



The *Metropolitan Collection* – **BRISBANE** **SYNDICATE**

**financial statements for the half year ended
December 31, 2000**

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THE METROPOLITAN COLLECTION - BRISBANE SYNDICATE
PROPERTY PROFIT & LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2000



	Half Year Ended December 2000 \$	Year Ended June 2000 \$
PROPERTY INCOME		
Rent & Licence Fees Received	1,933,024	4,178,777
Outgoings Recovered	<u>44,587</u>	<u>145,480</u>
	1,977,611	4,324,257
DIRECT PROPERTY EXPENSES		
Airconditioning Maintenance	10,897	-
Accounting and Legal	2,005	-
Body Corporate Fees	36,487	123,178
Cleaning	12,815	31,027
Consultants Fees	3,000	15,305
Electricity & Gas	5,808	75,742
Fire Protection Costs	7,236	12,609
Garden Maintenance	342	3,457
Insurance	17,275	29,680
Land Tax	72,471	58,943
Lift Maintenance	6,438	-
Property Managers Fees & Petties	19,352	51,134
Rates	92,180	171,013
Repairs & Maintenance	14,943	80,323
Security	-	436
Telephone	<u>(58)</u>	<u>1,116</u>
TOTAL DIRECT PROPERTY EXPENSES	<u>301,191</u>	<u>653,963</u>
NET PROPERTY INCOME	<u>1,676,420</u>	<u>3,670,294</u>

To be read in conjunction with the attached notes

THE METROPOLITAN COLLECTION - BRISBANE SYNDICATE
SYNDICATE PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2000



	Half Year Ended December 2000 \$	Year Ended June 2000 \$
INCOME		
Net Property Income	1,676,420	3,670,294
Interest Received	20,580	29,803
TOTAL INCOME	<u>1,697,000</u>	<u>3,700,097</u>
EXPENSES		
Accountancy	5,512	19,683
Advertising	(114)	3,047
Amortisation - Prospectus Costs	7,807	15,614
Amortisation - Syndicate Formation & Prospectus Legal Costs	6,783	13,567
Auditors Fees	10,300	10,250
Bank Charges	744	1,041
Borrowing Expenses	34,589	68,267
Consultancy Fees	13,124	3,450
Depreciation - Plant & Equipment	712,647	2,006,863
Interest on Borrowings	770,213	1,490,478
Legal Fees	26,095	17,689
Licences and Permits	6,601	-
Postage	1,075	1,939
Printing & Stationery	4,507	703
Reporting Expenses	322	4,412
Syndicate Managers Fees	103,000	140,877
Telephone	75	-
Travel	90	-
Custodian Fees	7,500	20,000
TOTAL EXPENSES	<u>1,710,870</u>	<u>3,817,880</u>
NET OPERATING (LOSS)	<u>(13,870)</u>	<u>(117,783)</u>

To be read in conjunction with the attached notes

THE METROPOLITAN COLLECTION - BRISBANE SYNDICATE
BALANCE SHEET
AS AT DECEMBER 31, 2000



	Note	Half Year Ended December 2000 \$	Year Ended June 2000 \$
CURRENT ASSETS			
Cash	2	708,565	668,562
Receivables	3	163,336	271,197
Other	3	67,696	67,249
TOTAL CURRENT ASSETS		<u>939,597</u>	<u>1,007,008</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	35,106,442	35,785,865
Other Assets	5	321,265	370,445
TOTAL NON-CURRENT ASSETS		<u>35,427,707</u>	<u>36,156,310</u>
TOTAL ASSETS		<u>36,367,304</u>	<u>37,163,318</u>
CURRENT LIABILITIES			
Accounts Payable	6	109,151	88,773
TOTAL CURRENT LIABILITIES		<u>109,151</u>	<u>88,773</u>
NON-CURRENT LIABILITIES			
Borrowings	7	22,775,000	22,775,000
TOTAL NON-CURRENT LIABILITIES		<u>22,775,000</u>	<u>22,775,000</u>
TOTAL LIABILITIES		<u>22,884,151</u>	<u>22,863,773</u>
NET ASSETS/(DEFICIT)		<u>13,483,153</u>	<u>14,299,545</u>
TOTAL SYNDICATE MEMBERS' FUNDS	8	<u>13,483,153</u>	<u>14,299,545</u>

To be read in conjunction with the attached notes

THE METROPOLITAN COLLECTION - BRISBANE SYNDICATE
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2000



	Note	Half Year Ended December 2000 \$	Year Ended June 2000 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Rental received		2,069,585	4,145,040
Payments to suppliers		(1,214,417)	(2,365,615)
Security Deposit – Energex		400	(600)
Interest Received		20,580	29,803
Net cash provided by operating activities		<u>876,148</u>	<u>1,808,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non current assets		(33,223)	(1,838,743)
Net cash provided by investing activities		<u>(33,223)</u>	<u>(1,838,743)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Syndicate members		-	-
Proceeds from borrowings		-	1,515,000
Prospectus and Syndicate Costs		-	-
Borrowing Costs		-	(13,673)
Distributions to Syndicate Members		(802,522)	(1,578,379)
Expenses to be reimbursed by related entity		-	(2,595)
Net cash provided by financing activities		<u>(802,522)</u>	<u>(79,647)</u>
Net increase (decrease) in cash held		<u>40,403</u>	<u>(109,762)</u>
Cash at beginning		667,912	777,674
Cash at December 31, 2000	9	<u>708,315</u>	<u>667,912</u>

To be read in conjunction with the attached notes

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



NOTE 1: BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

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 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. Plant and Equipment depreciated at 10% to 40%.

(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 METROPOLITAN COLLECTION - BRISBANE 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 \$
NOTE 2: CASH		
Cash at Bank – National Australia Bank Account	708,315	667,912
Deposits Refundable – Energex	250	650
	<u>708,565</u>	<u>668,562</u>
NOTE 3: RECEIVABLES		
Current		
Debtors - Rental/Outgoings	149,573	242,249
Other Debtor - The Metropolitan Collection - Brisbane Property Trust	8,005	5,855
Prepaid Expenses	5,758	23,034
GST Recoverable	-	59
Reimbursable Expenses	67,696	67,249
	<u>231,032</u>	<u>338,446</u>
NOTE 4: PROPERTY, PLANT & EQUIPMENT		
Property described as Bretts MacGregor, 544 Kessels Road MacGregor, Brisbane, Queensland		
Land at Cost	2,507,765	2,507,765
Buildings at Cost	7,257,653	7,257,653
Total Land & Buildings	<u>9,765,418</u>	<u>9,765,418</u>
Plant & Equipment at Cost	1,222,251	1,192,150
Less Provision for Depreciation	(421,745)	(340,442)
	<u>800,506</u>	<u>851,708</u>
Total Property, Plant & Equipment - Bretts MacGregor	<u>10,565,924</u>	<u>10,617,126</u>
Property described as Anzac Square Offices, Cnr Edward & Adelaide Streets Brisbane, Queensland		
Land at Cost	1,480,781	1,480,781
Buildings at Cost	10,807,974	10,807,974
Total Land & Buildings	<u>12,288,755</u>	<u>12,288,755</u>
Plant & Equipment at Cost	5,567,150	5,564,027
Less Provision for Depreciation	(2,057,891)	(1,642,161)
	<u>3,509,259</u>	<u>3,921,866</u>
Total Property, Plant & Equipment – Anzac Square Offices	<u>15,798,014</u>	<u>16,210,621</u>

THE METROPOLITAN COLLECTION - BRISBANE 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 \$
NOTE 4: PROPERTY, PLANT & EQUIPMENT (CONT)		
Property described as The Precinct, Cnr Harries Road & Holdsworth Street Coorparoo, Brisbane, Queensland		
Land at Cost	1,000,034	1,000,034
Buildings at Cost	6,019,319	6,019,319
Total Land & Buildings	<u>7,019,353</u>	<u>7,019,353</u>
Plant & Equipment at Cost	2,763,834	2,763,834
Less Provision for Depreciation	(1,040,683)	(825,069)
	<u>1,723,151</u>	<u>1,938,765</u>
Total Property, Plant & Equipment – The Precinct	<u>8,742,504</u>	<u>8,958,118</u>
Total Property, Plant & Equipment	<u>35,106,442</u>	<u>35,785,865</u>
NOTE 5: OTHER ASSETS		
Prospectus Issue & Promotion Costs	78,073	78,073
Less Accumulated Amortisation	(27,326)	(19,518)
	<u>50,747</u>	<u>58,555</u>
Borrowing Costs	345,892	345,892
Less Accumulated Amortisation	(119,467)	(84,878)
	<u>226,425</u>	<u>261,014</u>
Syndicate & Prospectus Legal Costs	67,835	67,835
Less Accumulated Amortisation	(23,742)	(16,959)
	<u>44,093</u>	<u>50,876</u>
	<u>321,265</u>	<u>370,445</u>
NOTE 6: ACCOUNTS PAYABLE		
Current		
GST Liabilities	20,806	-
Trade Creditors	9,727	13,000
EFT Distributions Rejected	445	-
Accrued Expenses	78,173	75,773
	<u>109,151</u>	<u>88,773</u>

THE METROPOLITAN COLLECTION - BRISBANE 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 \$
NOTE 7: BORROWINGS		
Non-Current		
Mortgage Loans	<u>22,775,000</u>	<u>22,775,000</u>

(a) The Mortgage Loans are as follows:

A Mortgage Loan from Colonial Funds Management Limited comprising a five year facility fixed for three years of \$10,585,000 secured by a First Registered Mortgage over the land and buildings and plant and equipment at Anzac Square Offices, Cnr Edward & Adelaide Streets Brisbane. 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 five year facility of \$12,190,000 secured by a First Registered Mortgage over the land and buildings and plant and equipment at both Bretts MacGregor, 544 Kessels Road MacGregor and The Precinct, Cnr Harries Road and Holdsworth Street Coorparoo. Interest on the loan is payable monthly in arrears on the first day of each month.

(b) The Syndicate also has a Revolving Line of Credit with National Australia Bank Limited which is currently limited to \$520,000. The facility is secured by a Second Registered Mortgage over the land and buildings and plant and equipment of each of the three syndicate properties. As at December 31, 2000 the credit facility was undrawn.

(c) The borrowings were undertaken by Property Funds Australia Limited as Manager of the Syndicate and on behalf of the Owners and Trust Company of Australia Limited as Nominee for the owners has given mortgages over each of the Properties. Neither the Investors, Manager or Custodian are personally liable beyond the value of the equity subscribed.

NOTE 8: SYNDICATE MEMBERS' FUNDS

Opening Balance	14,299,545	15,994,519
Funds Contributed	-	-
Distributions to Syndicate Members	(802,522)	(1,577,191)
Loss for the Period	(13,870)	(117,783)
Closing Balance	<u>13,483,153</u>	<u>14,299,545</u>



	Half Year Ended December 2000 \$	Year Ended June 2000 \$
NOTE 9: NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of Cash		
Cash at the end of financial period as shown in The Statement of Cash Flows is reconciled to the related items in the balance sheet as follows: (refer Note 2)		
Cash at Bank	708,315 <u>708,315</u>	667,912 <u>667,912</u>
Reconciliation of Net Cash provided by Operating Activities to Operating Profit after Income Tax		
Operating Profit/(Loss) after Income Tax	(13,870)	(117,783)
Non Cash Flows in Operating Profit:		
Amortisation – Prospectus Costs	7,807	15,614
Amortisation – Syndicate Formation and Prospectus Legal Costs	6,783	13,567
Borrowing Costs	34,589	68,267
Depreciation	712,647	2,006,863
Changes in Assets and Liabilities:		
Decrease (Increase) in Trade Debtors	92,676	(111,909)
Decrease (Increase) in Deposits	400	(600)
Decrease (Increase) in Reimbursable Expenses	(447)	(67,249)
Decrease (Increase) in Sundry Debtors	(2,091)	(59)
Decrease (Increase) in Prepayments	17,276	(2,077)
Increase (Decrease) in Accrued Expenses	20,378	3,994
Net Cash Provided by Operating Activities	876,148	1,808,628

NOTE 10: CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

Non-Cancellable Operating Leases contracted for but not capitalised in the financial statements

Receivable

- not later than 1 year	3,414,234	3,414,234
- later than 1 year but not later than 5 years	10,669,748	10,669,748
- later than 5 years	1,269,861	3,125,346
	<u>15,353,843</u>	<u>17,209,328</u>

NOTE 11: EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year, the Syndicate has paid Distributions to Syndicate Members for the months of January and February 2001 totalling \$134,183 and \$134,183 respectively (June \$131,445 and July \$134,183).



NOTE 12: PRINCIPAL ACTIVITY

The principal activity of The Metropolitan Collection - Brisbane Syndicate is investment in income producing commercial buildings at MacGregor, Anzac Square and Coorparoo, Brisbane, Queensland.

NOTE 13: CONTINGENT LIABILITY

Sale Performance Management Fees

In accordance with the 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 February 1, 1999 (the date of receipt by the Trustee of the first Contribution). Under the Syndicate Deed the property cannot be held for more than eight years from April 1, 1999 unless all of the investors agree that it should be retained for a further period.
- (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) The Metropolitan Collection Syndicate has converted as at 27 June, 2000 (the conversion date) to a registered management investment scheme under the Managed Investments Act 1998. Trust Company of Australia Limited retired as Trustee of the Syndicate and was appointed Custodian of all assets of the Metropolitan Collection Syndicate as at conversion date. Property Funds Australia Limited is now the single responsible entity of the Metropolitan Collection Syndicate.



NOTE 14: OTHER STATUTORY INFORMATION (CON'T)

(e) Details of the acquisition of the Syndicate property are as follows:

	Half Year Ended December 2000 \$	Year Ended June 2000 \$
Bretts MacGregor		
Market Valuation: Effective Date September 1, 1999		
By Knight Frank	10,050,000	10,050,000
Acquisition Details (Settlement April 1, 1999)		
Purchase Price	10,050,024	10,050,024
Acquisition Costs	937,644	907,544
Total Costs of Acquisition	<u>10,987,668</u>	<u>10,957,568</u>
Reconciliation to book value at December 31, 2000:		
Total Costs of Acquisition	10,987,668	10,957,568
Accumulated Depreciation - Plant & Equipment	421,745	340,442
Total Property, Plant & Equipment - Bretts MacGregor	<u>10,565,924</u>	<u>10,617,126</u>
Anzac Square Offices		
Market Valuation: Effective Date April 1, 1999		
By Knight Frank	16,300,000	16,300,000
Acquisition Details (Settlement April 9, 1999)		
Purchase Price	16,289,424	16,289,424
Acquisition Costs	1,566,481	1,563,358
Total Costs of Acquisition	<u>17,855,905</u>	<u>17,852,782</u>
Reconciliation to book value at December 31, 2000:		
Total Costs of Acquisition	17,855,905	17,852,782
Accumulated Depreciation - Plant & Equipment	2,057,891	1,642,161
Total Property, Plant & Equipment - Anzac Square Offices	<u>15,798,014</u>	<u>16,210,621</u>
The Precinct		
Market Valuation: Effective Date June 1, 1999		
By Knight Frank	8,920,000	8,920,000
Acquisition Details (Settlement April 30, 1999)		
Purchase Price	8,927,974	8,927,974
Acquisition Costs	855,213	855,213
Total Costs of Acquisition	<u>9,783,187</u>	<u>9,783,187</u>
Reconciliation to book value at December 31, 2000:		
Total Costs of Acquisition	9,783,187	9,783,187
Accumulated Depreciation - Plant & Equipment	1,040,683	825,069
Total Property, Plant & Equipment - The Precinct	<u>8,742,504</u>	<u>8,958,118</u>
Total Property, Plant & Equipment (Note 4)	<u>35,106,442</u>	<u>35,785,865</u>



NOTE 14: OTHER STATUTORY INFORMATION (CON'T)

- (f) There were no disposals of property in the period to which these financial statements relate.
- (g) As at December 31, 2000 there were additions to plant and equipment of \$33,224 (June 30, 2000 - \$1,504,483).
- (h) As at December 31, 2000 the Manager and associates held 0.9% of total investors capital in the Syndicate and 0.66% of the Metropolitan Collection - Brisbane Property Trust which owns 45.60% of the Metropolitan Collection - Brisbane Syndicate. All of the above interests were fully paid for.
- (i) Book value of the net tangible assets of the Syndicate at December 31, 2000 is \$13,483,153 (June 30, 2000 was \$14,299,546). 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.
- (j) The land title to the property is registered in the name of Trust Company of Australia Limited who is appointed under the Custody Agreement to act as nominee on behalf of the owners.

Half Year Ended December 2000 \$	Year Ended June 2000 \$
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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

Trustee/Nominee

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

- (ii) Related party transactions during the period were as follows:-

The Manager

Syndicate Management Fee for the period was paid to
 Property Funds Australia Limited as provided for in the
 prospectus in accordance with the Syndicate Constitution.

103,000	140,877
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PRD Realty for property management services for the period.

19,352	21,905
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THE METROPOLITAN COLLECTION - BRISBANE 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
\$

NOTE 15: RELATED PARTY TRANSACTIONS (CON'T)

The Custodian

Custodian fee for the period was paid to Trust Company of Australia Limited as in accordance with the Custody Agreement. In the year ended June 2000, this was a trustee fee paid in accordance with the Syndicate Deed.

7,500

20,000

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:

(b) Net Fair Values

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

	Weighted Average Effective Interest Rate		1 to 5 Years		Non – Interest Bearing		Total	
	31/12/2000	30/06/2000	31/12/2000	30/06/2000	31/12/2000	30/06/2000	31/12/2000	30/06/2000
Cash	5.5	5.5	708,315	667,912	250	650	708,565	668,562
Receivables					163,336	271,197	163,336	271,197
Total Financial Assets			708,315	667,912	163,586	271,847	871,901	939,759
Mortgage Loan	6.6	6.6	22,775,000	22,775,000			22,775,000	22,775,000
Trade & Sundry Creditors					109,151	88,773	109,151	88,773
Total Financial Liabilities			22,775,000	22,775,000	109,151	88,773	22,884,151	22,863,773

DECLARATION BY THE DIRECTORS OF THE MANAGER



In the opinion of the Directors of Property Funds Australia Limited as Manager of The Metropolitan Collection – Brisbane 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 Syndicate Constitution dated 9 June, 2000;
- (b) In the director's opinion there are reasonable ground to believe that The Metropolitan Collection – Brisbane 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 METROPOLITAN COLLECTION - BRISBANE SYNDICATE

INDEPENDENT AUDIT REPORT TO UNITHOLDERS

SCOPE

We have reviewed the Financial Report of The Metropolitan 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 Metropolitan 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

BDO Kendalls

Paul Gallagher

Paul Gallagher
Partner

Brisbane: 16.3.2001.

DIRECTORY



MANAGER

Property Funds Australia Limited
ACN 078 199 569

Office

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Fax: (07) 3221 6729

Postal Address

PO Box 10398
BRISBANE ADELAIDE ST Q 4000

TRUSTEE/CUSTODIAN

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

ACCOUNTANTS TO THE FUND

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