Summary of significant accounting policies (continued)

(n) Provisions

Provisions are recognised when the Fund has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are relevant to the Fund but are not mandatory for the 30 June 2011 reporting period. The Responsible Entity's assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

- (i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013, but is available for early adoption.

AASB 9 permits the recognition of fair-value gains and losses in other comprehensive income if they relate to equity investments that are not traded.

The Fund has not yet decided when to adopt AASB 9. 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) 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. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the amended standard from 1 July 2011. The amendment will not have any effect on the Fund's financial statements.

- (iii) AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)*

In November 2010, the AASB made amendments to AASB 2010-6 *Disclosures on Transfers of Financial Assets* which amends AASB 1 *First-time Adoption of Australian Accounting* and AASB 7 *Financial Instruments: Disclosures* to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Fund's disclosures. The Fund intends to apply the amendment from 1 July 2011.

- (iv) Amendments to AASB 2010-4 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 January 2011)*

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Fund does not expect that any adjustments will be necessary as the result of applying the revised rules.

2 Financial assets held at fair value through profit or loss

	As at	
	30 June 2011	30 June 2010
	\$	\$
Designated at fair value through profit or loss		
Unlisted managed investment schemes	56,250,618	66,193,167
Total designated at fair value through profit or loss	56,250,618	66,193,167
Total financial assets held at fair value through profit or loss	56,250,618	66,193,167

3 Receivables

	As at	
	30 June 2011	30 June 2010
	\$	\$
Distributions receivable	902,796	1,285,843
Interest receivable	6,834	1,880
Other receivables	3,691	4,880
	913,321	1,292,603

The Fund's receivables are categorised as Loans and Receivables.

Australian Property Fund
Financial statements 30 June 2011

4 Payables

	As at	
	30 June 2011	30 June 2010
	\$	\$
Management fee payable	52,493	1,413,971
Other unsecured payables and accrued expenses	23,277	162,627
	75,770	1,576,598

5 Distributions to unit holders

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Distribution during the period	2,528,254	2,856,897
Distributions payable	770,844	1,114,169
	3,299,098	3,971,066

7 Net assets attributable to unit holders

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Movements in units on issue and undistributed loss attributable to unit holders during the year were as follows:

(a) Units on issue

	Year ended		Year ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	No.	No.	\$	\$
Opening balance	81,019,555	81,171,509	94,206,796	94,388,095
Applications	26,732	29,015	22,034	24,347
Redemptions	(9,773,420)	(199,628)	(11,262,427)	(221,205)
Units issued upon reinvestment of distributions	5,194	18,659	4,231	15,559
Closing balance	71,278,061	81,019,555	82,970,634	94,206,796

(b) Movement in undistributed loss attributable to unit holders

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Opening balance	(28,353,875)	(26,875,335)
Net liabilities redeemed	3,239,370	54,854
Increase/(decrease) in net assets attributable to unit holders	823,442	(1,533,394)
Closing balance	(24,291,063)	(28,353,875)
Total net assets attributable to unit holders	58,679,571	65,852,921

8 Management expenses

In accordance with the Product Disclosure Statement, the ongoing management fee payable to the Responsible Entity is 1.90% (2010: 1.90%) per annum of the gross asset value of the Fund and it is assessed daily and payable on a monthly basis. Management fees are separately disclosed in the statement of comprehensive income.

In accordance with the Product Disclosure Statement, the MER of the Fund is capped at an annual equivalent of 1.90% (2010: 1.90%). To the extent that the MER cap would be exceeded, the Responsible Entity has waived its management fees to ensure the MER remains below the cap.

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9 Auditor's remuneration

	Year ended	
	30 June 2011	30 June 2010
	\$	\$
Audit of the financial statements	6,190	6,188
Other audit services	5,216	12,213
	11,406	18,401

The auditor of the Australian Property Fund is Deloitte Touche Tohmatsu.

10 Related party transactions

Responsible Entity

The Responsible Entity of the Australian Property Fund is National Mutual Funds Management Limited. The Responsible Entity is a wholly owned subsidiary of AXA Asia Pacific Holdings Limited whose ultimate parent entity is AMP Limited. Accordingly, transactions with entities related to AMP Limited are disclosed below.

Key management personnel

Key management personnel includes persons who were Directors of National Mutual Funds Management Limited at any time during the financial year as follows:

D S Craine
 E A Foley (resigned on 17 November 2010)
 W J Lee (resigned on 29 March 2011)
 I C Campbell
 P Sampson (resigned on 30 March 2011)
 P E Akopiantz (resigned on 30 March 2011)
 K W Keenan (resigned on 29 March 2011)
 M J Royer (resigned on 30 June 2011)
 J R Dawson (appointed on 29 March 2011)
 S J P Dunne (appointed on 29 March 2011)
 S M Burgess (appointed on 30 June 2011)

Investments

The Fund held investments in the following funds which are also managed by the Responsible Entity or its related parties:

	Fair value of investment		Interest held		Distributions received/receivable	
	2011	2010	2011	2010	2011	2010
	\$	\$	%	%	\$	\$
Wholesale Australian Property Fund	56,250,612	66,193,161	7.15	7.68	3,892,917	4,669,615
Wholesale Australian Property Fund NZ	6	6	-	-	-	215

Distributions received/receivable include an amount of \$902,796 (2010: \$1,285,843), which remains unpaid at the reporting date.

Key management personnel compensation

Key management personnel are paid by a related party of the Responsible Entity. Payments made from the Fund to the Responsible Entity do not include any amounts directly attributable to the compensation of key management personnel.

Other key management personnel

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

Holdings of units

During or since the end of the financial year, none of the key management personnel and/or their related entities held units in the Fund, either directly, indirectly, or beneficially (2010: Nil).

Holdings of units by related parties

	As at	
	30 June 2011	30 June 2010
National Mutual Funds Management Limited	417,248	233,900

Transactions with related parties

Transactions with related parties are conducted on normal commercial terms and conditions.

Management fees of \$678,481 (2010: \$695,291), calculated in accordance with Note 8, were paid or payable to the Responsible Entity.

No amounts were paid by the Fund directly to Directors of National Mutual Funds Management Limited.

11 Financial risk management

Management of financial instruments

The investments of the Fund (other than cash held for meeting daily administrative expenses) are managed by National Mutual Funds Management Limited, the Responsible Entity.

State Street Australia Limited acts as master custodian on behalf of the Responsible Entity and, as such, provides services including physical custody and safekeeping of assets, settlement of trades, collection of dividends and or distributions and accounting for investment transactions.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability, are disclosed in Note 1 to the financial statements.

Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

The Investment Manager aims to ensure that there is sufficient capital for possible redemptions by unit holders by maintaining a minimum of its total investments in cash and cash equivalents.

The Fund's overall investment strategy remains unchanged from the prior year.

Categories of financial instruments

The categories of financial instruments are financial assets held at fair value through profit or loss which are disclosed in Note 2 and loans and receivables which are disclosed in Note 3.

Financial risk management objectives

The Fund is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Fund's risk management and investment policies, approved by the Responsible Entity, seek to minimise the potential adverse effects of these risks on the Fund's financial performance.

The Fund's investment mandate is to invest in unlisted managed investment schemes and cash and cash equivalents.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: market prices (price risk), foreign exchange (currency risk) and market interest rates (interest rate risk). There has been no change in the period to the Fund's exposure to market risks or the manner in which it manages and measures the risk.

The Fund is exposed to currency risk, interest rate risk and price risk indirectly via its investments in unlisted managed investment schemes. The impact of possible changes in market risk on operating profit and net assets attributable to unit holders will depend on the particular asset allocations of these managed investment schemes.

(i) Price risk

The Fund is exposed to the price risk in relation to its units in the underlying funds as prices in the future are uncertain. The units in the underlying funds are classified on the statement of financial position as at fair value through profit or loss.

Price risk is the risk that the total value of investments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Responsible Entity monitors the performance of the underlying funds and reviews audited annual financial statements of the underlying funds in order to assess their compliance with their respective Product Disclosure Statement.

The value of the Fund's investment in the underlying funds will move in direct correlation to the performance of the underlying funds. Price risk disclosures have not been prepared on a look-through basis for investments held indirectly through the underlying funds.

(ii) Foreign exchange risk

The Fund does not have any direct exposure to foreign exchange risk based on the Fund's direct investment in the underlying funds, which issue units denominated in Australian dollars. However, the underlying funds may hold investments denominated in foreign currencies in accordance with their respective Product Disclosure Statement. The Responsible Entity monitors the performance of the underlying funds and reviews audited annual financial statements in order to assess their compliance with their respective Product Disclosure Statement.

The foreign exchange risk disclosures have not been prepared on a look-through basis for investments held indirectly through underlying funds. Consequently, the disclosure of foreign exchange risk in the note may not represent the true foreign exchange risk profile of the Fund where the Fund has significant investments in underlying funds which also have exposure to foreign exchange risk.

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11 Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

The interest rate risk disclosures have been prepared on the basis of the Fund's direct investment and not on a look-through basis for investments held indirectly through underlying funds. Consequently, the disclosure of interest rate risk in the note may not represent the true interest rate risk profile of the Fund where the Fund has significant investments in underlying funds which also have exposure to the interest rate markets.

The table below summarises the Fund's exposure to interest rate risks.

30 June 2011	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	2,362,246	-	-	2,362,246
Receivables	-	-	913,321	913,321
Financial assets held at fair value through profit or loss	-	-	56,250,618	56,250,618
Total assets	2,362,246	-	57,163,939	59,526,185
Liabilities (excluding net assets attributable to unit holders)				
Payables	-	-	75,770	75,770
Distributions payable	-	-	770,844	770,844
Total liabilities (excluding net asset attributable to unit holders)	-	-	846,614	846,614
Net assets attributable to unit holders – liability*				58,679,571

30 June 2010	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
Assets				
Cash and cash equivalents	1,057,918	-	-	1,057,918
Receivables	-	-	1,292,603	1,292,603
Financial assets held at fair value through profit or loss	-	-	66,193,167	66,193,167
Total assets	1,057,918	-	67,485,770	68,543,688
Liabilities (excluding net assets attributable to unit holders)				
Payables	-	-	1,576,598	1,576,598
Distributions payable	-	-	1,114,169	1,114,169
Total liabilities (excluding net assets attributable to unit holders)	-	-	2,690,767	2,690,767
Net assets attributable to unit holders – liability*				65,852,921

* Total net assets attributable to unit holders – liability are non-interest bearing.

The majority of the Fund's directly held financial assets are non-interest bearing securities that have no exposure to interest rate movement and therefore have minimal exposure to interest rate risk. As a result, there is little to no sensitivity to interest rate risk.

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11 Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund is exposed to credit risk in relation to its units in the underlying funds.

Credit risk arises from the underlying funds' ability to realise their investments to meet any redemptions made by the Fund. The risk is measured by reference to the available net assets in the underlying funds. The Fund's policy is to only invest in funds managed by a responsible entity included on the Board's approved responsible entities listing. Approval is determined based on a number of factors, including historical performance and documented risk management procedures. Compliance with the Fund's policy is reported to the Board on an exceptions basis.

The Fund does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, other than amounts due from a related party. The table below shows the maximum exposure to credit risk at the end of each reporting period. It is the opinion of the Responsible Entity that the carrying amounts of these financial assets represent the maximum credit risk exposure at the end of the reporting period. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the end of the reporting period.

	As at	
	30 June 2011 \$	30 June 2010 \$
Cash and cash equivalents	2,362,246	1,057,918
Receivables	913,321	1,292,603
Financial assets held at fair value through profit or loss	56,250,618	66,193,167
Total	59,526,185	68,543,688

None of these assets are impaired or past due but not impaired.

(c) Liquidity risk

The Fund invests in underlying funds which currently have suspended withdrawals. As a result, the Fund is unable to liquidate its investments and is subject to liquidity risk. In order to manage this liquidity risk, the Responsible Entity has exercised its discretion and suspended withdrawals from the Fund. Withdrawals are only permitted from the Fund when the Responsible Entity makes a Withdrawal Offer. The Responsible Entity manages the timing and amount of any withdrawal offers so that the total value of funds able to be withdrawn does not exceed available liquid assets.

The following tables summarise the maturity profile of the Fund's non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund can be required to pay. Balances due within 12 months equal their carrying value as the impact of discounting is not significant.

	Due on demand \$	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	5+ years \$
At 30 June 2011					
Payables	75,770	-	-	-	-
Distributions payable	-	770,844	-	-	-
Net assets attributable to unit holders - liability	58,679,571	-	-	-	-
Total	58,755,341	770,844	-	-	-
At 30 June 2010					
Payables	1,576,598	-	-	-	-
Distributions payable	-	1,114,169	-	-	-
Net assets attributable to unit holders - liability	65,852,921	-	-	-	-
Total	67,429,519	1,114,169	-	-	-

(d) Fair value of financial assets and financial liabilities

The Fund's financial assets and financial liabilities included in the statement of financial position are carried at amounts that approximate fair value. The fair value of financial assets and financial liabilities has been determined in accordance with Note 1.

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11 Financial risk management (continued)

(e) Fair-value hierarchy

(i) Classification of financial assets and financial liabilities

The Fund classifies fair-value measurements using a fair-value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair-value hierarchy has the following levels:

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

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

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

The valuation techniques used by the Fund to measure fair value maximise the use of observable inputs and minimise the use of unobservable inputs.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The table below sets out the Fund's financial assets and liabilities (by class) measured at fair value according to the fair-value hierarchy at 30 June 2011 and 30 June 2010.

As at 30 June 2011	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unlisted managed investment schemes	-	-	56,250,618	56,250,618
Total	-	-	56,250,618	56,250,618
<hr/>				
As at 30 June 2010	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unlisted managed investment schemes	-	-	66,193,167	66,193,167
Total	-	-	66,193,167	66,193,167

There are no investments classified as level 1 and 3 within the Fund as at 30 June 2011 and 30 June 2010.

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and exchange traded derivatives.

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

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

(ii) Transfers between levels

There were no transfers between the levels in the fair-value hierarchy in 2011 and 2010.

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(iii) Movement in level 3 instruments

The following table presents the movement in level 3 instruments for the year ended 30 June 2011 and 2010 by class of financial instrument.

	Unlisted managed investment schemes \$
As at 30 June 2011	
Opening balance	66,193,167
Purchases	-
Sales	(10,765,993)
Net gain recognised in profit and loss	823,444
Closing balance	56,250,618
Total gains or losses for the year included in the statement of comprehensive income for financial assets and liabilities held at the end of the year	823,444

	Unlisted managed investment schemes \$
As at 30 June 2010	
Opening balance	67,725,415
Purchases	-
Sales	-
Net loss recognised in profit and loss	(1,532,248)
Closing balance	66,193,167
Total gains or losses for the year included in the income statement for financial assets and liabilities held at the end of the year	(1,532,248)

12 Notes to the statement of cash flows

	Notes	Year ended	
		30 June 2011 \$	30 June 2010 \$
(a) Reconciliation of profit/(loss) to net cash provided by operating activities			
Profit/(loss) for the year		-	-
Increase/(decrease) in net assets attributable to unit holders	7(b)	823,442	(1,533,394)
Distributions to unit holders	5	3,299,098	3,971,066
Net (gains)/losses on financial instruments held at fair value through profit or loss	6	(823,444)	1,533,297
Distribution income reinvested	12(c)	-	(274)
Net change in receivables		379,282	(207,902)
Net change in payables		(1,500,828)	744,972
Net cash provided by operating activities		2,177,550	4,507,765
(b) Components of cash and cash equivalents			
Cash and cash equivalents as at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:			
Cash at bank		2,362,246	1,057,918
		2,362,246	1,057,918
(c) Non cash investing and financing activities			
Income distributions reinvested by unit holders for additional units in the Fund	7(a)	4,231	15,559
Distributions received from investments reinvested in unlisted managed investment schemes	12(a)	-	274

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13 Events occurring after the reporting period

Between the balance date and the date of approval of these financial statements, certain markets to which the Fund has investment exposures may have moved. Movements in markets are reflected on a daily basis in unit prices.

No significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2011, or on the results and cash flows of the Fund for the year ended on that date.

14 Additional information

National Mutual Funds Management Limited, a public company incorporated and operating in Australia, is the Responsible Entity of the Australian Property Fund.

Principal Registered Office and Unit Registry

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DOCKLANDS VIC 3008
Tel: (03) 8688 3911

AXA Customer Service Centre

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