



ARSN 100 666 920

**interim financial report
December 31, 2002**

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THE RIVERDALE FIXED TERM PROPERTY TRUST

INTERIM MANAGER'S REPORT



The Directors of Property Funds Australia Limited (the Manager) as responsible entity submit the following Interim Report of The Riverdale Fixed Term Property Trust ("the Fund") for the period from 4 September 2002 (date of allotment of units in the Trust) to 31 December, 2002 ("the Period").

Directors

The name of each person who has been a director of the Manager during the period and to the date of this report are:

Christopher Arthur Morton
Archibald Norman Douglas
Elizabeth Ann Pidgeon
David Conquest
Matthew Bradley Madsen

Review of Operations

The Fund's operational issues are as follows:-

- ▲ **Settlement:** The property settled on the 5th of September, 2002 at the purchase price of \$15,450,000 as contemplated in the prospectus.
- ▲ **Subscriptions:** Total equity subscribed was \$8,085,000.
- ▲ **Debt Facilities:** As noted in the November, 2002 newsletter, PFA selected the Commonwealth Bank as the Riverdale financier. The Bank provided the initial \$9,270,000 acquisition facility used to purchase the property and fund acquisition costs. The terms of the acquisition loan was within the parameters outlined in the prospectus including:-
 - ▲ Interest only;
 - ▲ Five year loan term;
 - ▲ Variable interest rate;
 - ▲ Interest margin of 1.1%;
 - ▲ Loan establishment fee in the vicinity of 0.2%.

A "cap and collar" interest rate management product was also purchased from the Bank at a cost to the Trust of \$280,000. The effect of this product is that the Riverdale Centre acquisition loan facility with the Bank is now (up to September 2007) effectively subject to a maximum rate of 6.35% per annum and a minimum rate of 5.70% per annum (including margins). The purchase of this product was funded out of the reserve initially established for this purpose and mentioned in the Prospectus.

- ▲ **Establishment Costs:** The costs of establishing the Riverdale Property Trust (eg acquisition, offer and borrowing costs) have been brought in approximately \$100,000 under the forecast used in the prospectus. This saving was principally due to outlays in borrowing, due diligence and prospectus and research costs being less than forecast.
- ▲ **Tenancies:** After the reporting period, the hairdresser repudiated the lease of shop 17 and vacated. Subsequently, heads of agreement were reached with a new lessee in respect of leasing these premises and new lease documentation is being finalised. The tenant of shop 6 has also repudiated its lease obligations and vacated those premises. A new tenant for these premises is currently being sought.

Distributions for the period ended 31 December, 2002

Distributions for the period equated to 9.75% p.a. on the capital subscribed by investors.

Signed in accordance with a resolution of the Board of Directors of the Manager.

.....
Christopher A. Morton
Managing Director

THE RIVERDALE FIXED TERM PROPERTY TRUST
CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE PERIOD ENDED 31 DECEMBER 2002



	Note	31 December 2002 \$
Revenues from ordinary activities		579,342
Expenses from ordinary activities		
Property expenses		(162,671)
Fund expenses		
Direct expenses		(53,416)
Amortisation		(40,159)
		<u>(93,575)</u>
Borrowing costs		
Interest		(182,209)
Amortisation		(31,777)
		<u>(213,986)</u>
Profit/(Loss) from ordinary activities before income tax expense		109,110
Income tax relating to ordinary activities	1(a)	-
		<u>109,110</u>
Profit/(Loss) after income tax expense attributable to Unitholders		109,110
Total changes in Trust Equity other than those resulting from transactions with Unitholders as Unitholders		109,110

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

THE RIVERDALE FIXED TERM PROPERTY TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2002



	Note	31 December 2002 \$
CURRENT ASSETS		
Cash assets		417,850
Receivables		119,278
Other		34,307
Total Current Assets		<u>571,435</u>
NON-CURRENT ASSETS		
Investment – Property		15,450,000
Other		1,133,131
Total Non-Current Assets		<u>16,583,131</u>
TOTAL ASSETS		<u>17,154,566</u>
CURRENT LIABILITIES		
Payables		63,198
Total Current Liabilities		<u>63,198</u>
NON-CURRENT LIABILITIES		
Interest bearing liabilities		9,270,000
Total Non-Current Liabilities		<u>9,270,000</u>
TOTAL LIABILITIES		<u>9,333,198</u>
NET ASSETS		<u>7,821,368</u>
EQUITY		
Unitholders' equity	7	7,821,368
TOTAL EQUITY		<u>7,821,368</u>

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

THE RIVERDALE FIXED TERM PROPERTY TRUST
CONDENSED STATEMENT OF CASH FLOWS
 FOR THE PERIOD ENDED 31 DECEMBER 2002



	31 December 2002 \$
Cash Flows from Operating Activities	
Rent & outgoings received	612,362
Interest received	10,229
Payments to suppliers	(359,723)
Borrowing costs paid	(515,810)
Cash Provided by/ (Used in) Operating Activities	<u>(252,942)</u>
Cash Flows from Investing Activities	
Acquisition & establishment costs	(861,466)
Purchase of investment – property	(15,450,000)
Cash Provided by/ (Used in) Investing Activities	<u>(16,311,466)</u>
Cash Flows from Financing Activities	
Proceeds from borrowings	9,270,000
Distributions to Unitholders	(187,533)
Units issued	8,085,000
Cost of equity raising	(185,209)
Cash Provided by/ (Used in) Financing Activities	<u>16,982,258</u>
Net Increase/(Decrease) in cash held	417,850
Cash at the beginning of the financial period	-
CASH AS AT 31 DECEMBER, 2002	<u><u>417,850</u></u>

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

THE RIVERDALE FIXED TERM PROPERTY TRUST

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2002



Note 1 – Basis of Preparation

The half-year interim financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia. It is recommended that this interim financial report be read in conjunction with any public announcements made by Property Funds Australia Limited as the responsible entity for The Riverdale Fixed Term Property Trust 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 trust and will be consistent with those to be applied in the 30 June 2003 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 trust adopts the liability method of tax effect accounting whereby the income tax expense shown in the statement of financial performance is based on the profit from ordinary activities before income tax adjusted for any permanent differences and distributions of taxable income to beneficiaries. No liability has been raised for tax as it is unlikely that any taxable income will be retained by the trust in 2003.

Note 2 – Events Subsequent to Reporting Date

The Directors are considering an application to list the interests in the Trust on the Bendigo Stock Exchange (BSX). The BSX is yet to approve the application to list. There is no warranty that any application (if finally made) will be successful. It is however, expected that the interests in the Trust will be approved and will open for trading during March 2003. The listing process will have no impact on the distributions paid to Investors. The decision to consider for listing in the BSX is based on the belief that it is in the best interest of Investors that the trading of units in the Trust should take place in a formal and efficient environment and within an open and transparent market.

Note 3 – Contingent Liabilities

There are no contingent liabilities as at balance date.

Note 4 – Segment Information

The Trust operates predominantly in one geographical segment, being Australia, and one business segment, being property investment.

Note 5 – Units Issue

The Riverdale Fixed Term Property Trust was approved by the Australian Securities & Investments Commission as a managed investment scheme on 22nd May, 2002. Pursuant to this, the Manager issued a Prospectus dated 14 June, 2002 inviting offers for investment in the Trust. On 4 September, 2002, the issue of \$8,085,000 in units was approved by the Manager.

Note 6 – Comparatives

As this is the first period of operation for the Trust, no comparatives exist.

THE RIVERDALE FIXED TERM PROPERTY TRUST
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2002



	31 December 2002 \$
Note 7 – Unitholders' Equity	
Contributed capital	8,085,000
Current year profit	109,110
Capital raising costs	(185,209)
Current year distributions	(187,533)
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	7,821,368

THE RIVERDALE FIXED TERM PROPERTY TRUST

DECLARATION BY THE DIRECTORS OF THE MANAGER



The directors of Property Funds Australia Ltd as the Responsible Entity for The Riverdale Fixed Term Property Trust declare that:

1. the accompanying condensed financial statements and notes
 - (a) comply with Australian 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 2002 and performance for the half year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the trust 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 of Property Funds Australia Limited.

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Christopher Arthur Morton
Managing Director

Brisbane

Dated: 14 March 2003

THE RIVERDALE FIXED TERM PROPERTY TRUST

INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS



Scope

We have reviewed the Interim Financial Report of The Riverdale Fixed Term Property Trust for the half year ended 31 December 2002 as set out on pages 2 to 7. 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 Australian Accounting Standard AASB1029: *Interim Financial Reporting* and other mandatory professional reporting requirements in Australia, and statutory requirements so as to present a view which is consistent with our understanding of the trust's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the trust 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 trust 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 Riverdale Fixed Term Property Trust is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the trust's financial position as at 31 December 2002 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB1029: *Interim Financial Reporting* and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements in Australia.

BDO Kendalls
Chartered Accountants

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Paul Gallagher
Partner

Brisbane

Date: 14 March 2003