



# The CAPITAL Collection

Diverse Sector Fund Syndicate

financial statements for the half year ended  
December 31, 2000

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**THE CAPITAL COLLECTION SYNDICATE**  
**PROPERTY PROFIT & LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2000**



	Half Year Ended December 2000 \$	Year Ended June 2000 \$
<b>PROPERTY INCOME</b>		
Rent & Licence Fees Received	4,127,029	4,260,115
	<u>4,127,029</u>	<u>4,260,115</u>
<b>DIRECT PROPERTY EXPENSES</b>		
Airconditioning Maintenance	27,511	37,579
Cleaning	85,708	74,859
Electricity	103,804	107,759
Equipment Rent/Lease	245	245
Fire Protection Costs	12,918	5,838
Garden Maintenance	251	678
Insurance	33,470	29,574
Land Tax	140,558	86,494
Lift Maintenance	18,774	18,569
Property Managers Fees & Petties	99,833	117,631
Rates	208,999	174,643
Repairs & Maintenance	31,946	15,272
Security	7,324	10,917
Signs	1,064	2,115
Telephone	-	559
<b>TOTAL DIRECT PROPERTY EXPENSES</b>	<u>772,405</u>	<u>682,732</u>
<b>NET PROPERTY INCOME</b>	<u>3,354,624</u>	<u>3,577,383</u>

*To be read in conjunction with the attached notes*

**THE CAPITAL COLLECTION SYNDICATE**  
**SYNDICATE PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2000**



	Half Year Ended December 2000 \$	Year Ended June 2000 \$
<b>INCOME</b>		
Net Property Income	3,354,624	3,577,383
Interest Received	24,241	51,985
<b>TOTAL INCOME</b>	<b>3,378,865</b>	<b>3,629,368</b>
<b>EXPENSES</b>		
Accountancy	21,400	17,070
Amortisation - Prospectus Costs	11,623	13,560
Amortisation - Syndicate Formation & Prospectus Legal Costs	7,467	8,711
Auditors Fees	3,529	18,750
Bank Charges	638	3,310
Borrowing Expenses	111,376	129,939
Consultancy Fees	15,176	8,860
Depreciation - Plant & Equipment	466,724	865,067
Fees & Permits	2,009	1,150
Interest on Borrowings	1,635,915	1,723,651
Legal Fees	26,454	14,801
Postage	2,189	77
Printing & Stationery	10,143	589
Reporting Expenses	212	3,327
Stamp Duty	-	1,293,316
Syndicate Managers Fees	123,512	125,669
Travelling Expenses	3,390	240
Custodian Fees	8,500	11,500
<b>TOTAL EXPENSES</b>	<b>2,450,257</b>	<b>4,239,587</b>
<b>NET OPERATING PROFIT/(LOSS)</b>	<b>928,608</b>	<b>(610,219)</b>

*To be read in conjunction with the attached notes*

**THE CAPITAL COLLECTION SYNDICATE**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2000**



	Note	Half Year Ended December 2000 \$	Year Ended June 2000 \$
<b>CURRENT ASSETS</b>			
Cash	2	1,166,680	1,673,851
Receivables	3	29,468	22,134
Other	3	-	32,076
<b>TOTAL CURRENT ASSETS</b>		<u>1,196,148</u>	<u>1,728,061</u>
<b>NON-CURRENT ASSETS</b>			
Cash – Term Deposit	2	500,000	-
Property, Plant and Equipment	4	78,063,606	78,515,871
Intangibles	5	1,045,982	1,152,449
<b>TOTAL NON-CURRENT ASSETS</b>		<u>79,609,588</u>	<u>79,668,320</u>
<b>TOTAL ASSETS</b>		<u>80,805,736</u>	<u>81,396,381</u>
<b>CURRENT LIABILITIES</b>			
Accounts Payable	6	332,963	167,876
<b>TOTAL CURRENT LIABILITIES</b>		<u>332,963</u>	<u>167,876</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	7	46,477,000	46,477,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>46,477,000</u>	<u>46,477,000</u>
<b>TOTAL LIABILITIES</b>		<u>46,809,963</u>	<u>46,644,876</u>
<b>NET ASSETS</b>		<u>33,995,773</u>	<u>34,751,505</u>
<b>TOTAL SYNDICATE MEMBERS' FUNDS</b>	8	<u>33,995,773</u>	<u>34,751,505</u>

**STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2000**

	Note	Half Year Ended December 2000 \$	Year Ended June 2000 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Rental received		4,216,572	4,247,981
Payments to suppliers		(2,525,187)	(3,770,291)
Interest Received		24,241	51,985
<b>Net cash provided by operating activities</b>		<u>1,715,626</u>	<u>529,675</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non current assets		(38,457)	(79,380,938)
<b>Net cash provided by investing activities</b>		<u>(38,457)</u>	<u>(79,380,938)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Syndicate members		-	36,750,110
Proceeds from borrowings		-	46,477,000
Prospectus and Syndicate Costs		-	(190,895)
Borrowing Costs		-	(1,113,764)
Distributions to Syndicate Members		(1,684,340)	(1,387,337)
Payments to be reimbursed by related entity		-	(10,000)
<b>Net cash provided by financing activities</b>		<u>(1,684,340)</u>	<u>80,525,114</u>
<b>Net increase/(decrease) in cash held</b>		<u>(7,171)</u>	<u>1,673,851</u>
Cash at beginning		1,673,851	-
<b>Cash at December 31, 2000</b>	9	<u>1,666,680</u>	<u>1,673,851</u>

*To be read in conjunction with the attached notes*

**THE CAPITAL COLLECTION SYNDICATE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2000**



**NOTE 1: STATEMENT OF ACCOUNTING POLICIES**

These general purpose financial statements for the half-year ended December 31, 2000 have been prepared in accordance with Accounting Standard AASB 1029: Half Year Accounts and Consolidated Accounts, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Law. It is recommended that this report should be read in conjunction with the Annual Report for the year ended June 30, 2000.

The following is a summary of the material policies adopted by the syndicate in the preparation of the financial statements.

**(a) Income & Expenditure**

Property and other income and expenditure are accounted for on an accrual basis.

**(b) Property, Plant and Equipment**

Freehold land and buildings are brought to account at cost or at independent or Trustee's valuation.

The syndicate has not charged depreciation on buildings as the interest in land and buildings is held as an investment property.

The carrying amount of fixed assets is reviewed annually by the responsible entity to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining the recoverable amounts. Plant and Equipment is depreciated between 1.5% and 30% at various rates.

Plant and equipment are depreciated on the diminishing value basis using the rates determined by Napier & Blakely Pty Ltd Depreciation Consultants in their report for income tax purposes.

**(c) Capitalised Costs**

Costs associated with the establishment of the Syndicate, issue of the Prospectus and the Borrowing Costs incurred in relation to the funding of the acquisition of the investment property have been capitalised. The costs are amortised over 5 years which is the estimated period of the investment in accordance with the Prospectus.

**(d) Income Tax**

The Syndicate itself is not subject to income tax as all the Investors are entitled to its taxable income/tax loss in any one tax year.

**(e) Cash**

For the purpose of the Statement of Cashflows, Cash includes Cash at Bank.

**(f) Comparatives**

Comparatives for Profit and Loss Accounts and Statement of Cashflows for the half year ended December 31, 1999 have not been provided as this is the first time that half year accounts have been prepared.

**THE CAPITAL COLLECTION SYNDICATE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR HALF YEAR ENDED DECEMBER 31, 2000**



	Half Year Ended December 2000 \$	Year Ended June 2000 \$
<b>NOTE 2: CASH</b>		
<b>Current</b>		
Cash at Bank – National Australia Bank Rental Account	583,920	551,409
Cash at Bank – National Australia Bank Account	280,260	1,119,942
Cash at Bank - National Australia Bank Secured Term Deposit	300,000	
Deposits	2,500	2,500
	<u>1,166,680</u>	<u>1,673,851</u>
<b>Non-Current</b>		
Cash at Bank – National Australia Bank Secured Term Deposit	500,000	-
	<u>500,000</u>	<u>1,673,851</u>
<b>NOTE 3: RECEIVABLES</b>		
<b>Current</b>		
GST receivable	139	-
Debtors - Rental/Outgoings	19,329	12,134
Other Debtor - The Capital Collection Trust	10,000	10,000
Prepaid Expenses	-	32,076
	<u>29,468</u>	<u>54,210</u>
<b>NOTE 4: PROPERTY, PLANT &amp; EQUIPMENT</b>		
<b>Property described as Post Office Square, 280 Queen Street Brisbane, Queensland</b>		
Land at Cost	8,691,370	8,691,370
Buildings at Cost	35,311,982	
		<u>35,311,982</u>
Total Land & Buildings	<u>44,003,352</u>	<u>44,003,352</u>
Plant & Equipment at Cost		
	10,180,697	10,180,697
Less Provision for Depreciation	<u>(1,098,393)</u>	<u>(700,742)</u>
	<u>9,082,304</u>	<u>9,479,955</u>
Total Property, Plant & Equipment – Post Office Square	<u>53,085,656</u>	<u>53,483,307</u>
<b>Property described as Homeworld Shopping Centre, 150-180 Soward Way Greenway, ACT</b>		
Land at Cost	3,631,434	3,631,434
Buildings at Cost	19,936,824	19,936,824
Total Land & Buildings	<u>23,568,258</u>	<u>23,568,258</u>
Plant & Equipment at Cost	1,643,090	1,628,631
Less Provision for Depreciation	<u>(233,398)</u>	<u>(164,325)</u>
	<u>1,409,692</u>	<u>1,464,306</u>
Total Property, Plant & Equipment – Homeworld Shopping Centre	<u>24,977,950</u>	<u>25,032,564</u>
Total Property, Plant & Equipment	<u>78,063,606</u>	<u>78,515,871</u>

**THE CAPITAL COLLECTION SYNDICATE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2000**



	Half Year Ended December 2000 \$	Year Ended June 2000 \$
<b>NOTE 5: OTHER ASSETS</b>		
Prospectus Issue & Promotion Costs	116,229	116,229
Less Accumulated Amortisation	(25,183)	(13,560)
	<u>91,046</u>	<u>102,669</u>
Borrowing Costs	1,137,764	1,113,764
Less Accumulated Amortisation	(241,316)	(129,939)
	<u>896,448</u>	<u>983,825</u>
Syndicate & Prospectus Legal Costs	74,666	74,666
Less Accumulated Amortisation	(16,178)	(8,711)
	<u>58,488</u>	<u>65,955</u>
	<u>1,045,982</u>	<u>1,152,449</u>
<b>NOTE 6: ACCOUNTS PAYABLE</b>		
<b>Current</b>		
GST Payable	113,450	240
Trade Creditors - Audit & Accountancy Fees	22,261	15,800
EFT Distributions Rejected	1,306	1,050
Accrued Expenses	195,946	150,787
	<u>332,963</u>	<u>167,877</u>
<b>NOTE 7: BORROWINGS</b>		
<b>Non-Current</b>		
Mortgage Loans	<u>46,477,000</u>	<u>46,477,000</u>

- (a) The Mortgage Loans are as follows:  
A Mortgage Loan from Colonial Funds Management Limited comprising a variable facility of \$15,457,000 secured by a First Registered Mortgage over the land and buildings and plant and equipment at Homeworld Shopping Centre, 150-180 Soward Way Greenway ACT. A Second Mortgage over the property is held by ANZ Funds Management Limited. Interest on the loan is payable monthly in arrears on the first day of each month.

A Mortgage Loan from ANZ Funds Management Limited comprising a fixed three year facility of \$31,020,000 secured by a First Registered Mortgage over the land and buildings and plant and equipment at Post Office Square, 280 Queen Street Brisbane. A Second Mortgage over the property is held by Colonial Funds Management Limited. Interest on the loan is payable monthly in arrears on the last day of each month.

An interest rate management product has been purchased using the interest rate risk management reserve referred to in the prospectus. The effect of this purchase from the National Australia Bank is that the acquisition loans have been effectively fixed for five years.

**THE CAPITAL COLLECTION SYNDICATE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR HALF YEAR ENDED DECEMBER 31, 2000**



Half Year Ended December 2000 \$	Year Ended June 2000 \$
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**NOTE 7: BORROWINGS (CON'T)**

- (b) The borrowings were undertaken by the Owners with borrowing documentation executed by Property Funds Australia Limited under its power of attorney. Trust Company of Australia Limited as Custodian executed mortgages over the properties. Neither the Owners, Manager or the Custodian are liable beyond the value of the equity subscribed.

**NOTE 8: SYNDICATE MEMBERS' FUNDS**

Opening Balance	34,751,505	-
Funds Contributed	-	36,750,110
Distributions to Syndicate Members	(1,684,340)	(1,388,386)
Accumulated Loss	928,608	(610,219)
Closing Balance	<u>33,995,773</u>	<u>34,751,505</u>

**NOTE 9: NOTES TO THE STATEMENT OF CASH FLOWS**

**Reconciliation of Cash**

Cash at the end of financial year as shown in  
The Statement of Cash Flows is reconciled to the  
related items in the balance sheet as follows:

Cash at Bank – Rental Account	583,920	551,409
Cash at Bank	280,260	1,119,942
Deposits	2,500	2,500
Secured Term Deposit – Current	300,000	-
Secured Term Deposit – Non-Current	500,000	-
	<u>1,666,680</u>	<u>1,673,851</u>

**Reconciliation of Net Cash provided by Operating Activities to  
Operating Profit/(Loss) after Income Tax**

Operating Profit (Loss) after Income Tax	928,608	(610,219)
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**Non Cash Flows in Operating Profit/(Loss):**

Amortisation – Prospectus Costs	11,623	13,560
Amortisation – Syndicate Formation and Prospectus Legal Costs	7,467	8,711
Depreciation	466,724	865,067
Borrowing Costs	111,376	129,939

**Changes in Assets and Liabilities:**

Decrease (Increase) in Trade Debtors	(7,334)	(12,134)
Decrease (Increase) in Prepayments	32,076	(32,076)
Increase (Decrease) in Accruals	165,086	166,827

<b>Net Cash Provided by Operating Activities</b>	<u>1,715,626</u>	<u>529,675</u>
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**NOTE 10: CAPITAL AND LEASING COMMITMENTS**

	Half Year Ended December 2000 \$	Year Ended June 2000 \$
Operating Lease Commitments		
Non-Cancellable Operating Leases contracted for but not capitalised in the financial statements		
Receivable		
- not later than 1 year	6,453,569	6,453,569
- later than 1 year but not later than 5 years	17,809,156	17,809,156
- later than 5 years	9,372,857	12,930,306
	<u>33,635,582</u>	<u>37,193,031</u>

**NOTE 11: EVENTS SUBSEQUENT TO BALANCE DATE**

Since December 31, 2000, the Syndicate has paid Distributions to Syndicate Members for the months of December 2000 and January 2001 totalling \$281,750 and \$281,750. (June \$273,975 and July \$281,749).

**NOTE 12: PRINCIPAL ACTIVITY**

The principal activity of the Capital Collection Syndicate is investment in income producing commercial buildings at Post Office Square, Brisbane and Homeworld Shopping Centre, ACT.

**NOTE 13: CONTINGENT LIABILITY**

**Sale Performance Management Fees**

In accordance with the original prospectus and Syndicate Deed, the Manager is entitled to remuneration as follows:-

- (i) If upon the sale of each of the properties, the sale price (after deductions of agents' commission, legal fees, advertising and auction expenses) exceeds the purchase price, the Manager is entitled to a fee equal to 2% of the sale price.
- (ii) If upon the sale of the last of the properties, the portfolio has been sold at a price which, after a deduction of agents' fees and expenses on the sale results in a premium on the subscribed amount by owners at:-
  - (a) More than 50% of their original subscribed amount then the Manager will be paid an additional fee of 2.5% calculated on the gross sale price of the properties; or
  - (b) 50% or less but more than 30% on their original subscribed amount, the Manager will be paid an additional fee of 1.5% calculated on the gross sale price of the properties.

This is more comprehensively outlined in Section 17.3 of the prospectus or Clause 18.4 and 18.5 of the Syndicate Deed.



**NOTE 14: OTHER STATUTORY INFORMATION**

- (a) The Syndicate was deemed to have commenced operations on the Commencement Date, being October 15, 1999 (the date of receipt by Property Funds Australia Limited of the first Contribution). Under the Syndicate Constitution the properties cannot be held for more than eight years from December, 30 1999 unless the procedures outlined in Clause 11.2 of the Syndicate Constitution apply.
- (b) No earnings have been capitalised and used in writing down the book value of the Syndicate's property.
- (c) There were no transfers to reserves during the period to which these financial statements relate.
- (d) No commissions were paid or are payable by the Syndicate in relation to the issue or purchase of equity in the Syndicate. The Manager did pay commissions to authorised persons out of its own funds.
- (e) Details of the acquisition of the Syndicate property are as follows:

**Post Office Square**

Market Valuation: Effective Date November 1, 1999

	Half Year Ended December 2000 \$	Year Ended June 2000 \$
By Chesterton	49,600,000	49,600,000
Acquisition Details (Settlement December 30, 1999)		
Purchase Price	49,563,035	49,563,035
Acquisition Costs	4,621,014	4,621,014
Total Costs of Acquisition	<u>54,184,049</u>	<u>54,184,049</u>
Reconciliation to book value		
Total Costs of Acquisition	54,184,049	54,184,049
Accumulated Depreciation - Plant & Equipment	1,098,393	700,742
Total Property, Plant & Equipment - Post Office Square	<u>53,085,656</u>	<u>53,483,307</u>



	Half Year Ended December 2000 \$	Year Ended June 2000 \$
<b>NOTE 14: OTHER STATUTORY INFORMATION (CON'T)</b>		
<b>Homeworld Shopping Centre</b>		
Market Valuation: Effective Date September 22, 1999 By Richard Ellis	23,700,000	23,700,000
Acquisition Details (Settlement December 30, 1999)		
Purchase Price	23,778,136	23,778,136
Acquisition Costs	1,433,212	1,418,753
Total Costs of Acquisition	<u>25,211,348</u>	<u>25,196,889</u>
Reconciliation to book value:		
Total Costs of Acquisition	25,211,348	25,196,889
Accumulated Depreciation – Plant & Equipment	233,398	164,325
Total Property, Plant & Equipment – Homeworld Shopping Centre	<u>24,977,950</u>	<u>25,032,564</u>
Total Property, Plant & Equipment (Note 4)	<u>78,063,606</u>	<u>78,515,871</u>

- (f) There were no disposals of property in the period to which these financial statements relate.
- (g) As at December 31, 2000 the Manager and associates held 0.18% of total investors capital in the Syndicate and 5.72% of the Capital Collection Trust which owns 47.42% of the Capital Collection Syndicate. All of the above interests were fully paid for.
- (h) Book value of the net tangible assets of the Syndicate at December 31, 2000 is \$33,995,773 (June \$34,751,505). Each Owner's interest in the book value of the net tangible assets of the Syndicate is in the proportion of each Owner's percentage share in the Syndicate.
- (i) The land title of the property is registered in the name of Trust Company of Australia Limited who is appointed under a Custodian Deed to hold the property as custodian for Property Funds Australia Limited, the responsible entity of this Scheme and therefore on behalf of the Owners.

**NOTE 15: RELATED PARTY TRANSACTIONS**

- (i) Details of the Manager and the Trustee/Nominee are as follows:-

**Manager**

Property Funds Australia Limited ACN 078 199 569

Directors who held office during the period were -

R M Keown, C A Morton, A N Douglas, C D Schultz, D J Conquest

**Custodian**

Trust Company of Australia Limited ACN 004 027 749

Directors who held office during the period were -

James G M Moffat (Chairman), John M Stanham (Vice Chairman),

Hon. Anthony A Street, Warren J McLeland, Bruce G Barker,

Jonathan W Sweeney, Robert D Jeremy, Robert G Lloyd



**NOTE 15: RELATED PARTY TRANSACTIONS (CON'T)**

	Half Year Ended December 2000 \$	Year Ended June 2000 \$
(ii) Related party transactions during the period were as follows:-		
<b><u>The Manager</u></b> Syndicate Management Fee for the period paid to Property Funds Australia Limited as provided for in the prospectus and in accordance with the Syndicate Deed.	123,512	125,669
Acquisition Fee paid to the Manager as provided for in the prospectus and the Syndicate Deed from which the Manager pays commissions to authorised persons and some other expenses.	-	3,667,016
<b><u>The Custodian</u></b> Custodian fee for the period paid to Trust Company of Australia Limited as provided for in the prospectus and in accordance with the Custody Agreement.	8,500	11,500

**NOTE 16: FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk**

The Syndicate's exposure to interest rate risk, which is the risk that the Syndicate debt will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on the classes of financial assets and financial liabilities, is as follows:

THE CAPITAL COLLECTION SYNDICATE  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR HALF YEAR ENDED DECEMBER 31, 2000



(b) Net Fair Values

The net fair values of all financial assets and liabilities approximates their carrying values.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Within 1 to 5 Years		Non-Interest Bearing		Total	
	31/12/00	30/06/00	31/12/00	30/06/00	31/12/00	30/06/00	31/12/00	30/06/00	31/12/00	30/06/00
Cash	5.5	5.5	-	-	1,664,180	1,671,351	2,500	2,500	1,666,680	1,673,851
Receivables			-	-	-	-	29,468	22,134	29,468	22,134
<b>Total Financial Assets</b>			-	-	<b>1,664,180</b>	<b>1,671,351</b>	<b>31,968</b>	<b>24,634</b>	<b>1,696,148</b>	<b>1,695,985</b>
<b>Financial Liabilities</b>										
Mortgage Loan	6.6	6.6	-	-	46,477,000	46,477,000	-	-	46,477,000	46,477,000
Trade & Sundry Creditors			-	-	-	-	332,963	167,877	332,963	167,877
<b>Total Financial Liabilities</b>			-	-	<b>46,477,000</b>	<b>46,477,000</b>	<b>332,963</b>	<b>167,877</b>	<b>46,809,963</b>	<b>46,644,877</b>

**THE CAPITAL COLLECTION SYNDICATE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR HALF YEAR ENDED DECEMBER 31, 2000**

**NOTE 16: FINANCIAL INSTRUMENTS (CON'T)**

**(c) Interest Rate Swap**

Interest rate swap transactions entered into by the Responsible Entity on behalf of the Owners/Borrowers exchange variable and fixed interest payment obligations to protect long term borrowings from the risk of increasing interest rates. The Owners/Borrowers have both variable and fixed interest rate debt exposure and have entered into swap contracts which enable the relevant Banks to receive the benefit of interest at both variable and fixed rates and for the Owners/Borrowers to effectively pay interest at fixed rates.

The notional principal amounts for swap contracts approximates the Owners/Borrowers borrowing facility. The settlement dates of the swap contracts correspond with interest payment dates of the borrowings. The swap contracts require settlement of the net interest receivable or payable and are brought to account as interest costs.

At balance date, the details of interest rate swap contracts are:

	<b>Effective Average Interest Rate Payable 31/12/00</b>	<b>Effective Average Interest Rate Payable 30/6/2000</b>	<b>Notional Principal 31/12/00</b>	<b>Notional Principal 30/6/2000</b>
Settlement Less than 1 year	- 6.2	- 6.2	15,457,000	15,457,000
1 to 2 years	-	-	-	-
2 to 5 years	*See Below	* See Below	31,020,000	31,020,000
			<u>46,477,000</u>	<u>46,477,000</u>

\* This effective average interest rate will not be able to be calculated until the commencement of the interest rate swap in the year 2003.

## DECLARATION BY THE DIRECTORS OF THE MANAGER



In the opinion of the Directors of Property Funds Australia Limited as Manager of The Capital Collection Syndicate:

- (a) The accompanying financial statements and notes give a true and fair view of the Syndicate's financial position as at 31 December 2000 and its performance for the half year ended on that date in accordance with the Corporations Law, applicable Accounting Standards and the Trust Constitution dated 21 July, 1999;
- (b) In the director's opinion there are reasonable ground to believe that The Capital Collection Syndicate will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the directors of Property Funds Australia Limited in accordance with a resolution of the Board.

C A Morton  
Managing Director

D J Conquest  
Director

Brisbane  
15 March 2001

# THE CAPITAL COLLECTION SYNDICATE

## INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS



### SCOPE

We have reviewed the Financial Report of The Capital Collection Syndicate for the half year ended 31 December, 2000 being the Directors' Declaration, Profit and Loss Statement, Balance Sheet, Statement of Cash Flows and Notes to and forming part of the financial statements. The Directors are responsible for the financial report. We have performed an independent review of the Financial Report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Financial Report is not presented fairly in accordance with Accounting Standard AASB1029 and other mandatory professional reporting requirements, and statutory requirements so as to present a view which is consistent with our understanding the syndicate's financial position, and performance as represented by the results of its operations and its cashflows, and in order for the syndicate to lodge the financial report with the Australian Securities and Investment Commission.


Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of syndicate personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.


### STATEMENT

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The Capital Collection Syndicate is not in accordance with:

- (a) the Corporations Law; including:
  - (i) giving a true and fair view of the syndicate's financial position as at 31 December 2000 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB1029 and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

 **BDO Kendalls**  
Chartered Accountants

  
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**Paul Gallagher**  
Partner

Brisbane: 16.3.2001.



# DIRECTORY



## MANAGER

Property Funds Australia Limited  
ACN 078 199 569

### Office

Level 23, Central Plaza Two  
66 Eagle Street  
BRISBANE Q 4000

**Phone:** (07) 3221 7170

**Fax:** (07) 3221 6729

### Postal Address

PO Box 10398  
BRISBANE ADELAIDE ST Q 4000

## CUSTODIAN

Trust Company of Australia Limited  
ACN 004 027 749  
213 St Paul's Terrace  
BRISBANE Q 4000

## TAXATION ADVISER

Hacketts  
Chartered Accountants  
220 Boundary Street  
SPRING HILL Q 4000

## DIRECTORS OF THE MANAGER

Rodney M Keown (Chairman)  
Christopher A Morton (Managing Director)  
Archibald N Douglas (Director)  
Clive D Schultz (Director)  
David J Conquest (Director)

## REGISTRY

BDO Kendalls  
Level 18  
300 Queen Street  
BRISBANE Q 4000

## AUDITOR

BDO Kendalls  
Level 18  
300 Queen Street  
BRISBANE Q 4000

## SOLICITORS FOR MANAGER

McCullough Robertson  
Level 12, Central Plaza Two  
66 Eagle Street  
BRISBANE Q 4000