



Garden Square

Joint Investment

interim financial report
December 31, 2001

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GARDEN SQUARE JOINT INVESTMENT INTERIM MANAGER'S REPORT



I am pleased to present the Interim Report of the Garden Square Joint Investment ("the Fund") for the six months ending 31 December, 2001 ("the Period").

Review of Operations

The Fund's current operational issues are as follows:-

- ▲ **Capital Expenditure Program:** After completing the reconfiguration of the ground floor of Block C and works associated with recent lettings, the Fund's capital works program has now been completed.
- ▲ **Tenancy Issues:** As mentioned in the last report, the property is now 100% let.
The Fund's next significant challenge is to secure the renewal of the Queensland Government Q-Build lease of approximately 14% of the net lettable area of the property which expires on 31 August, 2002. The tenant has called for expressions of interest from developers and owners for the provision of 2,500m² of office accommodation (some 700m² more than they currently occupy). We have presented a number of options to this tenant in an to endeavour to accommodate their new requirements.
- ▲ **Property Management:** After receiving a number of submissions over recent months, relating not only to Garden Square but other properties under our funds management, Knight Frank have been selected as the new property manager for Garden Square.

Financial Results

After deductions for accounting depreciation and other non-cash items, the Syndicate had an accounting profit of \$186,203 for the Period. Similarly, the Trust had an accounting profit of \$61,725 for the Period.

Distributions for the period ended 31 December, 2001

Distributions for the period equated to a yield of 10.5% p.a. on the capital subscribed by investors.

Administrative Issues

The Auditor of the Fund has changed to BDO Kendalls.

Directors

The directors of the responsible entity in office any time during or since the end of the half year are:

Christopher Arthur Morton
Archibald Norman Douglas
Elizabeth Ann Pidgeon (appointed 30 August, 2001)
Clive Douglas Schultz (resigned 28 February, 2002)
David John Conquest
Matthew Bradley Madsen (appointed 30 August, 2001)
Rodney Michael Keown (resigned 16 August, 2001)

State of Affairs

In the opinion of the Manager, there were no significant changes in the state of affairs of the Fund.

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Christopher A. Morton
Managing Director



Garden Square

Syndicate

interim financial report
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GARDEN SQUARE SYNDICATE
CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2001



	Note	31 December 2001 \$	31 December 2000 \$
Revenue from Ordinary Activities		1,329,732	1,301,935
Expenses from Ordinary Activities		(345,648)	(314,888)
Depreciation/Amortisation		(357,676)	(440,413)
Borrowing Costs		(440,205)	(446,800)
		<hr/>	<hr/>
Profit from Ordinary Activities before Income Tax Expense		186,203	99,834
Income Tax Expense relating to Ordinary Activities	1(a)	-	-
		<hr/>	<hr/>
Net Profit from Ordinary Activities after Income Tax Expense		<u>186,203</u>	<u>99,834</u>

The above condensed statement of financial performance should be read in conjunction with the notes to the financial statements.

GARDEN SQUARE SYNDICATE
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2001



	31 December 2001 \$	30 June 2001 \$
CURRENT ASSETS		
Cash Assets	74,682	235
Receivables	49,500	50,131
Other	3,000	3,000
TOTAL CURRENT ASSETS	<u>127,182</u>	<u>53,366</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment	19,557,270	19,419,176
Intangibles	79,051	79,464
TOTAL NON-CURRENT ASSETS	<u>19,636,321</u>	<u>19,498,640</u>
TOTAL ASSETS	<u>19,763,503</u>	<u>19,552,006</u>
CURRENT LIABILITIES		
Payables	7,119	865,095
TOTAL CURRENT LIABILITIES	<u>7,119</u>	<u>865,095</u>
NON-CURRENT LIABILITIES		
Interest Bearing Liabilities	12,750,000	11,250,000
TOTAL NON-CURRENT LIABILITIES	<u>12,750,000</u>	<u>11,250,000</u>
TOTAL LIABILITIES	<u>12,757,119</u>	<u>12,115,095</u>
NET ASSETS	<u>7,006,384</u>	<u>7,436,911</u>
TOTAL SYNDICATE MEMBERS' FUNDS	<u>7,006,384</u>	<u>7,436,911</u>
SYNDICATE MEMBERS INFORMATION		
Opening Balance of Syndicate Members Funds	7,436,911	8,482,945
Distributions to Syndicate Members	(616,730)	(1,306,525)
Profit for the Year Ended	186,203	260,491
Closing Balance of Syndicate Members Funds	<u>7,006,384</u>	<u>7,436,911</u>

The above condensed statement of financial position should be read in conjunction with the notes to the financial statements.

GARDEN SQUARE SYNDICATE
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2001



	31 December 2001 \$	31 December 2000 \$
Cash Flows from Operating Activities		
Receipts from Customers	1,444,034	1,500,493
Payments to suppliers and employees	(708,689)	(1,087,615)
Borrowing costs paid	(423,083)	-
Cash Provided by/ (Used in) Operating Activities	<u>312,262</u>	<u>412,878</u>
Cash Flows from Investing Activities		
Payment for Property, Plant and Equipment	(482,831)	(144,440)
Cash Provided by/ (Used in) Investing Activities	<u>(482,831)</u>	<u>(144,440)</u>
Cash Flows from Financing Activities		
Proceeds from Borrowings	1,500,000	-
Payment of Distributions	(616,730)	(651,125)
Borrowings Repaid	(638,254)	-
Other	-	(158)
Cash Provided by/ (Used in) Financing Activities	<u>245,016</u>	<u>(651,283)</u>
Net Increase/(Decrease) in cash held	74,447	(382,845)
Cash at the Beginning of the Financial Period	235	(163,079)
CASH AT THE END OF THE FINANCIAL PERIOD	<u><u>74,682</u></u>	<u><u>(545,924)</u></u>

The above condensed statement of cash flows should be read in conjunction with the notes to the financial statements.

GARDEN SQUARE SYNDICATE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2001



Note 1 – Basis of Preparation

The half-year condensed financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2001 and any public announcements made by Property Funds Australia Limited as the responsible entity for the Garden Square Syndicate during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the syndicate and are consistent with those applied in the 30 June 2001 annual report.

The half-year financial report does not include full disclosures of the type normally included in the annual financial report.

(a) 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.

Note 2 – Events Subsequent to Balance Date

There have been no events subsequent to balance date.

Note 3 – Contingent Liabilities

There are no contingent liabilities as at balance date.

Note 4 – Segment Information

The Syndicate operates predominantly in one geographical segment, being Queensland, and one industry segment, being property investment.

GARDEN SQUARE SYNDICATE

DECLARATION BY DIRECTORS OF THE MANAGER



The directors of Property Funds Australia Ltd as the Manager for the Garden Square Syndicate declare that:

1. the accompanying condensed financial statements and notes
 - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the financial position as at 31 December 2001 and performance for the half year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the syndicate will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'C. Morton', written over a dotted line.

Christopher Arthur Morton
Managing Director

A handwritten signature in black ink, appearing to read 'M. Madsen', written over a dotted line.

Matthew Bradley Madsen
Director

Brisbane

Dated: 18 March 2002

GARDEN SQUARE SYNDICATE

INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS



Scope

We have reviewed the Interim Financial Report of the Garden Square Syndicate for the half year ended 31 December 2001 as set out on pages 1 to 5. The Directors are responsible for the interim financial report. We have performed an independent review of the Interim 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 Interim Financial Report is not presented fairly in accordance with Accounting Standard AASB1029: *Interim Financial Reporting* and other mandatory professional reporting requirements, and statutory requirements so as to present a view which is consistent with our understanding of the syndicate's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the syndicate to lodge the interim 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 interim financial report of the Garden Square Syndicate is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the syndicate's financial position as at 31 December 2001 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB1029: *Interim Financial Reporting* and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

BDO Kendalls
Chartered Accountants

BDO Kendalls

Paul Gallagher

Paul Gallagher
Partner

Brisbane

Date: 18.3.2002