



THE
RIVERDALE
PROPERTY TRUST

PROSPECTUS

A fixed term property trust



**PROPERTY FUNDS
AUSTRALIA LIMITED**

PROPERTY FUND MANAGERS

A.C.N. 078 199 569

MANAGER



Trust Company of Australia
Limited

A.C.N. 004 027 749

CUSTODIAN

Inside Cover:

The old clock tower (Telstra House), Dubbo which is directly opposite the Riverdale Centre.

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ELECTRONIC PROSPECTUS NOTICE

Prospectus Availability

This Prospectus is available in electronic form at www.pfaltld.com.au. Any person receiving this Prospectus electronically will on request be sent a paper copy of the Prospectus (and attached Application Form) by the Manager free of charge during the period of the offer.

Applications must be made by completing a paper copy of the Application Form. The Manager will not accept Application Forms electronically.

Electronic Prospectus

The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a declaration that the

Investor has personally received a complete and unaltered Prospectus prior to completing the Application Form.

The Manager will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Prospectus is not intended to and does not constitute an offer of securities in any place which, or to any person to whom, the making of such offer would not be lawful under the laws of any jurisdiction outside Australia.

While the Manager believes that it is extremely unlikely that during the period of the offer the electronic version of the Prospectus will be tampered with or altered in any way, the Manager cannot give any absolute assurance that this will not occur. Any Investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Manager or a stockbroker or professional investment adviser.







Applicant	a person or entity who submits an Application Form.
Application Form	an application form attached to this Prospectus.
ASIC	Australian Securities and Investments Commission.
CBD	the central business district of the City of Dubbo.
Centre	the Riverdale Centre.
CGT	Capital Gains Tax.
Completion	the date of settlement of the Property.
Constitution	the deed poll by the Manager dated 17 May 2002 creating The Riverdale Fixed Term Property Trust and amended by further deed poll dated 22 May 2002 and registered with ASIC as ARSN 100 666 920.
Corporations Act	the Corporations Act 2001 (Commonwealth).
Custodian	Trust Company of Australia Limited ACN 004 027 749.
Forecast Period	the period from 1 September, 2002 to 30 June, 2006 in respect of which the Manager has made financial performance forecasts for the Trust.
GST	Goods and Services Tax.
Investment	the ownership of Units in the Trust.
Investor	an investor in the Trust.
Manager	Property Funds Australia Limited ACN 078 199 569 which is the licensed responsible entity in relation to the Trust.
NSW	means the State of New South Wales.
Property	the property which is to form the key asset of the Trust namely the Riverdale Centre.
Prospectus	this prospectus.
Riverdale Centre	the property described in section 4 and generally known as the Riverdale Shopping and Entertainment Centre.
Subscription	the amount as set out on an Application Form, paid by the Applicant and accepted by the Manager.
Tax Sheltered	Tax free and/or tax deferred. For further explanation see section 12 (note 9).
Total Funds Required	\$17,350,000.
Trust	the trust constituted by the Constitution.
Unit	a unit in the Trust.
Unitholder	a holder of Units in the Trust.
Unitholding	the unitholding of a Unitholder in the Trust.

MANAGER

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ACN 078 199 569

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*Aerial view of the Riverdale Centre
with the Property centred.
Macquarie Street is in the
foreground.*



‘We introduce through this Prospectus the opportunity for you to share in the benefits of owning a quality property offering:

- an attractive income return**
- security**
- tax effectiveness**
- potential capital growth.’**

Christopher A Morton

Managing Director

Property Funds Australia Limited





ATTRACTIVE AND TAX EFFECTIVE DISTRIBUTIONS

Forecast distributions are as follows:

Year To	Distributed Return on Equity**	% Tax Sheltered
30 June 2003	9.75% pa	100%*
30 June 2004	9.75% pa	100%
30 June 2005	10.00% pa	94%
30 June 2006	10.00% pa	84%

* This percentage may vary depending on the settlement date of the Property. The later the settlement date, the higher this percentage will be.

** The forecast distributions and related underlying assumptions are set out in detail in section 11.

SECURITY

Over 70% of the Property's initial income is secured by leases to the major tenants being, Woolworths Limited, Reading Cinemas and the River Inn (see section 4.5).

MONTHLY PAYMENTS

Distributions will be paid monthly by electronic funds transfer. This is a feature which is not common in many property trust investments.

WHAT YOU SEE IS WHAT YOU GET

The Trust will own the Riverdale Centre. This is not an investment vehicle which regularly changes its investments without reference to you.

LESS VOLATILE VALUE

Investments of this nature generally have significantly lower fluctuations in value than investments in listed shares or listed property trusts.

SUPER FUND SUITABILITY

Superannuation funds which are unable to borrow in their own right can invest in the Trust. The Trust borrows so gearing benefits are obtained (see section 9).

EXPERIENCED MANAGEMENT AND CUSTODIAN

Your Investment will be managed by Property Funds Australia Limited (the Manager). This company has an experienced board of directors with a wide variety of relevant skills and experience to maximise the performance of your Investment.

Trust Company of Australia Limited is the Custodian. It has been established for 118 years. The Custodian will hold all Investor application money in trust pending settlement of the Property and thereafter the title to the Property.

APPLICATIONS EARN 5% PA INTEREST

Your application monies will earn 5%pa interest from the date of their receipt up until they are applied at Completion for purchase of the Property.

This page contains a summary of the main features of this Investment. To make an informed assessment of this Investment you must read the whole Prospectus.

Your investment should be viewed as long term. Investors have no right to require their Units to be bought by the Manager or any other person.

Left: The internal mall of the Riverdale Centre looking towards the Macquarie Street entrance.

ANSWERS TO FREQUENTLY ASKED QUESTIONS

Q1 WHAT IS THE MINIMUM INVESTMENT?

The minimum investment is **\$10,000**.

Q2 IN WHAT PROPERTY AM I INVESTING?

You are investing in one property, the **Riverdale Centre**.
The contracted purchase price of the Property totals \$15,450,000 (see section 4).

Q3 WHAT ARE MY FORECAST RETURNS? WHEN DO I RECEIVE THEM?

You will receive **monthly** distributions (estimated to be 9.75%pa in the 1st Forecast Period rising to 10.0%pa in the 3rd financial year (see section 11). You will also share in any capital gains, depending upon the price achieved upon the sale of the Property.

Q4 ARE THERE ANY TAX ADVANTAGES IN THIS INVESTMENT?

Yes. For example, assuming settlement at 1 September, 2002 a Unitholder could expect 100% of the return to 30 June 2003 to be Tax Sheltered. Thereafter, approximately 100%, 94% and 84% of distributions are expected to be Tax Sheltered in the following years respectively (see section 12).

Q5 WHO ARE THE MANAGER AND THE CUSTODIAN?

The Manager is **Property Funds Australia Limited**, a Brisbane based public company with approaching \$200 million in property under management upon completion of this acquisition.

The Manager has broad skills and experience, with a property focus. The Manager is responsible for ensuring that the Property is managed in the best interests of all Investors.

The Custodian is **Trust Company of Australia Limited** which has over 118 years of history as a trustee company (see section 15). The Custodian will hold the title to the Property on behalf of the Trust.

Q6 HOW LONG ARE MY FUNDS COMMITTED?

The Manager expects the Property to be held for **approximately six years** and then sold. The Property however may not be held for longer than seven years unless every Investor who wishes to exit their Investment can do so (see section 8.5).

Whilst Investors may exit their Investment earlier than on the sale of the Property via a "secondary" sale to another investor, a formal secondary market is not able to be accessed and you should plan to hold your investment for its duration as there is no guarantee that your Units can be sold prior to the sale of the Property.

Q7 WHAT ARE THE BORROWING ARRANGEMENTS?

Investors are asked to subscribe \$8,080,000. The Manager will arrange for a **financier to provide loan funds to the Trust**. A total of \$9,270,000 in loan funds will be initially lent to the Trust to enable the purchase price and other acquisition costs to be met. A further borrowing facility of up to \$1 million may be initially arranged to meet some future expenditures and to assist in more even monthly distributions. The initial loan funds together with the \$8,080,000 in subscription monies will provide sufficient funds to cover the purchase price of the Property, acquisition and borrowing costs and fees.

The Manager may accept oversubscriptions of up to \$250,000. This may decrease the loan funds required (see section 8.7 for further details).

Q8 WHAT IS MY LIABILITY AS AN INVESTOR TO THE FINANCIER?

You have no personal liability to any financier. The Manager as trustee of the Trust will borrow the required funds on behalf of the Trust. The basis of the borrowing arrangements is to limit the risk of Investors to the amount of their Subscription (i.e. you do not have any liability to the financier).

The financier will have rights against the Trust's assets, for example the Property and the Property's rental income. The financier will have **no recourse to Investors** (see section 9.2).



Q9 WHEN DO I INVEST?

It is important to get your Subscription in **early** as the Manager has the right to **close this offer as soon as it is fully subscribed**. You will be entitled to 5%pa interest on the funds subscribed from the time they are received and banked. This is not a common feature of many initial public offers in the marketplace.

Q10 HOW DO I INVEST IN THE PROPERTY?

Investment is through the subscription for Units in the Trust. The Manager as trustee of the Trust will hold (through the Custodian) on behalf of Unitholders the interest in the Property and the funds of the Trust.

You can invest by completing the Application Form attached to this Prospectus.

Q11 WHAT HAPPENS TO MY SUBSCRIPTION BEFORE COMPLETION?

Your money will be held for you by the Custodian and returned in full if this offer does not proceed, or if your application is not accepted. You will receive from the Manager **interest of 5%pa on your application monies** whilst in the hands of the Custodian and up to settlement of the Property.

These two pages contain a summary of the main features of this Investment. To make an informed assessment of the Investment you must read the whole Prospectus.

View of Riverdale Centre from Bligh Street.



1.1 ADVANTAGES

Some of the benefits of this investment are:

- You know exactly in which Property you have invested. **No other property can be purchased.**
- You benefit from the thorough **research, investigation and analysis** that has been conducted on the Property, to ensure to the extent possible, that your Investment is sound.
- You benefit from the **skills** of the Manager, an organisation that has the expertise and broad professional skills which are important in delivering property performance.
- You are investing in a product which is aligned to **direct property investment**. Its performance is significantly governed by movements in the property market - not by any other market like the stock market which affects the performance of other property based investments such as listed property trusts.
- Under current tax laws, your **distributions are untaxed** before you receive them and will then only be subject to tax at your individual rate.
- You are able to participate in the **higher returns** available from a property, the quality of which is not usually able to be accessed by smaller investment amounts.
- The form of the Investment is **suitable for superannuation fund** requirements.

1.2 RIGHTS OF INVESTORS

The rights of Investors are set out in the Constitution. Further rights are provided by the Corporations Act. Briefly, your rights include:

- the right to receive a **certificate** confirming your Investment;
- the right to receive **distributions** proportionate to your Unitholding;
- the right to receive regular **reports** and **accounts**;
- the right to have the Manager perform its duties with **diligence** and vigilance in a proper and efficient manner;
- the right to request the convening of **meetings**;
- the right to **vote** at meetings;
- the right to have the Manager **removed** under the terms of the Constitution; and
- the right to **sell** or transfer your Investment.

The Reading "5-Plex" cinema foyer.



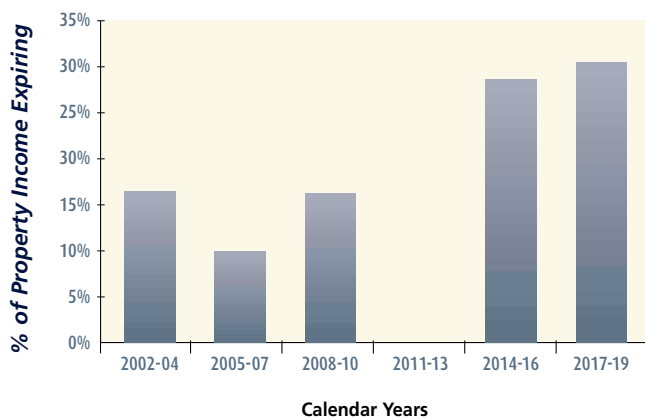
2.1 QUALITY PROPERTY

The Property that is being purchased by the Trust is the **Riverdale Centre located in one of the fastest growing inland cities** in Australia – Dubbo, New South Wales.

The Property has been selected having regard to the calibre of tenants, length of lease terms, location, duality of use and capital gain potential.

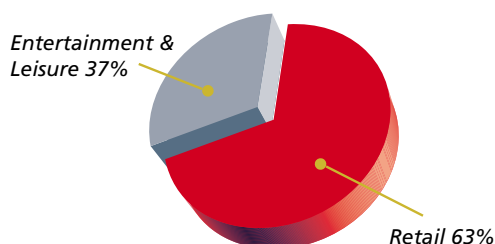
2.2 EXCELLENT LEASE EXPIRY PROFILE

Over 60% of the Property's income does not expire until the year 2014 or thereafter as shown in the bar chart below.



2.3 DIVERSITY/DUALITY

Unlike many retail centres of a size similar to the Property, the Property has a duality of purpose and use catering for retail needs (e.g. Woolworths, Dick Smith Electronics, etc.) and entertainment needs (Reading "5-Plex" Cinema and the River Inn Tavern). The accompanying pie chart shows the duality of purpose and focus of the Property based on income.



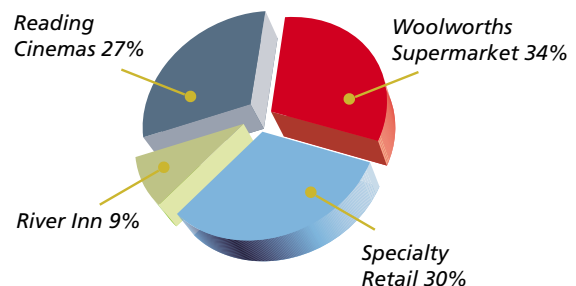
2.4 LOW VACANCY

At Completion, the entire net lettable area will be let or income producing. A security supported rent guarantee for two years is being provided by the vendor in respect of the vacant area. The Manager believes that the unlet area of the Property at Completion will be approximately 1% of the total net lettable area of the Property.

2.5 QUALITY TENANT PROFILE

The Manager believes the quality of the major tenants is a key feature of the Trust. The benefit of the covenants of tenants such as Woolworths, Reading Cinemas and the River Inn Tavern represent over 70% of the Property's income. Recognised and successful brands such as Subway and Dick Smith Electronics are also represented in the Property. Greater detail and tenant profiles are provided in section 4.

The pie chart below demonstrates a breakup of the Property's income based on tenant source.





Aerial view of Dubbo looking towards the South. The Property is identified with a small arrow.

The City of Dubbo is located approximately 414 kilometres north-west of Sydney. It is the largest inland city in western NSW and is the State's third largest and third fastest growing regional city.

The City is strategically located at the intersection of the Brisbane/Melbourne Newell Highway, the Sydney/Adelaide Mitchell Highway and the major East-West rail link. This makes it the transport hub of central western NSW which is why the city is known as the "Hub of the West".

Dubbo City is a vibrant commercial centre. It has a resident population of 39,000 people. However, the City services the broader geographical population of approximately 120,000 people from the Orana region. The Orana region comprises more than 199,000 square kilometres and incorporates Dubbo, Cobar and Mudgee.

The Orana region is the largest economic region in NSW and forms around 25% of the State. The Orana region is also the most diverse economic region encompassing agriculture, tourism, mining, manufacturing and emerging industries such as viticulture and aquaculture. The region's agricultural sector

is primarily involved in the production of cereal crops, beef, cotton and wool, producing over \$850 million worth of agricultural commodities per year. The region also has a small but highly efficient manufacturing industry with a turnover of around \$320 million per annum.

The City of Dubbo draws its workforce from the local government areas of Dubbo, Gilgandra, Narromine and





Wellington, which have a total estimated population of 60,000. As Dubbo is the region's main service centre, a significant proportion of its work force is employed within the services sector. Service industries in the area employ more than 63% of the workforce.

The City's strategic location has enabled its continual growth as a major transportation and intermodal freight transfer centre.

Tourism attracts over 560,000 visitors each year and contributes some \$80 million a year to the economy of Dubbo. Whilst there are many tourist attractions in and around Dubbo, the most famous is the internationally acclaimed Western Plains Zoo which opened in 1977. Visitors to Dubbo are well catered for with a wide range of accommodation and over 3,000 beds available in Dubbo City.

The City is well serviced by a modern airport facility which handles a number of commercial flights from a variety of destinations in particular with 12 Qantas flights daily into and out of Sydney.

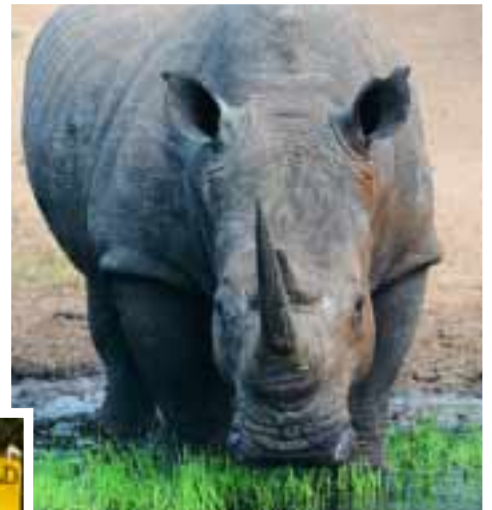
Dubbo has a strong telecommunications, information technology and media infrastructure and boasts more than 20 educational institutions and schools including Charles Sturt University and the Western Institute of TAFE which has some 4,500 students on campus.

Dubbo has a relatively young demographic profile with more than 60% of people aged under 40 years.

It is well serviced medically by three hospitals and 56 local general practitioners and specialists.



Dubbo Court House



Outside Grace Bros in Macquarie Street



Dubbo City Centre





RIVERDALE
ENTERTAINMENT & SHOPPING
Centre MOVIES

WOOLWORTHS

4.1 KEY FEATURES OF THE PROPERTY

Purchase Price	\$15,450,000
Location	49-65 Macquarie Street, Dubbo
Zoning	Regional Business
Nature of Title	Freehold
Principal Use	Retail and Entertainment
Net Lettable Area	6,151 m ²
Site Area	1.178 hectares
Car Spaces	290 (approx.)
Date of Construction	1974 (significantly expanded/ refurbished in 1999)

4.2 NATURE OF PROPERTY

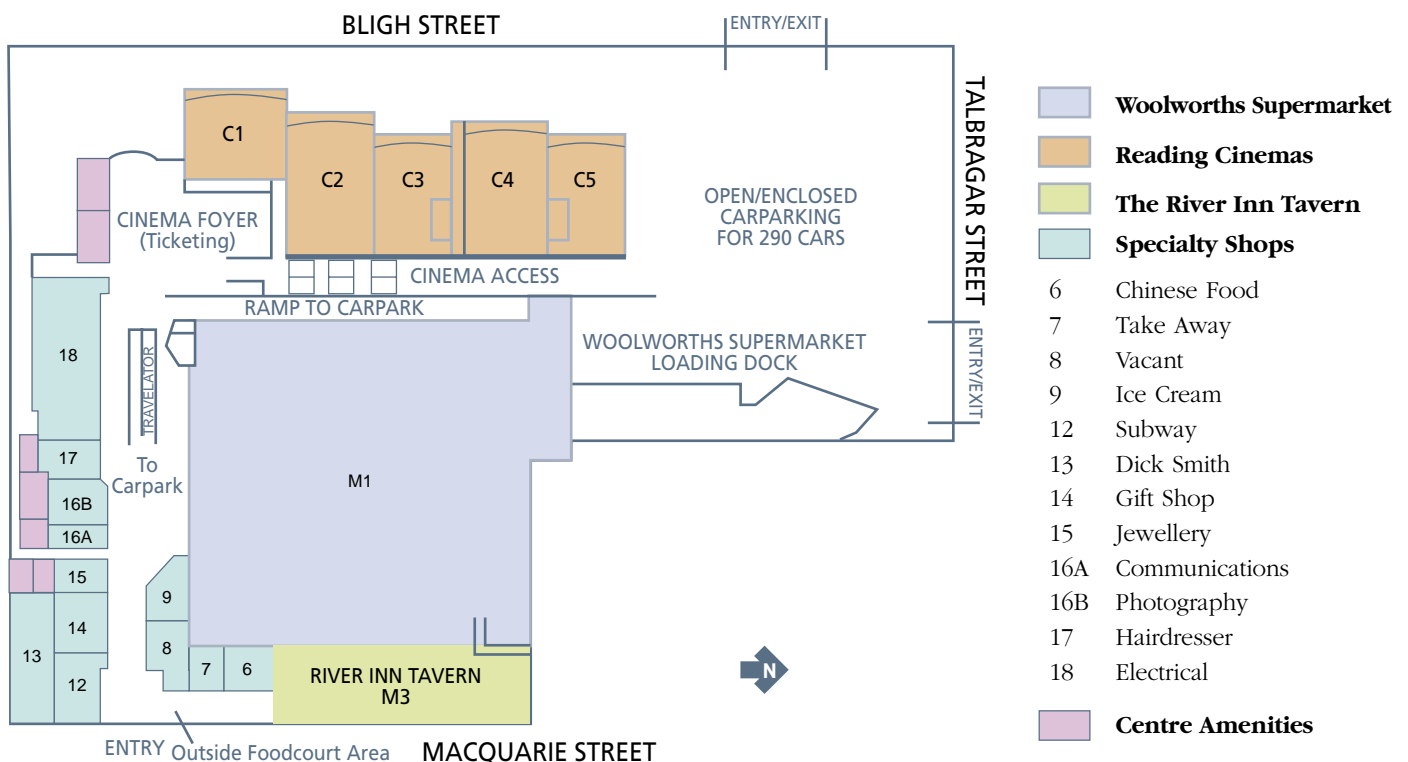
The Riverdale Centre comprises a fully enclosed, community style shopping centre and entertainment complex. The recent Reading "5-Plex" Cinema addition (the only cinema operation in Dubbo) provides a major point of difference from other retail facilities within Dubbo City. The presence of the cinema enables a regular awareness of Woolworths and the other retail elements of the Property and vice versa.

The Centre comprises an expanded and upgraded Woolworths supermarket of 2,727m², a "5-Plex" 1,072 seat Reading Cinema complex, 13 specialty shops and the River Inn Tavern.

The Riverdale Centre is essentially a one level facility with access to and from the retailing/entertainment level to an undercover car park by travelator. Abundant parking facilities and easy vehicular access are an attractive feature of the Centre. Car parking access is via Bligh and Talbragar Streets towards the rear of the site.

The internal mall is wide, spacious and well lit. Internal lighting is supplemented by natural light from a feature skylight running above and parallel to the main mall area. The Woolworths tenancy is located along the northern perimeter of the mall, with specialty shops opposite it and along the southern perimeter. The Reading "5-Plex" Cinema is located at the end of the main mall towards the Property's western boundary. The accompanying floor layout plan indicates the location of the various tenancies.

Pedestrian access is primarily from Macquarie Street which is the main retail street of Dubbo City.



The Reading “5-Plex” Cinema complex is a modern, vibrant and colourful facility consistent with the latest generation of cinemas in Australia. An unusual and attractive feature of the cinema foyer is a curved prismatic shaped window through which a pleasant view over the nearby Macquarie River can be enjoyed.

4.3 LOCATION

The Riverdale Centre is located within the north western sector of the Dubbo City CBD. It enjoys broad main street exposure to the busy and attractive thoroughfare of Macquarie Street – the main retail street of Dubbo City. It is located near the intersection of Macquarie Street with Talbragar Street and has a rear frontage to both Bligh and Talbragar Streets.

The Riverdale Centre has other retail facilities close by such as Grace Bros. and its Coles supermarket based competitor – the Dubbo City Centre – which is approximately 500 metres south along Macquarie Street.

The Centre is approximately three blocks west from the Dubbo Railway Station.

DUBBO CBD



4.4 CURRENT LEASE STATUS

LEASE EXPIRIES

Woolworths	2019
Reading Cinemas	2014
River Inn Tavern	2007
* Specialities	2005

* Weighted average of speciality lease terms.

The bar graph above shows the lease expiry profile of the Centre. This expiry profile is indicative of a reasonably new development with long periods to lease expiry of the major tenants. For ease of interpretation, specialty retailers have been grouped and a weighted average based on gross rental payable used.

At the date of issue of this Prospectus, the only vacancy for the purpose of the financial forecasts is shop 8. This currently unlet tenancy is subject to a rental guarantee by the Vendor for two years with the rental guarantee supported by a cash security.

The overall weighted average lease expiry profile of the Property is 10.5 years.

The rent for the Woolworths lease is subject to increases for turnover performance. The Reading “5-Plex” Cinema lease is subject to a combination of CPI, fixed rent and turnover rent increases. The majority of specialty tenant leases contain provisions for annual rent reviews and incorporate CPI based rent increases, with some leases providing for a fixed percentage increase of between 3% to 5% per annum.

4.5 THE TENANTS

Woolworths Limited is the key retail tenant of the Centre. Woolworths Limited operates more than 1,400 stores in Australia and employs around 140,000 people. This Australian retail company currently has over 25% of the food, liquor and grocery market making it the dominant retailer in this market category. According to its published latest half year financial results, Woolworths has net assets of approximately \$1.7 billion with the sales of the supermarket group showing growth of 14.7% over the previous period.

Partly as a result of the successful refurbishment and expansion of the Centre completed in 1999, the Woolworths supermarket in the Centre has enjoyed impressive sales growth.



The box office and candy bar of Reading "5-Plex" cinema.

Reading Cinemas is the key entertainment tenant of the Centre. Reading Cinemas in Australia (the tenant) is owned by Reading International Inc. a NASDAQ listed U.S. based cinema, live theatre and real estate company. The U.S. entity has its successor history encompassing the Reading Railroad which has been recognised in America as a square on the U.S. version of the Monopoly game board.

Reading International Inc. operates multiplex cinemas in Australia, New Zealand, the United States and Puerto Rico and is developing entertainment centres in Australia and New Zealand.

Reading began its involvement in Australia in 1996. Since then it has opened 12 cinemas (93 screens) to become the largest

independent cinema operator in the country. The cinema operations in Australia operate under the Reading Cinema trade name and are generally focussed on mainstream films. In the United States, the Reading International Inc. cinemas focus more towards arthouse cinema.

The River Inn Tavern is a privately owned tavern associated with a local businessman. Its operations encompass a bar, Embers café/restaurant and a separate gaming area.

Examples of national and chain tenants represented in the Centre include **Dick Smith Electronics, Subway, Network Communications and Kiwi Waffle 'n' Cones.**



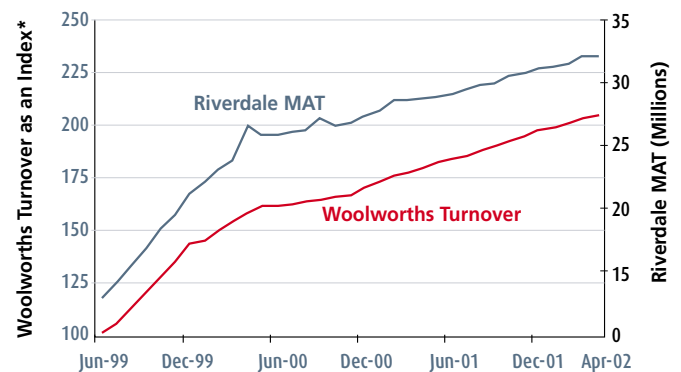
From top to bottom: Shop 9 (Kiwi Waffle 'n' Cones);
Shop 14 (Sure'2'Please) and Shop 15 (Jewellery by Paul).

4.6 PROPERTY PERFORMANCE

Some of the criteria which retail property professionals use for assessing the value and potential of shopping centres are:

- moving annual turnover (MAT) of the relevant shopping centre (i.e. the total sales of all tenants within it or of those who are obliged to provide that sales data);
- retail sales or turnovers of the major tenants;
- pedestrian traffic count of people passing through the relevant centre.

CENTRE TURNOVER PERFORMANCE



* Rolling Annual Basis

Set out in the above graph is the Centre performance information for the period since the Centre was refurbished in 1999. The graph exhibits a strong positive trend of growth, which if it continues, should assist in achieving rental and capital growth.

5.1 NEW SOUTH WALES

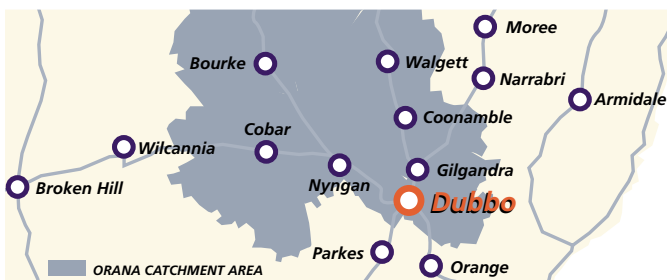
Dubbo is an inland central western city of NSW. NSW is Australia's most populous state which represents about 36% of the nation's economy.

The NSW economy continues to show sound fundamentals as demonstrated by the following statistics:

- NSW unemployment rate at December, 2001 was 6%;
- NSW gross state product grew by 2.7% in real terms in 2000/01. Stronger growth is however expected for the 2001/02 period;
- The population of NSW grew by 1% in the 12 months to September, 2001 as compared to Australia's growth rate of 1.1% over the same period.

5.2 DUBBO

Dubbo has a trade catchment area of approximately 120,000 people, of which some 39,000 live in the City of Dubbo. The trade catchment area is shown in the map below.



Based on Australian Bureau of Statistics ("ABS") information, Dubbo remains one of the fastest growing inland cities in Australia. Over the last published Census period, Dubbo had a population growth of 1.53%pa which was above the average annual growth rate in NSW which was then 1.02%pa.

The ABS and other government bodies have projected between 0.8% and 3%pa population growth for Dubbo up to 2016. The population of Dubbo and its catchment area tends to be younger than the average age profile for NSW. There is a higher percentage of the population under 20.

The median individual income in Dubbo is marginally above the average for NSW.

Dubbo unemployment has been significantly reducing in recent years. As at December, 2001, Dubbo had the impressive unemployment rate of 4.2% which compares favourably with the equivalent Australian unemployment rate of 6%.

5.3 RETAIL MARKET ANALYSIS

The property market is made up of a number of sub-markets or sectors influenced by different demand and supply drivers.

The value of retail property (such as the Riverdale Centre) depends on the volume of retail spending, which in turn reflects economic factors such as consumer spending, income and employment. Retail sales provide the closest explanation for retail sector returns. On average, Australians visit a shopping centre twice a week and each spend \$2,700 per year. Money that is spent can affect the earnings growth that a shopping centre owner receives because rent is usually tied to a fixed amount plus (in a high percentage of cases) a proportion of tenants' gross turnover.

When assessing retail properties, investors often look for information on likely demand (as shown by the moving average turnover for the property known as MAT), details of anchor tenants and the shopping centre catchment area. Information of this nature is set out elsewhere in this section and section 4.

NSW retail sales turnover increased by 7.36% for the 12 months to April, 2002 compared with the 12 months to April, 2001. More relevantly, NSW food retailing increased 7.62% over the same period. The non-discretionary nature of grocery shopping generally sees this sector less affected by uncertain economic environments compared to other areas of retail spending. This is a positive element of the presence of the Woolworths tenancy in the Centre.

5.4 CINEMA MARKET ANALYSIS

The Centre includes the Reading "5-Plex" Cinema which screens mainstream rather than arthouse films.

Cinema attendance in Australia has experienced dramatic growth through the 1990s. Over the ten year period to 1999, cinema admissions increased 225% in Australia.

The typical cinema-goer is young and affluent which is reasonably consistent with the socio-economic profile of Dubbo and its catchment area. According to the ABS, attending the cinema was clearly the most popular cultural activity undertaken by persons 15 years and over in each state and territory. As the Reading "5-Plex" Cinema is the only cinema in Dubbo and its surrounds, it is well positioned to capitalise on any further growth in this activity. The closest competing cinema is located at Orange 160 km from Dubbo.



Orana Mall Entrance

5.5 COMPETING RETAIL DEVELOPMENT

The retail hierarchy within Dubbo has four levels:

Central Business District: From a retail perspective, the CBD is divided into two areas. The retail core extending along Macquarie Street where the Centre is located. There is also a secondary or supplementary retail area.

The CBD is predominantly a comparison goods retail area. The retail area contains two main retail malls, the Dubbo City Centre and the Riverdale Centre. These two retail malls are approximately 550 metres apart, both on Macquarie Street. Each of these contains a major supermarket, with Woolworths at the Riverdale Centre and Coles at the Dubbo City Centre.

The Dubbo City Centre has a Target discount department store and 34 specialty retailers whilst the Riverdale Centre has the Reading "5-Plex" Cinema and 13 specialty retailers. The mix of retail activities in the Riverdale Centre is different from the Dubbo City Centre. The main difference is the relatively high proportion of food retailing in the Riverdale Centre and the higher proportion of fashion in the Dubbo City Centre.

The combined floor area of the competing mall developments comprise almost 27% of the 64,300 m² in total retail floor space in the Dubbo CBD.

Apart from the two malls, the Dubbo CBD contains a Grace Bros. department store located midway between the two

competing retail malls. There is also in Macquarie Street a wide range of comparison goods shopping outlets. These include many national retail chains as well as local retailers and provide fashion, homewares, discount goods, jewellery and other specialty goods.

Orana Mall: This is a modern undercover suburban shopping centre located approximately three kilometres east of the Dubbo CBD. It has 57 specialty retailers, two supermarkets (i.e. Woolworths and an IGA) and a Big W discount department store as its major tenants. It performs the role of a sub-regional shopping centre within the trade catchment area.

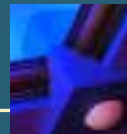
Local Convenience Shopping Centres: There are five convenience shopping centres throughout Dubbo. These generally comprise around four small shops and perform a convenience retail function.

Corner Stores: These play only a very minor role in the retail hierarchy, although they are an important contributor to residential amenity.

5.6 FUTURE DEVELOPMENTS IN DUBBO

There are no current applications for retail developments of a significant nature which have been lodged with the Dubbo City Council. There are however a number of developments of a non-retail nature which are currently being considered by the Dubbo City Council or are at planning stages prior to being lodged. These are likely to have a positive impact on Dubbo and include:

- **Pioneer Spirit Outback Resort:** This \$75 million (approx.) hotel and conference facility is due to commence construction later this year and is to include a 250 room five star international hotel and conference facilities for 500 – 1,000 people. This is targeted at providing an outback Australian experience for the Asian market.
- **Western Plains Zoo:** A proposal to double the current size of the zoo with \$35 million in government funding has been announced by the NSW Government.
- **Proposed Retirement Village:** A \$35 million retirement complex of up to 150 units in the vicinity of the Western Plains Zoo.
- **Dubbo Prison:** A proposal by the NSW Government to locate a \$100 million prison near Dubbo which would employ approximately 180 people.
- **Australian Zirconia Limited:** A feasibility study for a \$65 million zirconia/rare earth mine south of Dubbo.



5.7 SWOT ANALYSIS

We believe that carrying out a S.W.O.T. analysis is the most effective method for assessing and explaining the features of a property. We have summarised the results of our S.W.O.T. analysis for the Riverdale Centre below.

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> 1. The long lease terms of the major tenants: Woolworths (2019), Reading “5-Plex” Cinema (2014) and River Inn Tavern (late 2007). 2. The duality of the use of the Centre with its ability to focus on retail and entertainment needs (day and night). 3. The Reading “5-Plex” Cinema complex is the only ‘mainstream’ cinema development in Dubbo and the wider Orana region. 4. The strong growth in turnover of the Centre (particularly from Woolworths) thereby increasing the potential for rental income growth from the Centre. 5. The large and diverse economy of the trade catchment area of the Centre means that it is not reliant on a narrow range of industries which may suffer downturns at the same time. 6. The Property is being purchased below valuation. 7. The good demographics base of Dubbo for a centre of this nature. 8. The strong focus on maintaining the primary role of the Dubbo CBD is integral to Dubbo City Council policy and its town plan. This limits development outside of the CBD. 9. The minimal presence of fashion retailing in the Centre means it is not as vulnerable to recession as many other retail centres. 	<ol style="list-style-type: none"> 1. The CBD location of the Centre (as compared with a more suburban location) restricts the ease of any physical expansion to accommodate new retail concepts and opportunities. <i>The north-western rear part of the Property is undeveloped and used for open surface car parking. Similarly, on the Property's south-western side there is adjoining undeveloped land. Areas such as these may be able to accommodate any expansionary opportunities with a reorganisation of the Centre's internal layout.</i> 2. The Macquarie Street frontage is partially set back with trees obscuring vision of the Centre's entrance when viewed from certain angles. The Centre could benefit from a stronger entry statement and signage. <i>The Manager will be investigating low cost solutions to this issue and is establishing a reserve fund for issues of this nature.</i> 3. The duality of use can cause difficulties. Colour and vibrancy desirable for entertainment uses may not be as desirable for necessities shopping. 	<ol style="list-style-type: none"> 1. The tenancy mix amongst the specialty shops is ambiguous. It can be materially improved. The current range of tenancies do not significantly maximise the benefits of the presence of the major tenants (e.g. Woolworths and the cinema complex). 2. There is currently a number of tourism and other new industries and developments mooted or under construction in and around Dubbo. The Centre has an excellent opportunity to maximise the benefits from these. 3. Continued growth in demand for cinema entertainment and the trend to increase expenditures on food from dine-out and takeaway outlets. 	<ol style="list-style-type: none"> 1. The usual threat of competition and in particular the potential for a competitor such as an ALDI supermarket in Dubbo. <i>ALDI have a strong preference to owning the freehold of their supermarkets. This is not easily achieved in the Dubbo CBD. Further current Council policy restricts Orana Mall's expansion should ALDI consider it appropriate.</i> 2. Any change in Dubbo City Council policy that would result in a further expansion of Orana Mall or a lesser retail focus on the CBD.



6.1 OUR GENERAL STRATEGY

After detailed consideration of the strengths, weaknesses, opportunities and threats of the Property as summarised in the previous section, certain strategies have been developed.

As the Centre has only recently been refurbished, there is very little that needs to be done by way of maintenance and other activities in the short term. However, in accordance with due diligence reports, provision has been allowed for some programmed maintenance over the relevant ownership period.

There are four objectives that will be pursued:

- Improve the tenancy mix by introducing other specialty retailers who may better compliment and benefit from the presence of the major tenants (e.g. Woolworths and the cinema complex);
- Develop low cost solutions to provide the Centre with a stronger entry statement and signage;
- Resolve appropriate method to attractively add some colour and vitality to the retail mall without detracting from the importance of catering for the needs of Woolworths;
- Look to methods of upgrading and further enhancing promotion of the Centre.

6.2 SALE STRATEGY AND TIMING

The timing of the sale of the Property is dependent on the cycle of the market in which the Property is situated, as well as the prevailing tenancy profile of the Property. Given the length of the Woolworths lease and the Readings “5-Plex” Cinema lease, we consider that an appropriate time to look to the sale of the Property is around six years after purchase. This will mean that at that time the River Inn Tavern lease extension negotiations will have been completed and almost all of the specialty leases will have been renegotiated or new tenancies put in place.

At such a time, the Woolworths lease would have 11 years to its expiry, the Readings “5-Plex” Cinema lease six years and the benefits of the strategies in section 6.1 will have flowed through to the Centre.



7.1 THE CONTRACTS

An option to purchase agreement has been entered into in respect of the Property.

In the process of finalising the terms of the agreement, we completed a comprehensive due diligence program including legal, structure, survey, services, environmental, planning and income verification.

7.2 SETTLEMENT TIMEFRAME

The Property is due to settle 10 days after this offer is fully subscribed but in any event not later than 6 September 2002 unless an extension with the vendor of the Property is negotiated.

7.3 THE PURCHASE PROCEDURE

The Manager has on behalf of the Trust entered into an option with the vendor of the Property. To ensure flexibility, Investors authorise the Manager to, if necessary, negotiate extensions for exercise of the option. Once the offer is fully subscribed, the option will be exercised. Following Completion, the Custodian (as the nominee of the Manager in its capacity as trustee of the Trust) will be registered on the title.

Until the Property is settled, all subscription money will be held by the Custodian in a bank account established for that purpose. If the minimum subscription of \$8,080,000 to be raised by this Prospectus is not raised, then the Manager will cause the Custodian to refund all Investors' funds in full together with interest of 5%pa (whilst in the bank account) paid by the Manager.

7.4 UNITHOLDER CERTIFICATE

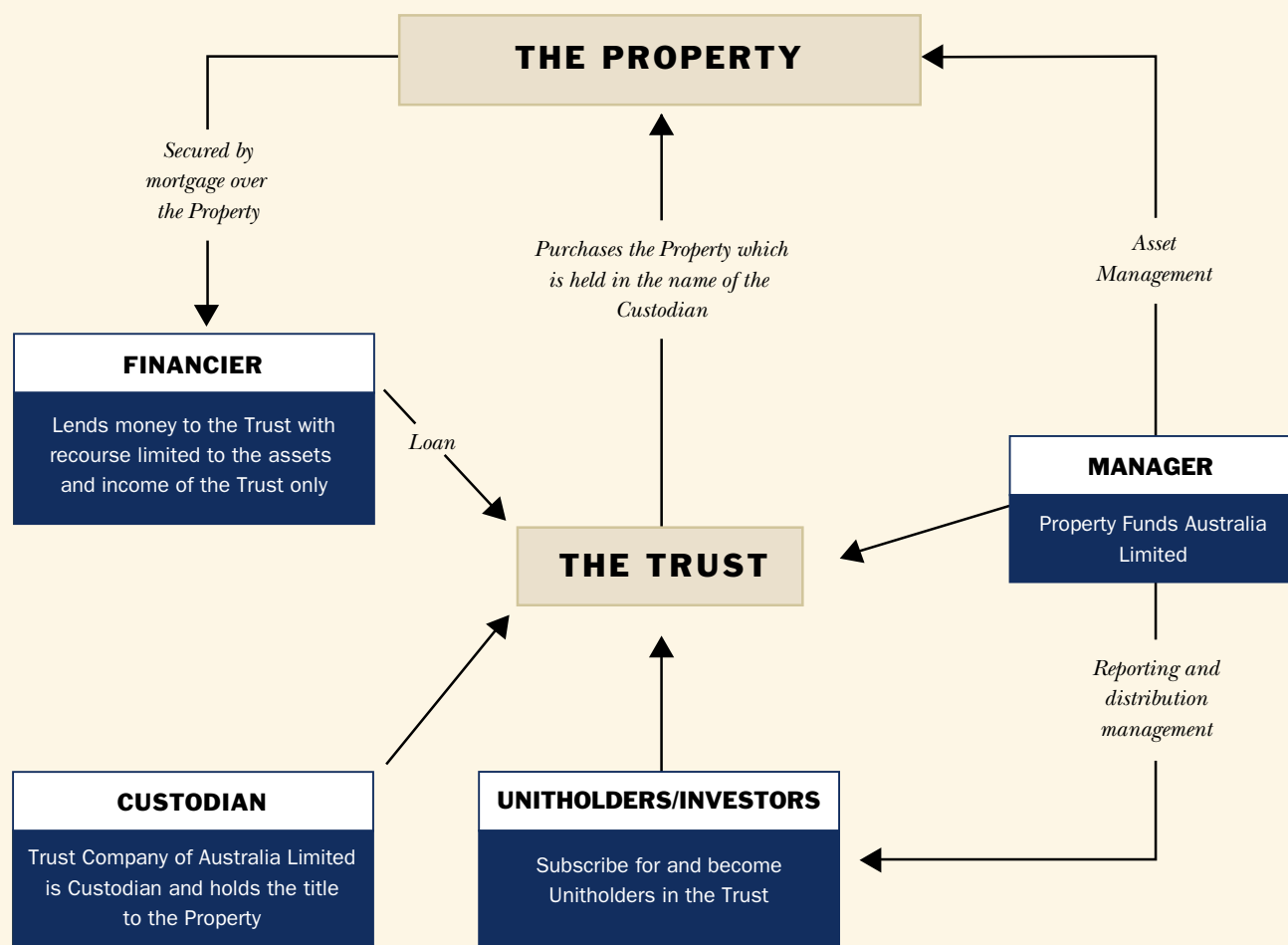
Soon after settlement of the acquisition, the Manager will send Investors a Unitholder certificate confirming their Investment.



*From top to bottom:
The interiors and exterior
areas of the River Inn.*



The framework of the Trust structure is set out in the following diagram.



8.1 TRUST CONSTITUTION

The Constitution is the document which governs the Trust and the relationship between the Manager and the Unitholders. (see section 18.9)

8.2 THE MANAGER

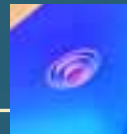
The Manager is the responsible entity of the Trust and is responsible for the management of the Property and the funds of the Trust on behalf of Unitholders.

8.3 THE CUSTODIAN

The Manager and the Custodian have entered into a Custody Agreement under which the Custodian will act as the Manager's custodian in respect of the assets of the Trust (primarily the Property).

8.4 FINANCIER

The financier will provide a loan to meet the balance of the purchase price and other costs. The Trust is the borrower and liability is limited to the interest in and entitlements from the Property. The financier will have no recourse to an Investor's assets. The Property will be mortgaged and a charge over the assets of the Trust including income from the Property will be provided by the Custodian on behalf of the Trust in favour of the financier.



8.5 TIME FRAME OF THE TRUST

The Trust is expected to have a timeframe of around six years.

Under the terms of the Constitution, the Property cannot be held for more than seven years unless both:

- the Manager considers that it is in the interest of the Investors that the Property not be sold at that time; and
- each Investor who wants to exit their Investment (for the whole or part) is able to exit their Investment at a value which is fair, transparent and independently established and reflects a sale, at fair market value, of the Property.

In other words, if the Property has not been sold prior to the end of seven years you then have an absolute right to be bought out at fair value. If this cannot be achieved, then the Property must be sold.

As a consequence of this structure, long term Investors will have the advantage that:

- if the Manager deems it to be in the interest of Investors, the Property can continue to be owned;
- each Investor who has sought to dispose of their Unitholding has been accommodated in the manner described above; and
- ownership of the Property can continue for Investors who do not want to dispose of their Unitholding without triggering a potential capital gains tax liability or incurring additional stamp duties by subsequently buying interests in other property or property ownership vehicles.

The sale of Property prior to the expiration of the term may occur if the Investors approve of it by a special resolution or where at least the Investors' full Subscription is returned by the sale or where the Manager believes the sale is in the best interests of the Investors.

As property values can be cyclical and fluctuate, the Manager will keep sale options under review on a continual basis. Should an offer be made to purchase the Property which the Manager considers to be in the best interests of the Investors, serious consideration will be given to it.

8.6 SECONDARY TRADING

The Units are likely to be illiquid investments because there is unlikely to be a secondary market. No Unitholder has the right to redeem their Investment.

The Subway tenancy (Shop 12) on the Macquarie Street entrance.

8.7 SUBSCRIPTIONS

The issue price is \$1.00 per Unit payable in full by Investors on application.

The minimum amount each Investor may invest is \$10,000. Subscriptions in excess of \$10,000 should be in increments of \$5,000. There is no pre-determined maximum subscription amount an Investor may invest. The Manager, however, may reject an individual Subscription of more than 15% of the funds to be raised (i.e.\$1,212,000). The Manager has the right to accept or reject any application in full or in part. The Manager has agreed to the vendor of the Property's request to be allowed to invest up to 25% of the equity being offered in the Trust.

Any surplus application money will be returned to the Applicant as soon as practicable after the offer closes.

The subscription sought under this Prospectus is \$8,080,000. The acquisition of the Property will not proceed if this amount is not raised in time to exercise the option to purchase the Property. The Manager wishes to preserve flexibility in terms of its position and may accept oversubscriptions of up to \$250,000 in excess of \$8,080,000 if the Manager believes this is appropriate following finalisation of the debt funding arrangements.

Subscriptions will be in the name of the Custodian until Completion. If for some reason the acquisition of the Property does not occur, the Manager will instruct the Custodian to refund the Investors' subscriptions.

The issue is intended to be closed as soon as it is fully subscribed. The Manager will instruct the Custodian to refund any unaccepted oversubscriptions in full.



9.1 REASON FOR BORROWING

Borrowing arrangements are an important and integral part of the Trust.

The main reason for using borrowings to partly fund the acquisition is to improve the return on the equity invested by Investors. Improved returns are achieved in two ways:

- firstly, interest rates are at historically low levels. It is currently possible to borrow at a rate below the yields available on quality investment property. The positive difference between the interest rate and the yield results in an increased return on funds invested;
- secondly, if there is an increase in the value of the Property, the debt level remains unchanged so that the full value of the increase in value is applicable to the equity invested. Of course, the opposite applies if the Property decreases in value.

9.2 FINANCIER'S SECURITY

The financier's security will be limited to the assets and income of the Trust. In the event of a default, **the financier is not entitled to make a claim against an Investor's own assets, only those of the Trust.**

9.3 THE ACQUISITION LOAN

The acquisition loan will be \$9,270,000 being 54% of Total Funds Required.

The Manager is of the view (based on the current interest rate market) that, in the interests of the Trust, the acquisition loan should be structured in the following way:

- interest only facility. This means that the principal is not due to be repaid until the loan term has been completed;
- a loan term ranging between three and five years after which time any outstanding balance will be required to be repaid, rolled over or renewed; and
- variable rate. Funds are however set aside in an interest rate risk management fund to facilitate the purchase of interest rate management products (e.g. an interest rate cap or a hedging product) so as to minimise interest rate risk.

The Manager may decide to fix rates for a part or all of the acquisition loan for a portion of or all of the term of the facility.

The Manager currently holds the view that, whilst short term interest rates may be rising, it may be disadvantageous to fix interest rates at this time as fixed interest rates may currently over compensate for anticipated short term interest rate increases. The Manager has however provided in the establishment of the Trust for funds to provide interest rate risk management.

Based on an indicative letter of offer from a major Australian bank, the Manager's experience, and discussions with other financiers relating to the proposed facility, the Manager expects that the terms of the acquisition loan will be within the following parameters:

- Loan amount: up to \$9,270,000.
- Term: 5 years.
- Interest margin: up to 1.25%pa above the financier's cost of funds.
- Establishment fee: up to 0.50% of the facility amount.

9.4 INTEREST COVER

After Completion, the gearing will be 54% of the Total Funds Required. The forecast net rental income of the Property represents a minimum interest cover of at least 2.3 times during the Forecast Period.

9.5 FURTHER LOANS

To ensure some flexibility during the life of the Trust, and in particular to meet unanticipated expenditures, a revolving facility may be arranged by the Manager of up to \$1,000,000.

The Manager has the power to increase borrowings by the Trust for the purposes of improving, refurbishing and maintaining the Property. The total amount of any borrowings effected by the Manager may not result in the total of all loans exceeding 75% of the Property's value.

At present, the Manager is not intending that there should be any increase in the borrowings but believes some flexibility in a long term investment is desirable and prudent as a means of protecting and enhancing the value of the Property.

Cash **distributions** will be made on a **monthly** basis. This is not common in property trust investments. The distributions will be made by electronic transfer to the account nominated by you on your Application Form.

The first distribution will be made on or about 21 days after the first full month after settlement of the Property.

The Manager is responsible for deciding the amount of any distribution. In making this decision, the Manager will have regard to the future cash requirements and the overall financial position of the Trust. It is the Manager's intention to equalise monthly distributions to the extent reasonably possible within a financial year and in some cases, between financial years.

A **six monthly update report** will be sent to you advising of the issues relating to the Trust including the Property's performance.

Any **enquiries** (telephone or written) by you on the performance of the Trust will be **answered** by the Manager's investor relations personnel.

An **annual report** and **audited accounts** for the Trust will be sent to you within 90 days of the end of each financial year unless you request in writing or on the Application Form that you do not wish to receive them. A **distribution summary** of each Investor's distributions over the previous financial year will also be forwarded around this time. Audited accounts are also available on a half yearly basis if specifically requested by you.

To facilitate the completion of your income tax return, the Manager will arrange for the preparation and lodgement of tax returns for the Trust. The Manager will then send to you a relevant statement showing the details needed by you to complete your yearly tax return and any other interim returns (as required). **You should not lodge your tax return until this information is received.**

The South-western corner of the Centre looking from Bligh Street. The prismatic window is part of the cinema foyer.



11.1 DISTRIBUTION FORECAST

Set out below are the forecast cash flows. Forecast net property income from the Property is shown first and then forecast expenses are deducted to arrive at the amount of cash available for distribution. The assumptions and other details on which the forecast is based are set out in the notes following the forecast.

	Note 1	10 Month Period To 30 June 2003 \$	Year To 30 June 2004 \$	Year To 30 June 2005 \$	Year To 30 June 2006 \$
REVENUE					
Net property income	2	1,268,102	1,544,912	1,616,605	1,631,745
Interest received	3	6,120	7,011	3,579	1,574
TOTAL REVENUE		1,274,222	1,551,923	1,620,184	1,633,319
EXPENSES					
Interest to financier	4	378,525	648,900	672,075	672,075
Management fees	5	44,384	86,260	96,050	96,046
Valuation fees	6	0	5,000	6,000	12,000
Custodian and compliance costs	7	17,083	21,115	21,748	22,401
Registry costs	8	5,417	6,695	6,896	7,103
Audit and accountancy	9	10,433	25,863	26,639	27,438
Sundry Trust administration	10	16,667	20,600	21,218	21,855
TOTAL EXPENSES		472,509	814,433	850,626	858,918
NET FUND INCOME	11	801,713	737,490	769,558	774,401
AMOUNT BROUGHT FORWARD	12	0	145,213	94,903	56,461
CASH AVAILABLE FOR DISTRIBUTION	13	801,713	882,703	864,461	830,862
PROPOSED DISTRIBUTION	14	656,500	787,800	808,000	808,000
AMOUNT TO BE CARRIED FORWARD	15	145,213	94,903	56,461	22,862
PROPOSED DISTRIBUTION	16	9.75%	9.75%	10.00%	10.00%
TAX SHELTERED COMPONENT OF DISTRIBUTION	17	100%	100%	94%	84%

NOTES ON CASH FLOW FORECAST

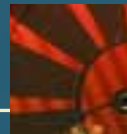
Note 1 Best Estimate Assumptions

The forecasts have been prepared based on best estimate assumptions and the assumption that the purchase settles on 1 September, 2002. All figures are shown net of GST effect (see section 12.3). The significant best estimate assumptions are outlined below. The Manager considers each assumption to be reasonable, given the current state of knowledge on each assumption as at the date of this Prospectus.

Note 2 Net Property Income

Net property income is the gross income received from the Property less outgoings payable in respect of it. The net property income is based on the following assumptions:

- All current contracted obligations in relation to income payments (i.e. rent and rental support) are paid as and when due. These payments represent 100% of the forecast revenue during the period to 30 June, 2004 and 88% of the forecast revenue in the year to 30 June, 2005 and 81% of the forecast revenue in the year to 30 June, 2006.
- Current passing rentals represent market rental (as per valuer's assumption - see section 17).



- In respect of lease renewal, it is assumed that upon the expiration of every lease that:
 - the lease is not renewed whether or not that tenant has an option to renew;
 - there is a 3 month vacancy period;
 - a 3 month rent-free period is offered on the reletting.

These assumptions are outlined and supported by the Valuer (see section 17).

- Individual lease rentals have been reviewed in line with the lease terms.
- Assumptions as to the turnover growth of the Woolworths tenancy and therefore the anticipated percentage rental to be payable by them are consistent with the assumptions made by the Valuer (see section 17).
- Upon market rent review determinations, valuers will take into consideration the recovery or non-recovery of GST under a lease and adjust accordingly.
- Forecast CPI increases are as per Access Economics forecasts from 2002 utilised by the Valuer (see section 17).
- Outgoings for the Property are forecast to increase in accordance with the above CPI forecasts.
- The amending GST legislation announced by the Treasurer and referred to in section 12.3 is passed and operative by 1 July, 2005.

Note 3 Interest Received

This is the amount of interest earned on the balance of the Trust's operating account from time to time, at a rate of interest of 4.00%pa.

Note 4 Interest to Financier

Gearing

The Manager is intending to borrow on behalf of the Trust \$9,270,000 by way of an acquisition loan which would result in gearing of 54% of the Total Funds Required (see section 9).

Interest Rates

Based on the acquisition loan parameters outlined in section 9, and the interest rate market as at 6 June 2002, the interest rates used during the Forecast Period are 7.00%pa for the period to June 2004 and 7.25%pa for the 24 month period thereafter to June 2006, being the end of the Forecast Period. This rate is also applied for the balance term of the facility.

The interest rate used for the period to 30 June 2004 are equal to the sum of the Reserve Bank of Australia's official cash rate as at 6 June 2002 plus a lender's margin of 1.25%pa plus a further 1%pa being the Manager's allowance for further interest rate increases up to 30 June 2004.

Interest Rate Management

Notwithstanding the assumptions on interest rate movement, the Manager currently proposes to enter into a variable rate facility upon completion and manage the interest rate risk through the use of interest rate risk management products such as interest rate caps or interest rate swaps. The Manager has created a provision of \$280,000 for the purpose of interest rate risk management.

Interest Rate Sensitivity

Interest rate movements are the primary sensitivity factor in the distribution profile of the Investment. An increase in interest rates above the assumed forecast rate causes a decrease in forecast distributions and vice versa. The effect of interest rate movements are proposed to be minimised by the use of the interest rate risk management products referred to above. The sensitivity analysis set out below assumes no benefit accrues from such products even though purchased or applied.

Interest Rate Movements against Forecast Rate	Movement in Forecast Distribution pa
+/-1.00%	-/+1.15%
+/-0.50%	-/+0.57%
+/-0.25%	-/+0.29%

Note 5 Management Fees

Management fees are 0.25%pa of the gross value of assets under management and 3.5%pa of the 'net income' (as defined in the Constitution).

The Manager has deferred the asset value based portion of these fees payable for the first year after the settlement of the Property. The Manager may recover this fee upon sale of the Property or at such time that the Manager considers the Trust has the capacity to pay the deferred amount.

Note 6 Valuation Fees

An allowance for update valuations annually and a full valuation of the Property every third year after settlement has been made. The Constitution requires revaluation at least every three years.

Note 7 Custodian and Compliance Costs

The Custodian fees are \$10,500 pa (indexed by CPI and GST exclusive),(see section 15). An allowance has been made for the remuneration and expenses of the external members of the compliance committee, the compliance plan audit and other compliance costs totalling a further \$10,000 pa.



Note 8 Registry Costs

This has been priced as if an external registry service is being used. It is intended that the Manager will provide the registry service at the pricing stated increasing annually by 3%. Initial pricing has been based on estimates provided by BDO Kendalls.

Note 9 Audit and Accountancy

Audit and accounting fees have been based on estimates provided by BDO Kendalls. The Manager however intends to undertake the accounting role itself and charge the Trust accordingly. Audit is intended to be performed by BDO Kendalls.

Note 10 Sundry Trust Administration

Estimated expenses include the cost of payment of distributions to Investors, preparation and mailing of reports, other general administration expenses, the costs of property consultants and owners expenses such as legal fees and project management costs. The costs of leasing commissions are deducted prior to Net Property Income.

Note 11 Net Fund Income

This is the net income generated from the fund prior to distributions to Investors.

Note 12 Amount Brought Forward

This is the amount of funds that were not distributed from the cash available for distribution in the prior period that are brought forward to the current period.

Note 13 Cash Available for Distribution

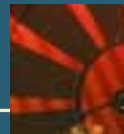
This is the estimated cash available for distribution from the Trust that could be distributed to Investors.

Note 14 Proposed Distribution

This is the amount forecast to be distributed to Investors.

Note 15 Amount to be Carried Forward

This is an amount of the cash available for distribution that was not distributed in the current period that is to be carried forward to the ensuing period.



Note 16 Proposed Distribution

This is the proposed distribution expressed as a percentage of \$8,080,000 which is the proposed minimum subscription.

Note 17 Tax Sheltered Component of Distribution

The Tax Sheltered component of the proposed distribution to Investors is that part of any non-taxable distribution to Unitholders attributable to such factors as building allowances, the depreciation of plant and equipment and the amortisation of business establishment, capital raising and borrowing costs. Note that the Tax Sheltered components may affect the cost base of the Investment. (See section 12.2 for details on tax issues.)

11.2 PRO-FORMA STATEMENT OF FINANCIAL POSITION

This table represents the pro-forma statement of financial position for the Trust as at Completion assuming minimum subscription:

	\$
Financial assets (Property)	15,450,000
Other assets	984,936
Cash assets	696,554
Total assets	17,131,490
Borrowings	9,270,000
Total liabilities	9,270,000
Net assets	7,861,490
Subscriptions	8,080,000
Capital raising costs*	(218,510)
Total Unitholders Equity	7,861,490
Number of Units	8,080,000
Net asset backing per Unit	97.3 cents

*This amount comprises custody costs, independent expert, registry, prospectus, research and ASIC costs as well as 10% of the Manager's establishment fee which the Manager currently attributes to capital raising work.

11.3 SOURCE AND APPLICATION OF FUNDS

The forecast sources and application of funds in respect of this offer are set out below.

11.3.1 SOURCES OF FUNDS

The forecast source of funds are estimated to be:

	\$
Subscriptions from Investors	8,080,000
Loan from financier	9,270,000
Total Funds Required	17,350,000

11.3.2 APPLICATION OF FUNDS

The forecast application of funds are estimated to be:

Purchase price of Property	15,450,000
Legal fees	90,000
Due diligence costs	123,475
Establishment fee	772,500
Borrowing costs	116,211
Interest rate management provision	280,000
Provisions	416,554
Custodian costs	8,000
Independent expert and registry costs	20,100
Prospectus and research costs	69,500
ASIC costs	3,660
Total Funds Applied	17,350,000

12.1 TAXATION ANALYSIS

Under current law, an investment trust such as the Trust is not taxed on its income. The taxable income flows to Unitholders in proportion to their Unitholding in the Trust. Accordingly, a Unitholder is assessable only on their proportionate share of taxable income of the Trust, which may differ to the cash amount received by that Unitholder each year.

A significant component of the cash distributions made by the Trust are expected to be Tax Sheltered. These taxation benefits are a consequence of the offset against the income of tax deductions attributable to building allowance, depreciation of the Property's plant and equipment, and amortisation of business establishment, capital raising and borrowing costs. The assumptions and other details on which the calculations are based are set out in the notes.

Under tax legislation current at the date of this Prospectus, unit trusts cannot pass through to Unitholders more than 100% of the tax benefit that is received in a year. The benefit is not lost but is claimed later in the term of the Trust when the return is less than 100% Tax Sheltered.

The table below sets out the forecast Tax Sheltered component of the distributions (under current tax law) as it applies to Unitholders.

This analysis assumes that the Unitholder is an Australian resident taxpayer and does not carry on business in trading the Units.

	Note	10 Month Period To 30 June 2003	Year To 30 June 2004	Year To 30 June 2005	Year To 30 June 2006
Net Fund Income	1	801,713	737,490	769,558	774,401
Less Deductions					
Losses carried forward		0	17,527	29,626	0
Depreciation on plant	2	300,300	360,750	301,500	257,200
Building allowance	3	135,350	163,600	163,600	163,600
Prepaid interest	4	162,225	0	0	0
Amortised establishment costs	5	201,997	201,997	201,997	201,997
Amortised borrowing costs	6	19,368	23,242	23,242	23,242
Total deductions		819,240	767,116	719,965	646,039
Taxable income	7	(17,527)	(29,626)	49,593	128,362
Proposed distribution	8	656,500	787,800	808,000	808,000
Tax Sheltered component of distribution	9	100%	100%	94%	84%

Note: a \$280,000 reserve has been established for interest rate risk management purposes. If this reserve is utilised, the taxation implications of the acquisition of interest rate risk management products will increase the Tax Sheltered component of the return.

NOTES ON TAX CALCULATIONS

Note 1 Net Fund Income

This amount is the cash forecast to be available for distribution as shown in the cash flow forecast in section 11.

Note 2 Depreciation on Plant

A tax deduction is allowed for depreciation of plant, equipment and other items such as air conditioning plant, electrical, machinery and equipment, carpets, lifts, etc. The diminishing value method has been used to determine annual deductions. Calculations are based on the recently amended taxation laws requiring depreciation rates to be determined by effective life.



Note 3 Building Allowance

An allowance of either 2.5% or 4%pa (depending on applicability) on qualifying capital expenditure incurred in the construction of certain components of the building is available as a tax deduction.

Note 4 Prepaid Interest

\$162,225 is an interest payment intended to be paid in advance under the proposed acquisition loan facility.

Note 5 Amortised Establishment Costs

Costs of business establishment and equity raising are, from 1 July, 2001, an eligible tax deduction over a five year period and are claimed 20% in the first year and 20% in each of the next four years.

Note 6 Amortised Borrowing Costs

Borrowing costs including stamp duty on the borrowings, loan establishment fees and legal fees are \$116,211. These borrowing costs are claimed progressively over the term of the loan.

Note 7 Taxable Income

This is the forecast taxable income of the Trust.

Note 8 Proposed Distribution

This amount is the forecast distribution to Unitholders as shown in the cash flow forecast in section 11.

Note 9 Tax Sheltered Component of Distribution

This is the estimated percentage of cash distributed to Unitholders that is tax deferred or tax-free in the year received.

The tax-free component of distributions arises from building depreciation allowances. Currently this component is not assessable for income tax purposes.

Tax deferred distributions arise from tax deductions that relate to plant and equipment depreciation and other expenditure such as borrowing and business establishment and capital raising expenses. Both the tax free and the tax deferred amounts reduce the cost base of a Unitholder's investment (see section 12.2.2).

12.2 CAPITAL GAINS TAX

12.2.1 TRUST

Upon the disposal of any property held by the Trust for more than 12 months, the capital gain is reduced by a 50% CGT discount in determining the Trust's net income.

If the disposal generates a loss, the loss is quarantined in the Trust and available for offset against any future CGT gain made by the Trust.

The distribution of the gain to the Investor has special tax implications. The Investor must gross up the distribution by doubling the discounted capital gain before applying any capital losses. Investors, other than companies, then apply the applicable CGT discount to the grossed up amount to determine the Investors net capital gain.

12.2.2 INVESTOR

Upon the disposal by an Investor of a Unit in the Trust, CGT may apply. The application of CGT is also affected by whether an Investor holds their Units as an investor (as distinct from a trader).

The initial cost base of a Unit for capital gains tax purposes will be \$1.00 per Unit (i.e. the amount subscribed only). The initial cost base is no longer increased by the consumer price index (CPI) in determining CGT cost base.

To compensate for the loss of the CPI indexation benefit which existed under previous tax law, the current tax legislation provides for reductions in the amount assessable for capital gains in the case of individuals, trusts (50%) and complying superannuation funds (33.3%), where the Unit has been held for more than 12 months.

12.2.3 REDUCTION OF COST BASE OF UNITS

The cost base of Units for the CGT calculation will be reduced by the sum of any non-assessable distributions made, which relate to the depreciation of plant and equipment or other tax deductible expenditure including the deductions which relate to amortised establishment costs.

Legislation affecting the cost base of Units applies in the following way:

- distributions that relate to building allowances reduce the cost base for the purposes of calculating the Investor's capital gain.
- distributions of the non-taxed component of the capital gain made by the Trust on the sale of a Trust asset, do not reduce the cost base of the Unit.

12.3 GOODS AND SERVICES TAX

GST will apply to taxable supplies. This tax applies to certain rents, outgoing contributions and other receipts of the Trust.

There are special transitional provisions which defer the application of GST on certain supplies, depending on such factors as when leases were entered into, the timing of market rent reviews, the presence of a GST review clause, and whether the recipient is entitled to an input tax credit.

Certain leases become subject to GST from 1 July, 2005 notwithstanding that there is no provision in the lease for the recovery of the GST from the tenant and no opportunity to review or change the rental or other considerations payable pursuant to the relevant lease. On 3 May, 2000 the Treasurer announced that the Government would introduce legislation to address this situation so as to ensure that no disadvantage to a party (such as a landlord) would occur for long term non-reviewable contracts (such as leases). Suppliers (e.g. landlords) would be able to adjust their prices (e.g. rents) to recover the net impact of the GST from the purchaser (e.g. tenant). The necessary legislation has not yet been introduced to Parliament.

The Trust's ability to recover or be compensated for the cost of the effect of the GST is dependent on the provisions of the Property's leases and the valuation process.

All financial information relating to the Trust has been stated at the net cost to the Trust. Where GST has been paid and a refund is to be obtained, the expense has been shown net of GST. Where a full refund is not to be obtained, the expense includes the non-recoverable GST.

To assist in making GST fundamentally cash flow neutral, any expenditure that the Trust incurs which includes a GST component will entitle the Trust to an input tax credit.

As part of the due diligence on the Property, the Manager's legal advisers have considered the provisions of the current leases and the application of GST to those lease transactions.

Based upon legal advice received by the Trust, we are advised by the Trust's taxation advisers that assuming the Government passes the legislation discussed above, GST should not materially impact on the distributions of the Trust (see section 16.6).

The taxation advisers to the Trust have advised that GST is not payable on the consideration paid for a Unit in the Trust as it is a 'financial supply' and therefore input taxed.

12.4 TAX REFORM PROPOSALS

The Federal Government in 1998 and 1999 announced its intention to effect significant tax reform changes, a number of which have now been legislated.

In respect of the entity tax reform proposals the Government has announced that it does not intend to continue with the proposed method for the taxing of trusts as provided for in the draft New Business Taxation System (Entity Taxation) Bill 2000. The Government stated that the taxing of trusts would be further reviewed. At the date of this Prospectus, no further announcement has been made.

Nevertheless, based on the previous draft proposals, there would have been no change to the current taxing of either the Trust or the Unitholders.

12.5 SEEK YOUR OWN TAXATION ADVICE

Investors should note that Australian tax laws are complex and are constantly subject to change. The views and forecasts in this Prospectus are based on law current at the date of this Prospectus.

The taxation comments in this section are general in nature by necessity. They do not, for example, apply to non-residents or those who carry on a business in trading in Units.

Tax liabilities are the responsibility of each Investor and the Manager is not responsible for taxation or penalties incurred by Investors. Investors should consult their taxation advisers on the tax implications of their own Investment.



Signage from Shop 13 in the centre.

14 June 2002

The Directors
Property Funds Australia Limited
Level 23, Central Plaza II
66 Eagle Street
BRISBANE Q 4000



Dear Directors,

INDEPENDENT REVIEW OF FORECAST FINANCIAL INFORMATION

1. Introduction

In accordance with your request, this report has been prepared for inclusion in the Prospectus in connection with the offer of Units in the Riverdale Fixed Term Property Trust.

The expressions defined in the Defined Terms section of the Prospectus have the same meaning in this report.

2. Background

The Trust was created pursuant to a Trust Constitution dated 17 May, 2002 for the purpose of acquiring the Riverdale Centre, Dubbo, NSW. Completion of the acquisition is conditional, amongst other things, upon successfully raising funds pursuant to this Prospectus. The Trust will be entitled to the income from its interest in the Property from the date the acquisition is completed ("Completion").

3. Scope of Examination

You have requested that BDO Kendalls Securities Limited ("BDO Kendalls") prepares an Investigating Accountant's Report on the Prospective Financial Information for the Trust as set out in Section 11 of the Prospectus incorporating:

- Forecast financial information for the Forecast Period.
- The Pro-forma Statement of Financial Position as at Completion ("Pro-forma Statement of Financial Position").
- The Sources of and application of funds

(all of which are referred to as 'Prospective Financial Information').

The Directors of Property Funds Australia Limited ("Responsible Entity") are responsible for the preparation and presentation of the Prospective Financial Information, including the best-estimate assumptions on which they are based.

Our review of the Prospective Financial Information was conducted in accordance with Auditing Standards AUS 902 "Review of Financial Reports" and AUS 804 "The Audit of Prospective Financial Information".

Our procedures consisted primarily of inquiry and comparison and such other analytical review procedures as we considered necessary so as to adequately evaluate whether the assumptions appear reasonable in the circumstances and whether the Prospective Financial Information has been presented in a manner consistent with the Directors' assumptions. In the case of assumptions which fall outside the scope of our expertise, we have relied on reports prepared by other experts, in particular the valuation report prepared by Colliers International Consultancy and Valuation Pty Limited and summarised in Section 17 of this Prospectus.

Our review is substantially less in scope than an audit examination conducted in accordance with all applicable Australian Auditing Standards. A review of this nature provides less assurance than an audit and, accordingly, we do not express an audit opinion on the Prospective Financial Information included in the Prospectus.

BDO Kendalls Securities Limited
ACN 918 185 199
Licensed Dealer in Securities

Level 18, 300 Queen Street
GPO Box 417
Brisbane Q 4001
Australia

Telephone 61 7 3237 9999
Facsimile 61 7 3221 9227
enquiries@bdokendalls.com.au
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4. Responsible Entity's Prospective Financial Information

The Prospective Financial Information is based on the Responsible Entity's best-estimate assumptions, being assumptions of future events which the Responsible Entity expects to take place as at the date of this report. The Prospective Financial Information is prepared to provide investors with a guide to the potential future performance and distributions of the Trust, based upon the achievement of certain economic, operating and trading assumptions about events and actions that have not yet occurred and may not necessarily occur.

There is a degree of subjectivity involved in the preparation of the Prospective Financial Information. Accordingly, Investors should have regard to the investment risks set out in Section 16 of the Prospectus.

5. Opinions

5.1 Preparation and Presentation

In our opinion, the Prospective Financial Information has been properly prepared and presented in accordance with:

- the underlying assumptions set out in Section 11 of the Prospectus;
- the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia;
- the accounting policies of the Trust; and
- the Trust's Constitution.

5.2 Assumptions

Based on our review of the Prospective Financial Information nothing has come to our attention which causes us to believe that the assumptions underlying the Prospective Financial Information, when taken as a whole, do not provide a reasonable basis for the preparation of the Prospective Financial Information.

The underlying assumptions of the Prospective Financial Information are subject to significant uncertainties and contingencies often outside the control of the Responsible Entity. If events do not occur as assumed, actual results and distributions achieved by the Trust may vary significantly from the Prospective Financial Information. Accordingly, we do not express an audit opinion on the Prospective Financial Information, nor can we confirm or guarantee the achievement of the Forecasts, as future events, by their very nature, are not capable of independent substantiation.

6. Disclosure of Interests

The only pecuniary or other interest that BDO Kendalls has in relation to this Prospectus arises from the right to receive a professional fee for the preparation of this report and other related advice. This is disclosed in Section 18 of the Prospectus.

BDO Kendalls was not involved in the preparation of any other part of this Prospectus. Accordingly, BDO Kendalls makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.

Yours faithfully

BDO Kendalls Securities Limited



Paul Gallagher

Proper Authority Holder

14.1 PROPERTY FUNDS AUSTRALIA

Property Funds Australia Limited is the responsible entity, the trustee and manages the Property on behalf of the Trust. The Manager holds a security dealers licence No. 171414 issued by ASIC which permits it to be a responsible entity and therefore manage property trusts.

The Manager's directors and officers have a wide variety of background skills and experience in areas critical to the successful acquisition, management and sale of the Property including property acquisition, valuation, financial and credit analysis, loan structuring, property law, real estate agency, funds and asset management, accounting and development management. The Manager's focus is on maximising the performance of the Property.

14.2 THE MANAGER'S ROLE

The Manager is responsible for the efficient management of the Trust. It has a range of duties, responsibilities and powers, which are set out in the Constitution. The Manager must also comply with the various requirements of the Corporations Act. The Manager is required to act in the best interests of Investors.

In addition to supervising the management of the Property and the collection of the income, the Manager will also arrange and manage:

- the borrowings of the Trust;
- the maintenance of accounting and taxation records;
- the Investors' distributions;
- the preparation of reports to Investors;
- the maintenance of the Unitholder's register;
- the general business affairs of the Trust.

14.3 THE MANAGER'S REMUNERATION

The Manager is entitled to an initial fee of 5% of the purchase price of the Property from which the Manager pays commissions in relation to the Subscriptions. The Manager is also entitled to an annual management fee that has a significant performance emphasis. It is made up of 0.25% of the gross value of assets under management in the Trust and 3.5% of the net income (as defined in the Constitution) of the Trust.

If upon sale of the Property, the sale price (after deduction of agents' commission, legal fees, advertising and sale expenses) exceeds the purchase price of that Property, the

Manager is entitled to a fee equal to 2% of the sale price. A sale of all or over 90% of the Units in the Trust is treated as a sale of the Property.

If the Manager is removed (for reasons other than a breach of its duties or the law), the replacement responsible entity must cause to be paid to the Manager the fee that would have been paid under the paragraph above.

As an incentive to enhance the performance of the Property, if, upon the sale of the Property it has been sold at a price which (after the deduction of agent's fees, management fees and expenses on the sales) results in a premium on Subscriptions of more than 30% of the Subscriptions, then the Manager shall be entitled to an additional fee of 1.5% of the sale price of the Property. However, if the premium is more than 50% of Subscriptions, then this additional fee is 2.5% of the sale price of the Property.

The Manager is also entitled to be reimbursed for any costs or expenses incurred on behalf of the Trust.

The Manager may carry out functions and roles that may be initially contemplated to be carried out by external parties (e.g. property management, accounting, registry, development management). If this occurs, the Manager is entitled to charge fees in respect of the work at the rate normally charged in respect of such work.

Where any fee received by the Manager is subject to GST, then the Manager is entitled to recover additional amounts on account of GST.

14.4 PROPERTY MANAGEMENT

Day to day physical property management and rent collection duties are initially proposed to be carried out by property managers external to the Manager although the Manager may carry out those duties itself in due course for similar fees.

14.5 CHANGE IN THE MANAGER

If unsatisfied with the performance of the Manager, the Unitholders may require the Manager to retire if the Unitholders representing 50% or more of the value of Units in the Trust resolve at a meeting that the Manager should be removed. The Manager may also retire by giving six months' notice to the Custodian. The procedures for calling a meeting and voting are set out in the Constitution.

14.6 MANAGER'S SUBSCRIPTION

The Manager and/or entities associated with the Manager may lodge subscriptions in relation to the Investment.

14.7 MANAGER'S INSURANCE

The Manager has professional indemnity insurance cover effected with a reputable insurer.

14.8 COMPLIANCE COMMITTEE

The Manager has established and registered a compliance plan for the Trust. A summary of the key features of the compliance plan is set out in section 18.10.

Compliance issues are monitored and managed by the compliance committee which currently consists of Bede King (Chairman), Chris Morton (the Manager's Managing Director) and Ray Kellerman. Bede King is a senior legal practitioner practising in corporate and property areas of the law. He is a partner of the legal firm Tobin King Lateef. Ray Kellerman is a former National Manager – Compliance of Perpetual Trustees Limited and now personally specialises in the provision of compliance services as a compliance committee member on a number of significant managed investment schemes.

Bede King and Ray Kellerman are 'external members' of the compliance committee as required by the Corporations Act.

The compliance committee reports to the board of the Manager in relation to compliance issues.

14.9 MANAGER'S ETHICAL CONSIDERATIONS

The Manager makes every reasonable effort to conduct its affairs and to deal with Investors and their Investment in an ethical manner and to comply with all relevant legal requirements and mandatory planning and environmental standards and codes. The Manager does not claim to give additional weight to labour standards, environmental, social or ethical considerations when purchasing, improving, selling or leasing Property.

14.10 DIRECTORS OF THE MANAGER

Christopher Arthur Morton **Managing Director**

Chris Morton holds the degrees of Bachelor of Commerce and Bachelor of Laws from the University of Queensland and a Master of Laws from Cambridge University (United Kingdom). He has been admitted as a solicitor for over 21 years.

As a solicitor, he was a partner of the national legal firm Phillips Fox where towards the end of his legal career he headed the property division and was one of the management executive of that firm's Brisbane office. In his legal capacity, he was involved in some of the larger property developments in South East Queensland.

Chris has established and managed successful development and investment syndicates and trusts since 1994. Chris has also in his career held an accounting position and was an Associate to a Supreme Court Judge. Chris is currently a committee member of the Corporate Real Estate Committee of the Property Council of Australia (Qld Division). He is the immediate Past President of the Australian Direct Property Investment Association ("ADPIA").

Archibald Norman Douglas **Non-Executive Director**

Archibald Douglas is a licensed real estate agent who is a director and co-founder of PRD Realty, a major national real estate agency which now includes the Nationwide Realty Group. He is also a director of PRD Consulting Services (a real estate consulting organisation offering broad property and research advice) and Investment Management Australia Limited (a development funds manager).

Archie Douglas and his brother Gordon have been actively involved in developing a real estate practice that includes offices throughout Australia and South East Asia with in excess of 150 offices. In addition, he adds property development experience as well as having been actively involved in the development of an apartment business that managed in excess of 2,000 apartments and hotel rooms.

He has been a member of the board of directors of the Real Estate Institute of Queensland and is a member of the Australian Institute of Company Directors.

The Manager utilises this experience to enhance the timing of its decisions and to ensure an up to date understanding of the property market.



The Directors of the Manager (left to right) Archibald Douglas, David Conquest, Elizabeth Pidgeon, Matthew Madsen and Christopher Morton (Managing Director)

Elizabeth Ann Pidgeon

Non-Executive Director

Liz has been involved in the property industry for 16 years culminating in her gaining industry recognition as President of the Property Council of Australia (Queensland Division), the industry's peak body.

She holds a Bachelor of Business – Management Degree and is a licensed real estate agent.

Liz's grounding in property started with Richard Ellis, a major real estate agency group. She was appointed as an executive director of F.A. Pidgeon & Son Pty Ltd, a construction and development company which through the 1980s and 1990s was a major builder and developer within south east Queensland. She is now a shareholder and director of Cornerstone Properties Limited, a development company.

She has been on several boards and committees, both professional and charitable including a member of the Brisbane City Council's Urban Renewal Task Force, Urban Design Advisory Panel and Brisbane Marketing.

Liz brings to the Manager property development experience and broad industry contacts.

David John Conquest

Executive Director

David has been involved in the property and financial services industry for over 26 years. He has previously held senior executive positions with Growth Equities Mutual (GEM), Lend Lease, Suncorp Metway and Deutsche Bank.

David is a former property lecturer for the Securities Institute of Australia. He has had considerable experience with a range of financial products offered by the Australian funds management industry, with a particular focus on property products. David is well respected by financial intermediaries throughout Australia.

David provides to the Manager an innate understanding of the needs of the users of investment products and their advisers' requirements.

Matthew Madsen**Executive Director**

Matthew is the director in charge of funds management for the Manager's portfolio. His role encompasses asset acquisition and subsequent asset and funds management.

Matthew has undertaken studies in property investment and finance, shopping centre management and holds a Diploma in Financial Markets from the Securities Institute of Australia of which he is an affiliate member.

Prior to joining the Manager, Matthew held positions with major real estate agency group Richard Ellis in the property management area, national property finance intermediary Ashe Morgan Winthrop and was state manager of another property funds management organisation.

Matthew's background and core expertise are focussed on property analysis, acquisitions, asset management and property finance.

14.11 STATEMENT BY DIRECTORS

The directors of the Manager have authorised the issue of this Prospectus.

The directors of the Manager report that (as at the date of this Prospectus) and after due enquiry by them, that they have not become aware of any circumstances which in their opinion will materially affect the Trust other than as disclosed in this Prospectus.

To the best of the directors' knowledge and belief, the information contained in this Prospectus is correct and there are no material omissions likely to affect the accuracy of the information.

Each director has consented in writing to the issue of this Prospectus.

14 June 2002


Christopher A Morton

Managing Director

Property Funds Australia Limited





Examples of other properties included in other funds managed by Property Funds Australia Limited (and not included in this Offer).



*From top to bottom:
Garden Square Office Park, MacGregor; Post Office Square;
Centro - Stage 3, Fortitude Valley; 388 Queen Street, Brisbane;
Anzac Square Offices, Brisbane; Cairns Hypermart (CUB);
Homeworld Centre, Canberra.*

15.1 TRUST COMPANY OF AUSTRALIA

Trust Company of Australia Limited is a statutory trustee company authorised to act in Victoria, NSW and Queensland. It is a listed public company on the Australian Stock Exchange.

It is one of the oldest independent statutory trustee companies in Australia, having been incorporated in 1885. It operates on the eastern seaboard of Australia with offices in Melbourne, Sydney, Brisbane and Townsville. Its head office is located in Melbourne. The total number of staff throughout the company is approximately 160.

15.2 THE CUSTODIAN'S ROLE

The Custodian will hold the title to the Property immediately after completion and undertakes other duties as nominee. The Custodian receives all Subscriptions and income on behalf of the Trust. Specific duties of the Custodian are detailed in section 18.11.

15.3 THE CUSTODIAN'S REMUNERATION

The Custodian is entitled to receive an annual fee of \$10,500 pa exclusive of GST and indexed to CPI annually. The Custodian is to receive a one off establishment fee of \$3,000. It is entitled to be reimbursed for legal fees or any other costs and expenses it incurs on behalf of the Trust.

15.4 CHANGING THE CUSTODIAN

The Manager may require the Custodian to retire upon giving three months' notice.

15.5 OTHER COMMENTS

The Custodian has not been involved in the preparation of this Prospectus other than in relation to those parts that specifically refer to the Custodian or the Custody Agreement. Although referred to in the Prospectus, the Custodian has not authorised the issue of the Prospectus.

Specifically, the Custodian does not guarantee the repayment of Subscriptions, the receipt of income or the performance of the Trust.



Investors should be aware that the future level of income and capital distributions and Investor's total returns may be influenced by a number of factors, some of which may be outside the control of the Manager.

16.1 PROPERTY

The nature of this investment is fundamentally equivalent to a direct property investment. Accordingly, the risks commonly associated with commercial property investment apply equally to this investment. These potential risks include forecast assumptions not eventuating.

The Trust will purchase one property. As such, the Trust will be affected by the risk of fluctuating property value due to such factors as:

- a general downturn in the property market;
- a downturn in the general Australian or NSW economies (and in particular any downturn affecting retail sales);
- a failure of tenants to meet their financial obligations;
- a future tenancy vacancy being longer than projected;
- interest rate fluctuations.

Investments in real estate ought to be viewed as long term investments and are likely to be illiquid. Often it may be difficult to sell a property or obtain the price (even though it may be fair value) at the time one wants to sell.

16.2 LIQUIDITY AND SECONDARY MARKETS

The Units are likely to be illiquid investments because it is unlikely there will be a secondary market.

No Investor has the right to redeem their Investment.

16.3 TERM

The term of the Trust is a fixed term of seven years unless terminated earlier by the Manager or by special resolution of the Investors. The term may, however, be extended in certain circumstances which provide for an Investor to be able to exit their Investment on a fair value basis (see section 8 and Answers to Frequently Asked Questions).

16.4 BORROWINGS

Borrowings will be used to partly fund the purchase of the Property. This is referred to as 'gearing' or 'leveraging' and enhances the potential for capital gain for Investors if the Property increases in value. However, it may also increase any capital loss in the event that the value of the Property

falls compared to a property investment which has no borrowings.

The Trust is expected to continue for longer than the initial loan facility. There is no guarantee that the Manager will be able to refinance that facility. Further, if the loan is refinanced the interest rate payable may be higher than current interest rate.

If a tenant fails to pay rental due under its lease or there are extended vacancies, the income of the Trust may not be sufficient to meet interest payments under the loan. If there is a default in paying such interest, the financier may be entitled to enforce its security.

The finance arrangements proposed are based on a variable rate facility (combined with interest rate management products see section 9), which carry the risk of adverse interest rate movements during the term of the facility. The Manager's forecasts assume substantially similar rates of interest throughout the Forecast Period. If rates moved significantly (particularly before the Manager was able to manage the risk using interest rate management products) then this would significantly reduce distributions below forecast levels (see section 11 note 4).

Arrangements with financiers are not finalised or unconditional and are not intended to be unconditional until Subscriptions have closed.

16.5 LEGAL

Adverse consequences to investments can occur because of amendments to statutes and regulations affecting them. Taxation analysis of forecast income is based on current tax law and its interpretation. The law may be changed during the term of the Trust or new decisions or determinations may alter the way the law is generally interpreted.

16.6 SPECIFIC RISKS

Much of the CBD of Dubbo has the potential to suffer flooding during a 1 in 100 year flood (i.e. a flood of such severity that it occurs once in every 100 years). The land upon which the Centre is constructed is at a level or regulation line below the 1 in 100 year flood level. The upper slab level of the building constructed on the land is above the 1 in 100 year flood level. The leases for the Property require the tenants to acknowledge the 100 year flood risk so as to minimize the potential claims against the landlord.

Should the legislation amending GST laws referred to in section 12 not be passed by the Government as announced by the Treasurer, or the Reading Cinema tenant not agree to vary its lease in the Centre to enable GST to be recovered from them then there would be a risk to the level of distributions by 0.6%pa from 1 July, 2005 until expiry of the lease and would also have a consequential effect on the value of the Property.

The tenants may have to continue to hold permits, licences, franchises or other rights. This is particularly so with licensed premises such as the River Inn Tavern which must continue to hold a liquor licence and gaming machine licences.

16.7 TAXATION LAW

Taxation law is currently in a state of flux with a considerable government focus on taxation reform and a constant review of GST. In respect of GST, certain assumptions have been made as to the valuation profession's approach to market rent reviews relating to whether GST is payable under a taxable supply under the lease is recoverable or non-recoverable from a tenant under the terms of a particular lease. There is also a range of tax reform proposals being considered by the Government particularly in relation to entity taxation. The reform proposals could impact upon Unitholders.

16.8 INSURANCE RISK

While the Manager is confident of arranging proper insurance for the risks associated with ownership of the Property which are normally insured, there is no certainty that such insurance will continue to be available or that premiums will not rise and this may affect the forecast income from the Property during the Forecast Period.

16.9 FINANCIAL SECTOR REFORM ACT

The Financial Sector Reform Act was passed by the Senate on 23 August 2001 and came into operation on 11 March 2002.

There are a range of provisions within the Financial Sector Reform Act which may over time impact upon the legislative framework in which the Trust operates.

The Manager will undertake whatever steps are necessary to ensure compliance with this legislation as it applies to the Trust.

16.10 CONCLUSION

This investment, as with any property investment, is by its nature a speculative investment. No guarantee is or can be given that there will be a capital gain arising out of your Investment, that the Property will not decrease in value or that distributions to you will be similar to those forecast in this Prospectus for the Forecast Period or later.

Macquarie Street frontage of the Property late at night.



14 June 2002



The Directors
Property Funds Australia Limited
Level 23, Central Plaza Two
66 Eagle Street
BRISBANE QLD 4000



Colliers International
Consultancy and Valuation Pty Limited
ABN 88076848112
Canary Centre
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Australia
PO Box 113 Braddon ACT 2612
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Dear Directors

RIVERDALE SHOPPING AND ENTERTAINMENT CENTRE, DUBBO – VALUATION SUMMARY

We refer to your written instructions dated 23 April 2002 to provide a formal valuation report on the abovementioned property and a summary for inclusion in a Prospectus. This document is a summary of the full valuation report only. For more detailed information reference should be made to the full valuation report.

Brief Description

The Riverdale Centre comprises a modern, fully enclosed, shopping centre and entertainment complex located in the City of Dubbo.

Dubbo is located approximately 414 kilometres north west of Sydney, near to the geographical centre of NSW and is at the centre of the Central West/Orana Region, the third largest and third fastest growing regional centre within NSW.

Dubbo City is a vibrant, busy and diverse commercial centre, inclusive of agriculture, manufacturing, transport and retail and is a major service centre for approximately 120,500 people in central western NSW.

The City also enjoys a strategic location at the intersection of the Brisbane/Melbourne Newell Highway, the Sydney/Adelaide Mitchell Highway and the major East West rail link and subsequently promotes continual growth as a major transportation and intermodal freight transfer centre.

The Riverdale Centre which was originally completed in 1974, underwent a substantial refurbishment and expansion programme which was completed in March 1999.

The building is set on a site of approximately 11,780 square metres in Macquarie Street in the heart of the central business district of Dubbo. The Centre comprises a Woolworths Supermarket of 2,727 square metres, a 1,072 seat, Reading '5-Plex' Cinema Complex, the River Inn Tavern of 421.4 square metres, 13 specialty retail shops and provision for 2 ATM machines. The building contains a total GLA of approximately 6,151.50 square metres.

Open and enclosed car parking is provided for 290 cars (approx) at lower ground level with access via Bligh and Talbragar Streets, pedestrian access to and from the Centre from the car park is by travelator.

Tenancy Details

The property is anchored by three major tenants which are all secured by long term leases. Woolworths Supermarket 20 + 4 x 5 year options (expiring in 2019), Reading Cinemas 15 + 2 x 5 years (expiring in 2014) and the River Inn Tavern 8+ 3 x 5 years (expiring in 2008).

We note that 71% of the gross income for the Centre (including turnover rent) is derived from these major tenancies and the security of the income stream from the property is further underpinned by blue chip tenants such as Dick Smith Electronics, Kiwi Waffle n Cones, Subway and the Reliance Credit Union. There are 13 specialty shops in addition to the three major tenants and at the date of our inspection two (2) of these shops were vacant.

Leases for the occupied speciality shops have an average unexpired term of 2.37 years.

Market Commentary

In January 2002, retail sales in Australia increased by 1.4%, the largest monthly increase since February 2001. In March 2002, retail trade rose by 0.8%, which was stronger than market expectations. The annual rate of increase is 7.2%. The trend estimates that there are increases in all states.

The Westpac-Melbourne Institute Index of Consumer Sentiment has risen for five consecutive months to 116 in March 2002, its highest level since early 1999. It remained unchanged at 110.2 following a 5% fall in April. This steady index indicates that consumers are positive about the economic outlook over the next twelve months regardless of the recent increase in interest rates.

The retail market has had relatively few major sales transactions in the last two years which has been as a result of limited availability of investment properties.

A lack of quality investment stock has been a problem for those in the property market over the past 12-18 months. Recently there has been increased competition for retail investment properties attracting interstate based private investors, syndicates, institutions and property trusts particularly in respect of properties over \$2,000,000.

We have had principal regard to the following sales of non CBD retail properties in arriving at the current market value of the Riverdale Shopping Centre.

Property	Sale Date	Sale Price	Initial Yield	IRR	Rate psm
Wallsend Plaza	Feb-00	\$27,000,000	9.69%	11.50%	\$2,276
Norwest Marketown	Jun-00	\$36,200,000	9.00%	11.00%	\$3,698
Salamander Bay	Nov-00	\$32,600,000	8.65%	10.75%	\$2,720
Wattle Grove	June-00	\$9,320,000	9.19%	11.25%	\$2,780
Kinkumber Shopping Village	Mar-01	\$13,900,000	10.25%	-	-
Liverpool Plaza Shopping Centre	Apr-02	\$23,000,000	10.49%	11.77%	\$3,656

Valuation Methodology

In determining the current market value for the property we have examined the available market evidence and applied this analysis to both the traditional capitalisation approach and discounted cashflow approach.

We have taken the potential gross income of \$2,015,165 (including recoverable outgoings) less outgoings of \$500,000 to result in a potential net annual income fully let of \$1,515,165. This has been capitalised at 9.50% to result in a capital value of \$15,949,105. From this figure we have deducted allowances for the costs to lease up the remaining vacant areas, agents leasing commission and outstanding current incentives totalling \$77,016. A deduction of \$100,000 was then made to account for the differential in capitalising the Woolworths lease turnover rental to arrive at a value of \$15,772,089 which was rounded to \$15,700,000.



We have also prepared a ten (10) year discounted cash flow projection for the subject property which utilised future income streams. This analysis is based on a range of specific assumptions which include:

- a) A terminal capitalisation rate of 10.5%
- b) A discount rate of 11% based on the analysis of comparable sales
- c) Capital expenditure during the cashflow period totalling \$618,823.

Based on the above, the analysis indicates a value of \$15,695,799 which closely supports the value derived from the traditional capitalisation approach.

Assumptions

We have been instructed by Property Funds Australia Limited to comment on the reasonableness of those assumptions in the notes attached to the forecasts in the Prospectus relating to those matters detailed below. The assumptions below are those which we consider reasonable in the circumstances and are also consistent with those which we have used in our valuation of the Property.

- a) Upon the expiration of every lease, a lease is not renewed whether or not that tenant has an option to renew.
- b) Upon the expiration of a lease, there is a 3 month vacancy period to re-let the tenancy and a 3 month rent-free incentive is offered to relet the premises.
- c) A new lease for the currently vacant shop 8 should be able to be entered into at the rental rate provided for in the Vendor rental guarantee for that shop.
- d) Current passing rentals represent the market rentals.
- e) Market rents for the specialty stores will increase by 2.8% each year for financial years 2003/04 and 3.0% each year for the financial years 2004/05 and 2005/06.
- f) In regard to Woolworths percentage rental, their turnover will grow at the rates of 10% for the financial year 2002/03, 5% for the financial year 2003/04, 3% for the financial year 2004/05 and nil growth for the financial year 2005/06.
- g) For the escalation of operating expenses for the Property and rent reviews based on CPI, we consider forecast CPI figures provided by Access Economics to be appropriate. These figures are 2.6% for the financial year 2002/03, 2.7% for the financial year 2003/04, 0.8% for the financial year 2004/05 and 1.9% for the financial year 2005/06.

We consider that, as at the date of this letter, the assumptions detailed above are consistent with what we believe would be appropriate under the prevailing market conditions, and that it would not be unreasonable to expect such conditions to continue in the short term to medium term.

Valuation Summary

Subject to the qualifications and assumptions contained within the body of our full report, we assess the market value exclusive of GST subject to the existing tenancies as at 1 August 2002 to be **\$15,700,000 (Fifteen Million Seven Hundred Thousand Dollars)**.

If you require any further information please do not hesitate to contact the writer.

Yours sincerely,

Colliers International Consultancy and Valuation Pty Limited

G. Jeffress, F.A.P.I.

Certified Practising Valuer

Registered Valuer in N.S.W. No. 3264

(Without Limitations)

‘We will continue to bring to you many property investment opportunities of this quality in the future.

We hope that you will take up these opportunities over the long term so as to minimise risk through further diversification.

This, we believe, is a prudent property investment strategy.’

Christopher A Morton

Managing Director

Property Funds Australia Limited

18.1 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at the office of the Manager for 13 months after registration of this Prospectus:

- the documents summarised in this section.
- the consents to the issue of this Prospectus.
- the full valuation of the Property.

18.2 CONSENTS

Each of the directors of Property Funds Australia Limited has consented to the lodgement of this Prospectus with ASIC.

McCullough Robertson has given its written consent to being named in this Prospectus as corporate lawyers to the Manager.

BDO Kendalls Securities Limited has given its written consent to the issue of this Prospectus with its Investigating Accountants Report dated 14 June 2002 in section 13.

BDO Kendalls has given its written consent to being named in this Prospectus as auditor.

Colliers International Consultancy and Valuation Pty Ltd has given its written consent to the issue of this Prospectus with its valuation summary report dated 14 June 2002 in section 17.

Trust Company of Australia Limited has given its written consent to being named as Custodian.

Each of the persons or corporations named in this section 18.2 have given their consent and not withdrawn their consent before lodgement of this Prospectus with ASIC.

18.3 INTERESTS OF EXPERTS

No expert or firm in which an expert is a partner, has any interest in the promotion of the Trust and no amounts have been paid or agreed to be paid (whether in cash or otherwise) to an expert or to such firm for services rendered in connection with the promotion of the Trust other than as set out below:

- McCullough Robertson undertook due diligence enquiries, advised in relation to the terms of the Constitution, compliance plan and Custody Agreement. An amount up to \$45,000 (plus GST) has been paid or is agreed to be paid in respect of these services and work involved in the preparation of this Prospectus.

- BDO Kendalls Securities Limited has prepared the Independent Review in section 13. BDO Kendalls Securities Limited has provided investigating accounting advice. An amount of \$11,000 (plus GST) has been paid or is agreed to be paid in respect of these services.
- Colliers International Consultancy and Valuation Pty Ltd undertook the valuation and prepared the valuations summary report in section 17. An amount of \$10,000 (plus GST) has been paid or is agreed to be paid in respect of these and other services.

The experts named in this section do not make or purport to make, any statement in this Prospectus other than in relation to their respective reports (if any) included in this Prospectus and are not responsible for any other statement. The experts have not authorised or caused the issue of this Prospectus.

18.4 NON-INVOLVEMENT

None of Precinct Investments Pty Ltd, Tower 720 Pty Limited, their officers, employees, agents or shareholders has participated in any way in the preparation or verification of this Prospectus or acted or been included in a professional, advisory or other capacity in respect of the offer (in respect of Units under the Prospectus). Accordingly, none of them has consented to being named in any capacity in this Prospectus nor takes any responsibility for, or makes any representations as to the accuracy of, or the contents of this Prospectus.

18.5 DISCLOSURE OF INTERESTS

Directors of the Manager

Other than as set out below or elsewhere in the Prospectus, no director of the Manager has an interest in the promotion of the Trust and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any director or proposed director either to induce to become, or to qualify as, a director, or otherwise for services rendered in connection with the promotion of the Trust:

- Entities associated with Christopher Morton own shares in the Manager.
- Persons or entities associated with Archibald Douglas may receive fees associated with the raising of Subscriptions. These fees, if any, would be paid by the Manager out of its initial fee.

Custodian and Directors of the Custodian

At the date of this Prospectus and throughout the preceding two year period neither the Custodian nor any directors of the Custodian has or had any interest in the promotion of or in the Trust other than the remuneration to which it is entitled as Custodian.

18.6 UNDERWRITING/COMMISSIONS

The issue of Units in the Trust is not currently underwritten. The Manager may pay from its own monies commissions to intermediaries in respect of Subscriptions. Commissions will be paid as a percentage of relevant Subscriptions. Flat rate commissions are expected to not exceed 5% of all Subscription monies. If any Subscriptions (whether part or all) are underwritten, then the Manager may pay a further 1% of all Subscription moneys.

18.7 AUDITOR

The auditor of the Trust is BDO Kendalls, Chartered Accountants.

18.8 MATERIAL CONTRACTS**PUT AND CALL OPTION TO PURCHASE RIVERDALE SHOPPING CENTRE**

Date: 17 May 2002

Parties:

Grantor/Vendor: Tower 720 Pty Ltd

Grantee/Purchaser: Property Funds Australia Limited as trustee of the Trust

Property: Riverdale Centre, 49-65 Macquarie Street, City of Dubbo.

Being lot 100 on Deposited Plan 1001121, within the Local Government Area of Dubbo, Parish of Dubbo, County of Lincoln.

Option Fee: \$25,000

Purchase Price: \$15,450,000 plus the provision for an additional amount for GST to be paid if the supply of the property by the Vendor to the purchaser is not a GST free supply as a going concern for the purposes of the GST law.

Deposit: \$500,000 of which \$475,000 is payable on option exercise and the balance being the option fee.

Call Option: May be exercised at any time on or before 5pm on 26 August, 2002.

Put Option: May only be exercised in the 10 business days following the raising of the minimum subscription amount under this Prospectus.

Settlement Date: 10 days after the date of exercise of either the Put or Call Option.

Special Conditions:

Rent Support Shop 8: The Vendor is to provide rental support over the vacant shop 8 for two years from Completion.

Any leases entered into must comply with certain minimum lease provisions including:

- an initial term of not less than five years;
- rent not to be less than \$55,236 pa gross;
- certain criteria to be regarded for tenant covenant and guarantees;
- any tenant to be respectable, responsible and solvent with a reasonable business background.

The Vendor to pay rental support monthly in advance.

The Vendor is to indemnify the Purchaser for any incentives offered to tenants.

The Vendor is to pay \$110,472 to an escrow agent as rental support security for shop 8.

GST: The Property is being purchased as a going concern for GST purposes.

Encroachment: There is a slight 10cm encroachment by the building which comprises the Property over the land on the southern boundary of the Property at Macquarie Street. The Vendor is to use its reasonable endeavours to arrange for an easement to be created in respect of the encroachment upon this adjoining land prior to Completion.



18.9 TRUST CONSTITUTION

The Constitution is the primary document which establishes the Trust. The responsibilities of the Manager, together with all duties, obligations and rights pertaining to the Trust, are set out in the Constitution.

The Manager is the responsible entity and trustee of the Trust. It is responsible for the management of the Property and the funds of the Trust on behalf of Unitholders.

Manager

The Manager is empowered under the Constitution to manage the Property and the fund as if it were the owner. The rights, obligations and powers of the Manager arise not only from the Constitution but also from the relevant provisions of the Corporations Act.

Information about the Manager, its role and remuneration is summarised in section 14.

Remuneration of Manager

The Manager is entitled to receive the fees as set out in section 14. The Manager is also entitled to be reimbursed and paid out of the Trust fund for all costs, charges and expenses properly incurred in connection with the establishment and administration of the Trust.

Acquisition of Property

The Manager will ensure that the Trust acquires the Property in accordance with the procedures set out in section 8.

If at the time of acquisition of the Property the Manager forms the opinion that the Property cannot be acquired or should not be acquired, the Manager may not proceed with the acquisition of the Property.

Where the Manager does not acquire the Property, then the Manager shall not be liable to account to the Trust for any loss or any variations in projections as disclosed in this Prospectus, provided that at all times the Manager acted reasonably and in good faith.

In these circumstances, the Manager must return to the Unitholders their proportional interest plus their undivided share in the refund fee, less any tax, bank or Custodian charges.

Duties and obligations of the Manager

The main duties and obligations of the Manager are:

- to ensure the distribution of the income of the Trust to the Unitholders;
- to manage, improve and enhance the value of the Property and the Trust fund;
- collect and receive all incoming capital receipts arising from the Property;
- to repair and maintain the Property;
- to negotiate and enter into deeds and agreements including guarantees, mortgages and any other arrangements for the financing of the acquisition of the Property and the ongoing operation of the Trust and Property;
- to sell or dispose of any part or all of the Property;
- to employ any necessary personnel or engage contractors or sub-contractors;
- to make all necessary payments required for the proper management of the Trust;
- to keep records relating to all financial transactions and prepare the necessary income tax and other returns and reports as required;
- to insure and keep insured the Property for its full insurable value;
- to maintain a current register of Unitholders;
- to conduct the business of the Trust;
- to act in good faith and in the best interests of the Unitholders;
- comply with both the Constitution and compliance plan;
- ensure the Property is valued at regular intervals appropriate to the nature of the Property;
- report any breaches of the Corporations Act to ASIC;
- to treat Unitholders equally and fairly; and
- to act honestly.

Retirement of the Manager

In addition to the Corporations Act requirements, the Manager will retire as responsible entity of the Trust:

- if the Manager is placed in liquidation or ceases to carry on business or a receiver or manager is appointed;
- if Unitholders representing 50% or more of the value of Units resolve by a meeting to remove the Manager.

The Manager may only retire after providing the Unitholders with an opportunity to meet and choose a new responsible entity.

Where the Manager is removed as responsible entity of the Trust pursuant to the Constitution, the new responsible entity will cause the Property to be valued forthwith by an approved valuer. The Manager will be entitled to receive the fees as specifically provided in section 14.3.

Unitholders

Under the Constitution, no Unitholder will be under any obligation to personally indemnify the Manager in respect of the liabilities or obligations in connection with the Trust to any extent beyond their Subscriptions.

The Constitution provides that the Manager may refuse to register a transfer where the Manager considers (in its complete discretion) such transfer or application may be a breach of the Foreign Acquisitions and Takeovers Act 1975 or government guidelines in relation to foreign investment and ownership.

The Constitution also provides that the Manager may at its complete discretion limit the maximum relevant interest any person may hold in the Trust at 15%. Where a person acquires a relevant interest in more than 15% of the Units of the Trust without the Manager's prior approval, the Manager may (at its discretion) force that person to sell part of their Units.

Register of Unitholders and Sales Assistance

The Manager must maintain an up-to-date register of Unitholders and their Units. The register is available for inspection at the registered office of the Manager, without fee to Unitholders.

The Manager may provide administrative assistance to Unitholders wishing to transfer their Unitholding. The Manager may charge transferring Unitholders an administrative fee of up to 1% of the value of the Units being sold, transferred, transmitted or assigned.

Voting

The Constitution provides that each Unitholder shall have one vote for each Unit in the Trust. Voting will generally be by a show of hands unless a poll is demanded. Unitholders will receive notification of meetings. Only those Unitholders that are entered on the register of Unitholders shall be entitled to vote at any meeting of Unitholders.

Borrowings

The Manager may only borrow in accordance with the Constitution and as trustee of the Trust will borrow on behalf of the Trust.

The Property will be charged or mortgaged as security. All loans will be on a limited recourse basis and the financier will only have access to the Property as security. The financier will not have access to other assets of the Unitholders.

Distribution of Income

Under the Constitution the Manager is charged with the responsibility of collecting all income of the Property and the Trust and distributing it to Unitholders. The Constitution provides that the Manager may maintain a revolving finance facility. The Manager is empowered to provide Unitholders with consistent distributions, through an equalisation fund.

The Constitution provides that the Manager after consultation with the Trust auditor has complete discretion in determining whether an item for distribution will be income or capital. The Manager proposes to make the first distribution to Unitholders within 21 days after the first full month of operation. Subsequent distributions will be made 21 days after the end of each month.

Where an individual Property is sold, the Manager is empowered to withhold some or all of the distribution of the capital to Unitholders in order to meet ongoing finance requirements of the Trust.

Unitholders will be provided with a statement specifying the amount of income distributed and the amount of capital distributed in any financial year.

Further Units

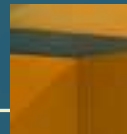
Further Units may be created subject to the prior approval of Unitholders passed by an ordinary resolution of Unitholders.

These Units will be offered to Unitholders on a pro rata basis before being offered to any person who is not a Unitholder.

Sale of Property

The Manager may sell the Property at any time:

- upon termination of the Trust;
- with the prior approval of the Unitholders by a special resolution;
- where the Manager believes it is in the best interests of Unitholders; or



- where the Manager considers it is desirable to do so at a price which after discharge of all liabilities of the Trust including costs of sale, payment of the Manager's fees the proceeds of sale are sufficient to provide Unitholders with a sum equal to or greater than 100% of the Unitholders' original investment.

Following the sale of the Property (but in any event not less than two months after settlement) the proceeds of sale must be distributed in the following manner:

- discharge of all money due and payable by the Manager on any mortgages or encumbrances affecting the Property;
- payment of all outstanding outgoings and expenses;
- payment of the costs of sale including any outstanding Manager's fees; and
- subject to the Manager being required by a financier to the Trust to withhold money, the proceeds shall be distributed to the Unitholders in proportion to their Units.

Duration and Termination of the Trust

The Trust will terminate eighty years after the date the purchase of the Property is completed. The Constitution provides that the Trust may be terminated earlier:

- upon sale of the Property; or
- if the Unitholders resolve by an extraordinary resolution to wind up the Trust; or
- if the office of the Manager becomes vacant and a replacement responsible entity is not appointed at a meeting of Unitholders.

Where the Trust is terminated, the Manager will realise all investments and other assets including the Property and after deducting all debts and borrowings of the Trust, outstanding outgoings, costs of sale, Manager's fees etc, will distribute the net proceeds of the realisation of the investments and other assets (including the Property) amongst Unitholders in proportion to their Units provided that:

- the Manager is entitled to retain its costs, charges and expenses including remuneration and will be entitled to retain for as long as it thinks fit such amount which in its opinion may be required to meet all claims, demands and expenses incurred or expected to be incurred by the Trust on determination of the Trust;
- distribution will be made only against delivery to the Manager of such evidence as the Manager may require of the Unitholder's entitlement and against delivery to the Manager of such form of receipt and discharge as may reasonably be required by the Manager.

The Manager is required to distribute all proceeds as soon as possible after the sale of the Property.

The Manager may where it considers it is in the interests of Unitholders seek to extend the term of the Trust. In such circumstances the Manager will notify each Unitholder not less than six months before due date for termination of the Trust and advise Unitholders whether they wish to extend the term of the Trust for not more than 10 years ('Extension Notice'). If the Unitholder does not notify the Manager in writing within two months of the date of the Extension Notice that they wish to exit the Trust the Unitholder will be taken to be in favour of the extension of the term of the Trust.

Those Unitholders who have notified the Manager they wish to exit the Trust ('Exiting Unitholders') will be taken to have irrevocably appointed the Manager as their agent to sell such of their Units (at a value determined by an approved valuer) as the Manager deems appropriate. The Manager may borrow further funds on behalf of the remaining Unitholders to purchase the Units of the Exiting Unitholders provided the borrowings do not exceed 75% of the value of the Property. If the Manager is unable to sell all Exiting Unitholders' Units within a reasonable time the Manager shall sell the Property.

Complaints

The Constitution establishes a procedure for the directors of the Manager to receive, consider, investigate and respond to complaints by Unitholders dissatisfied with the management or administration of the Trust. Complaints should be addressed to:

The Dispute Resolution Officer
Property Funds Australia Limited
PO Box 10398
Brisbane Adelaide Street QLD 4000

The Manager is also a member of the Financial Industry Complaints Service, an external complaints resolution service which has been approved by ASIC.

18.10 COMPLIANCE PLAN

The Manager has established a compliance plan for the Trust which is monitored by the directors of the Manager and its compliance committee. The compliance plan outlines the principles and procedures the Manager will invoke to ensure it complies with the provisions of the Corporations Act, ASIC policy and the Constitution. It focuses on the systems in place to assist in competent management of the Trust by the Manager. The compliance plan has been lodged with ASIC.

Issues covered by the compliance plan include procedures for complaints handling, applications, distributions, monitoring and resolution of suspected breaches of the Corporations Act, accounts and record keeping, valuations, registry, audits, fees, related party transactions, conflicts of interest and disclosure and reporting requirements.

18.11 CUSTODY AGREEMENT

The Manager and the Custodian have entered into a Custody Agreement under which the Custodian will act as the custodian in respect of the assets of the Trust.

The assets will be held in the Custodian's name.

Its duties include:

- holding the assets;
- maintaining bank accounts to hold application money, rents and other income and issuing cheques;
- entering into leases of the Property;
- granting mortgages and other securities over the assets (if requested by the Manager to do so).

The Custodian must not effect any transactions involving the assets unless it has received proper instructions from the Manager.

The Custodian must keep accurate and detailed accounts of all receipts, disbursements and transactions.

The Custodian may only withdraw money from the relevant bank accounts in accordance with the custody agreement.

The Custodian agrees to exercise all due care and diligence in carrying out its duties. The Custodian's liability is limited in certain circumstances, including if it acts in accordance with the proper instructions of the Manager, in good faith and without negligence.

The Custodian is entitled to be paid fees and be reimbursed for expenses as outlined in section 15.3.

The custody agreement continues until terminated. Either party can terminate on 90 days' notice or, immediately upon material default or insolvency events.

The Manager as trustee of the Trust indemnifies the Custodian in respect of costs and expenses incurred relating to the assets of the Trust.

This is not part of the Property



Introduction

We take pride in the quality of reporting and service we provide to Investors. This includes protecting your privacy.

In our capacity as responsible entity and manager of managed investment schemes including this Trust, we collect personal information. From 21 December 2001, we are bound by the new privacy provisions contained in the amended Privacy Act 1988 (Cth).

Outlined in this section is the information that the Privacy Act requires we communicate to all Investors.

How the Manager collects your personal information

We collect personal information in a number of ways including:

- directly from you, when you provide information in documents including your Application Form or when you amend your personal information;
- from third parties including your authorised representative, professional financial planner or accountant.

Personal information that we hold

The types of personal information we typically hold is that information required to administer distributions and Investor holdings, and effect proper management of the Investments. Most of this information will come from your completed Application Form.

Such information includes Investor holding balances, name and address details, email addresses, bank account details, tax file numbers and banking instructions.

This information is generally provided to us directly by Investors, financial advisers and authorised representatives.

Use of your personal information

Your personal information may be used for the following purposes:

- maintenance of registers of Investors, which we are obliged to maintain under the Corporations Act 2001;
- facilitation of distribution payments and corporate communications including financial results of the Trust, annual reports, newsletters and other information that we may wish to communicate to Investors;
- formal notices to Investors required to be given under the Corporations Act, constitutions and similar deeds of establishment.

In relation to your tax file number, the Manager abides by the Tax File Number Guidelines as issued by the Australian Taxation Office and the Office of the Federal Privacy Commissioner from time to time.

Your personal information may be also used to contact you about other services or products, which we consider may be of interest to you. If you do not wish us to contact you regarding other services please contact our privacy officer.

Disclosure of your personal information

For the purposes outlined above, we may disclose your personal information to organisations or individuals outside of the Manager. These include:

- your authorised representatives;
- your authorised administration managers;
- those external organisations who maintain our registers of Investors;
- your professional financial planner or accountant;
- government and regulatory authorities as required or authorised by law;
- those parties who provide us, from time to time, with IT support, print and mail services for distribution and management of Investor information;
- those parties involved in the payments system including financial institutions;
- those parties involved in a transfer of all or part of the assets or shareholding of our business.

Storage and security of your personal information

Your personal information is mainly stored in secured electronic databases. All Investor details for the Trust that are necessary to facilitate distributions and maintain registers of Investors are intended to be maintained by the Manager or external registry organisations.

Personal information that is stored at our offices is protected by appropriate security measures.

Legal requirements to collect certain personal information

When providing certain products or services to you we are obliged by law to collect certain personal information from you. The laws governing these requirements include:

- The Financial Transactions Reports Act (1988) (Cth);
- Australian taxation laws;
- The Corporations Act;
- Financial services laws.

Access to your personal information

You have a right to access your personal information, subject to some exceptions allowed by law. If you would like to do so, please contact us. You may be required to put your request in writing for security reasons. We may require the payment of a fee for searching for and providing access to your information.

Our Privacy Officer

If during the course of your Investment, you would like any further information or have some concerns that you may wish to communicate to us in relation to the privacy of any of your personal information that we hold, please contact our Privacy Officer.

INSTRUCTIONS TO APPLICANTS

COMPLETING THE APPLICATION FORM

Before completing the Application Form and forwarding it, you should read this Prospectus.

Applications may only be made on the Application Form attached to this Prospectus. This application form must not be handed to another person unless attached to or accompanied by the Prospectus.

The Manager, has the right to close the issue at any time. The Manager has the right to accept or reject any Application in whole or in part.

MINIMUM SUBSCRIPTION

You may invest an amount of \$10,000 or more with investments in excess of \$10,000 being in increments of \$5,000.

CHEQUES

Cheques must be made payable to **'Trust Company of Australia Limited – Riverdale Trust'**. Please attach your cheque to the Application Form. Your cheque must be in Australian currency. Receipts will not be issued.

TAX FILE NUMBERS

Collection of tax file numbers is authorised by tax law and the Privacy Act 1988. You do not have to advise us of your tax file number (TFN) or exemption. Failure to provide a tax file number is not an offence and will not affect the success of your application. However, if not initially provided, your TFN will be subsequently requested. Failure to provide a TFN may result in tax on the relevant income being withheld at source or at the highest marginal rate.

DISTRIBUTION BANK ACCOUNT DETAILS

Monthly income distributions will be paid by electronic transfer to your bank account. Please ensure that your bank

account details are correct. Your BSB number is a six digit number which identifies your bank and branch. If unsure, please contact your bank to confirm the correct number.

PRIVACY STATEMENT

When you apply to invest we collect personal information about you as contained on this Application Form. It is important that you read the Privacy Statement information in section 19. This will enable you to understand your rights, our obligations and what we do with this personal information and any other information we collect about you in the course of your Investment.

CORRESPONDENCE

All correspondence will only be addressed to the person and address as completed on the Application Form. For joint applicants, one address only can be entered.

LODGEMENT OF APPLICATION FORMS

Completed Application Forms and cheques must be sent to:

Postal address for mail:

Property Funds Australia Limited
PO Box 10398
Brisbane Adelaide Street QLD 4000

Office address for delivery:

Property Funds Australia Limited
Level 23 Central Plaza II
66 Eagle Street
Brisbane QLD 4000

ENQUIRIES

Contact: Property Funds Australia Limited
Freecall: 1800 687 170
Facsimile: (07) 3221 6729
Email: info@pfaltd.com.au

CORRECT FORMS OF REGISTRABLE NAMES

Note that only legal entities are allowed to hold Units. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Manager. At least one given name in full and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if requested. Use the symbols < > as shown below to indicate an account designation.

TYPE OF INVESTOR	CORRECT FORM	INCORRECT FORM
Individual Use given names in full, not initials	John James Smith	J. J. Smith
Company Use company title, not abbreviations	XYZ Pty Ltd	XYZ P/L XYZ Co
Minor (a person under the age of 18) Do not use the name of the minor, use the name of the responsible adult	John James Smith <John Smith Jnr>	John Smith Jnr
Trusts Do not use the name of the trust, use Trustee(s) name(s)	Mary Smith <Mary Smith Family Trust> or ABC Pty Ltd <ABC Family Trust>	Mary Smith Family Trust ABC Trust
Partnerships Do not use the name of the partnership, use partners personal names	John Smith & Michael Smith <Smith Brothers>	Smith Brothers
Superannuation Funds Do not use the name of superannuation funds, use the trustee(s) name	ABC Pty Ltd <Smith Family Superannuation Fund>	Smith Family Superannuation Fund

THE RIVERDALE PROPERTY TRUST APPLICATION FORM

ADVISER USE ONLY	
DEALER STAMP	NAME
	TELEPHONE
	EMAIL
	FAX

1. COMPLETE FULL NAME DETAILS (PLEASE PRINT)

<input type="text"/>	<input type="text"/>	<input type="text"/>
Mr/Mrs/Miss/Ms	Surname/Company Name (including ACN)	Applicant Given Names
<input type="text"/>	<input type="text"/>	<input type="text"/>
Joint Applicant #2		
<input type="text"/>	<input type="text"/>	<input type="text"/>
Joint Applicant #3		

2. POSTAL ADDRESS

<input type="text"/>			
Street No.	Street (or PO box details)		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Suburb	State	Post Code	Country (if not Australia)

3. CONTACT DETAILS

<input type="text"/>	<input type="text"/>	<input type="text"/>
Area Code & Home Phone No.	Area Code & Work Phone No.	Area Code & Fax No.
<input type="text"/>	<input type="text"/>	<input type="text"/>
Contact Person (if different to Applicant)		Email address (if any)

4. TAX FILE NUMBERS/ABN/EXEMPTION CATEGORY

<input type="text"/>	<input type="text"/>	<input type="text"/>
Tax File No for App. #1	Tax File No. For App. #2	Tax File No. For App. #3

5. I/WE APPLY FOR UNITS OF \$1 PER UNIT IN THE RIVERDALE PROPERTY TRUST AND LODGE APPLICATION MONEY OF: \$

6. DIRECT CREDIT OF DISTRIBUTIONS

<input type="text"/>	
Insert Name of Account which is to be credited	
<input type="text"/>	<input type="text"/>
Bank	Branch
<input type="text"/>	<input type="text"/>
BSB Number	Account Number

- 7. ARE YOU AN EXISTING INVESTOR IN OUR PRODUCTS?** ☐ YES ☐ NO
- 8. WOULD YOU LIKE TO RECEIVE AN ANNUAL REPORT FOR THE TRUST EACH YEAR?** ☐ YES ☐ NO
(If no selection is made, then an Annual Report will be forwarded to you each year)
- 9. I/WE AGREE THAT THE MANAGER MAY CONTACT ME/US AND USE THE ABOVE CONTACT DETAILS TO PROMOTE OR MARKET THE MANAGER'S SERVICES OR PRODUCTS** ☐ YES ☐ NO
- 10. I/WE DECLARE AND AGREE THAT:**
- (a) I/we have received a complete and unaltered copy of the Prospectus.
 - (b) I/we have read and understood the Prospectus to which this Application Form is attached.
 - (c) If my/our application in this Application Form is accepted I/we agree to be bound by the Constitution and any successor document or constitution.
 - (d) I/we cannot withdraw my application except when I/we have such a right under the Corporations Act or if the Manager consents.
 - (e) All personal information can be dealt with in accordance with the Privacy Statement in section 19.

11. DATE OF APPLICATION / /

12. PLEASE SIGN BELOW

Individual	Joint 2	Joint 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director/Sole Company Secretary	Director/Secretary	Director

The affixing of a common seal is no longer required under the Corporations Act.

OFFICE USE ONLY RECEIVED



INSTRUCTIONS TO APPLICANTS

COMPLETING THE APPLICATION FORM

Before completing the Application Form and forwarding it, you should read this Prospectus.

Applications may only be made on the Application Form attached to this Prospectus. This application form must not be handed to another person unless attached to or accompanied by the Prospectus.

The Manager, has the right to close the issue at any time. The Manager has the right to accept or reject any Application in whole or in part.

MINIMUM SUBSCRIPTION

You may invest an amount of \$10,000 or more with investments in excess of \$10,000 being in increments of \$5,000.

CHEQUES

Cheques must be made payable to **'Trust Company of Australia Limited – Riverdale Trust'**. Please attach your cheque to the Application Form. Your cheque must be in Australian currency. Receipts will not be issued.

TAX FILE NUMBERS

Collection of tax file numbers is authorised by tax law and the Privacy Act 1988. You do not have to advise us of your tax file number (TFN) or exemption. Failure to provide a tax file number is not an offence and will not affect the success of your application. However, if not initially provided, your TFN will be subsequently requested. Failure to provide a TFN may result in tax on the relevant income being withheld at source or at the highest marginal rate.

DISTRIBUTION BANK ACCOUNT DETAILS

Monthly income distributions will be paid by electronic transfer to your bank account. Please ensure that your bank

account details are correct. Your BSB number is a six digit number which identifies your bank and branch. If unsure, please contact your bank to confirm the correct number.

PRIVACY STATEMENT

When you apply to invest we collect personal information about you as contained on this Application Form. It is important that you read the Privacy Statement information in section 19. This will enable you to understand your rights, our obligations and what we do with this personal information and any other information we collect about you in the course of your Investment.

CORRESPONDENCE

All correspondence will only be addressed to the person and address as completed on the Application Form. For joint applicants, one address only can be entered.

LODGE MENT OF APPLICATION FORMS

Completed Application Forms and cheques must be sent to:

Postal address for mail:

Property Funds Australia Limited
PO Box 10398
Brisbane Adelaide Street QLD 4000

Office address for delivery:

Property Funds Australia Limited
Level 23 Central Plaza II
66 Eagle Street
Brisbane QLD 4000

ENQUIRIES

Contact: Property Funds Australia Limited
Freecall: 1800 687 170
Facsimile: (07) 3221 6729
Email: info@pfaltd.com.au

CORRECT FORMS OF REGISTRABLE NAMES

Note that only legal entities are allowed to hold Units. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Manager. At least one given name in full and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if requested. Use the symbols < > as shown below to indicate an account designation.

TYPE OF INVESTOR	CORRECT FORM	INCORRECT FORM
Individual Use given names in full, not initials	John James Smith	J. J. Smith
Company Use company title, not abbreviations	XYZ Pty Ltd	XYZ P/L XYZ Co
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THE RIVERDALE PROPERTY TRUST APPLICATION FORM

ADVISER USE ONLY

DEALER STAMP

NAME

TELEPHONE

EMAIL

FAX

1. COMPLETE FULL NAME DETAILS (PLEASE PRINT)

Mr/Mrs/Miss/Ms Surname/Company Name (including ACN) Applicant Given Names

Joint Applicant #2

Joint Applicant #3

2. POSTAL ADDRESS

Street No. Street (or PO box details)

Suburb

State

Post Code

Country (if not Australia)

3. CONTACT DETAILS

Area Code & Home Phone No.

Area Code & Work Phone No.

Area Code & Fax No.

Contact Person (if different to Applicant)

Email address (if any)

4. TAX FILE NUMBERS/ABN/EXEMPTION CATEGORY

Tax File No for App. #1

Tax File No. For App. #2

Tax File No. For App. #3

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Insert Name of Account which is to be credited

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Branch

BSB Number

Account Number

7. ARE YOU AN EXISTING INVESTOR IN OUR PRODUCTS?

☐ YES ☐ NO

8. WOULD YOU LIKE TO RECEIVE AN ANNUAL REPORT FOR THE TRUST EACH YEAR?

☐ YES ☐ NO

(If no selection is made, then an Annual Report will be forwarded to you each year)

9. I/WE AGREE THAT THE MANAGER MAY CONTACT ME/US AND USE THE ABOVE CONTACT DETAILS TO PROMOTE OR MARKET THE MANAGER'S SERVICES OR PRODUCTS

☐ YES ☐ NO

10. I/WE DECLARE AND AGREE THAT:

- (a) I/we have received a complete and unaltered copy of the Prospectus.
- (b) I/we have read and understood the Prospectus to which this Application Form is attached.
- (c) If my/our application in this Application Form is accepted I/we agree to be bound by the Constitution and any successor document or constitution.
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11. DATE OF APPLICATION / /

12. PLEASE SIGN BELOW

Individual

Joint 2

Joint 3

Sole Director/Sole Company Secretary

Director/Secretary

Director

The affixing of a common seal is no longer required under the Corporations Act.

OFFICE USE ONLY RECEIVED



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**INVESTOR ENQUIRIES
FREECALL
1800 687 170**

This Prospectus is dated 14 June 2002 and was lodged with ASIC on 14 June 2002. ASIC takes no responsibility for the contents of this Prospectus or the merits of the Investment to which this Prospectus relates. No Units will be allotted or issued on the basis of this Prospectus later than 13 months after the date of the issue of this Prospectus.

Neither the Manager, the Custodian, nor their associates or directors guarantee the success of this Investment, the repayment of capital or any particular rate of capital or income return.

The Custodian is not the issuer of this Prospectus and has not prepared this Prospectus. The Custodian makes no representation and takes no responsibility for the accuracy or truth of any statement or omission from any part of this Prospectus.

This Prospectus contains important information and should be read carefully. Any questions should be directed to the Manager on Freecall 1800 687 170, a stockbroker or professional investment adviser.