



The
Metropolitan Collection – **BRISBANE**

DIRECT PROPERTY INVESTMENT

**interim financial report
December 31, 2001**

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I am pleased to present the Interim Report of The Metropolitan Collection – Brisbane Direct Property Investment ("the Fund") for the six months ending 31 December, 2001 ("the Period").

Review of Operations

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

- ▲ **Anzac Square Property:** As alluded to in the last Annual Report, Energex have now signed documentation for an extension of their lease of three floors by a further four years through to June, 2008. As part of this transaction, the Fund has agreed to a surrender of Energex's lease of one floor out of their four (4) floors. One half of this surrendered floor has now been leased to MacGillivrays, Solicitors (the tenant already occupying level 2) through to 30 April, 2006 (contemporaneous with their level 2 lease). There is a focus by ourselves as Manager to secure a tenant for the remaining half a floor. The Directors believe that as a consequence of these transactions there has been an overall benefit to the Fund and an increase in value. A valuation is currently being finalised.

As also alluded to in the last report a tenant has been secured on a seven year lease for the property's heritage corridor for the use as a coffee shop. It is considered that this transaction will result in an increase of value of at least \$200,000 given that the space was originally valued as storage space.

- ▲ **Coorparoo Property (The Precinct):** There has been little activity of any reportable significance occurring on this property.
- ▲ **MacGregor Property:** A development approval for a revised development concept for this site issued in October, 2001. Unfortunately the tragic events of September 11 caused some key tenants with whom discussions had been proceeding for some time to be not prepared to commit to the development during the crucial period immediately post-September 11.

Around this time, attractive offers were received from JB HiFi and Furniture Direct to take 10 year leases of the former Chandlers building. These offers were of such a nature that justified the retention of the former Chandlers building (which was to be demolished under the development approval). Refurbishment works to accommodate the needs of these two tenants have been carried out at a cost of approximately \$480,000. The refurbishment works and the introduction of these two tenants has had a positive impact on the presentation and appeal of the former Chandlers building and the entrance to the property generally.

- ▲ **Property Management:** After receiving a number of submissions over recent months, relating not only to The Metropolitan Collection properties but other properties under our funds management, Knight Frank have been selected as the new property manager for the properties of the Fund.

Financial Results

After deductions for accounting depreciation and other non-cash items, the Syndicate had an accounting loss of \$265,929 for the Period. Similarly, the Trust had an accounting loss of \$121,499 for the Period.

Distributions for the period ended 31 December, 2001

Distributions for the period equated to a yield of 9.7%p.a. on the capital subscribed by investors.

Administrative Issues

The Accountant providing assistance in the finalisation of accounts and taxation services to the Fund has changed to BDO Kendalls.



Directors

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

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

State of Affairs

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

.....
Christopher A. Morton
Managing Director



The
Metropolitan Collection – **BRISBANE**

TRUST
ARSN 093 313 690

interim financial report
December 31, 2001

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THE METROPOLITAN COLLECTION - BRISBANE TRUST
CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2001



	Note	31 December 2001 \$	31 December 2000 \$
Revenue from ordinary activities		367,145	-
Expenses from ordinary activities		<u>(488,644)</u>	<u>(7,011)</u>
Profit/(Loss) from ordinary activities before income tax expense		(121,499)	(7,011)
Income Tax expense relating to ordinary activities	1(a)	<u>-</u>	<u>-</u>
Net profit/(loss) from ordinary activities after income tax expense		<u>(121,499)</u>	<u>(7,011)</u>

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

THE METROPOLITAN COLLECTION - BRISBANE TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2001



	31 December 2001 \$	30 June 2001 \$
TRUST CAPITAL		
Unit Capital	7,570,000	7,570,000
Distributions to Unitholders	(1,939,182)	(1,572,036)
Accumulated Losses	(376,312)	(254,813)
TOTAL TRUST FUNDS	<u>5,254,506</u>	<u>5,743,151</u>
CURRENT ASSETS		
Cash Assets	202	146
TOTAL CURRENT ASSETS	<u>202</u>	<u>146</u>
NON-CURRENT ASSETS		
Equity Investments	5,262,254	5,750,945
Other	675	825
TOTAL NON-CURRENT ASSETS	<u>5,262,929</u>	<u>5,751,770</u>
TOTAL ASSETS	<u>5,263,131</u>	<u>5,751,916</u>
CURRENT LIABILITIES		
Payables	8,625	8,765
TOTAL CURRENT LIABILITIES	<u>8,625</u>	<u>8,765</u>
TOTAL LIABILITIES	<u>8,625</u>	<u>8,765</u>
NET ASSETS/(DEFICIT)	<u>5,254,506</u>	<u>5,743,151</u>

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

THE METROPOLITAN COLLECTION - BRISBANE TRUST
CONDENSED STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2001



	31 December 2001 \$	31 December 2000 \$
Cash Flows from Operating Activities		
Distributions Received	367,146	365,993
Payments to suppliers	(245)	(125)
Other Receipts	300	-
Cash Provided by/ (Used in) Operating Activities	<u>367,201</u>	<u>365,868</u>
Cash Flows from Financing Activities		
Payment of Distributions	(367,145)	(365,883)
Cash Provided by/ (Used in) Financing Activities	<u>(367,145)</u>	<u>(365,883)</u>
Net Increase/(Decrease) in cash held	56	(15)
Cash at the Beginning of the Financial Period	146	55
CASH AT THE END OF THE FINANCIAL PERIOD	<u><u>202</u></u>	<u><u>40</u></u>

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



Note 1 – Basis of Preparation

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

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

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

(a) Income Tax

Income Tax

The trust adopts the liability method of tax effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit before income tax adjusted for any permanent differences and distributions of taxable income to beneficiaries. No liability has been raised for tax as it is unlikely that any taxable income will be retained by the trust in 2002.

Note 2 – Events Subsequent to Balance Date

There have been no events subsequent to balance date.

Note 3 – Contingent Liabilities

There are no contingent liabilities as at balance date.

Note 4 – Segment Information

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

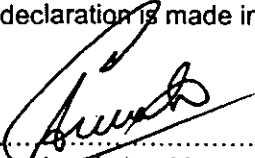
THE METROPOLITAN COLLECTION - BRISBANE TRUST DIRECTOR'S DECLARATION

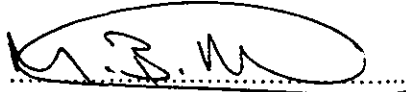


The directors of Property Funds Australia Ltd as the Responsible Entity for The Metropolitan Collection - Brisbane Syndicate declare that:

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

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


.....
Christopher Arthur Morton
Managing Director


.....
Matthew Bradley Madsen
Director

Brisbane
Dated: 18 March 2002

THE METROPOLITAN COLLECTION - BRISBANE TRUST
INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS



Scope

We have reviewed the Interim Financial Report of The Metropolitan Collection - Brisbane Trust for the half year ended 31 December 2001 as set out on pages T1 to T5. The Directors are responsible for the interim financial report. We have performed an independent review of the Interim Financial Report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Interim Financial Report is not presented fairly in accordance with Accounting Standard AASB1029: *Interim Financial Reporting* and other mandatory professional reporting requirements, and statutory requirements so as to present a view which is consistent with our understanding of the Trust's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the trust to lodge the interim financial report with the Australian Securities and Investment Commission.

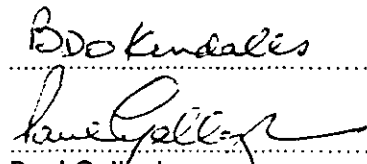
Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of trust personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required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

Statement

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

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

BDO Kendalls
Chartered Accountants


.....
Paul Gallagher
Partner

Brisbane

Date: 18.3.2002



The
Metropolitan Collection – **BRISBANE**

SYNDICATE

ARSN 093 295 544

interim financial report
December 31, 2001

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THE METROPOLITAN COLLECTION - BRISBANE SYNDICATE
CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2001



	Note	31 December 2001 \$	31 December 2000 \$
Revenue from Ordinary Activities		1,990,166	1,998,191
Expenses from Ordinary Activities		(820,779)	(480,022)
Depreciation/Amortisation		(571,549)	(727,237)
Borrowing Costs		(863,767)	(804,802)
Profit / Loss from Ordinary Activities before income tax expense		(265,929)	(13,870)
Income Tax Expense relating to Ordinary Activities	1(a)	-	-
Net Profit / (Loss) from Ordinary Activities after income tax expense		(265,929)	(13,870)

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

THE METROPOLITAN COLLECTION - BRISBANE SYNDICATE
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2001



	31 December 2001	30 June 2001 \$
CURRENT ASSETS		
Cash Assets	161,028	755,149
Receivables	63,002	33,800
Other	8,159	250
TOTAL CURRENT ASSETS	<u>232,189</u>	<u>789,199</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment	34,096,758	34,469,246
Intangibles	222,905	272,085
TOTAL NON-CURRENT ASSETS	<u>34,319,663</u>	<u>34,741,331</u>
TOTAL ASSETS	<u>34,551,852</u>	<u>35,530,530</u>
CURRENT LIABILITIES		
Payables	236,555	144,204
TOTAL CURRENT LIABILITIES	<u>236,555</u>	<u>144,204</u>
NON-CURRENT LIABILITIES		
Interest Bearing Liabilities	22,775,000	22,775,000
TOTAL NON-CURRENT LIABILITIES	<u>22,775,000</u>	<u>22,775,000</u>
TOTAL LIABILITIES	<u>23,011,555</u>	<u>22,919,204</u>
NET ASSETS	<u>11,540,297</u>	<u>12,611,326</u>
TOTAL SYNDICATE MEMBERS' FUNDS	<u>11,540,297</u>	<u>12,611,326</u>
SYNDICATE MEMBERS' FUNDS		
Opening Balance of Syndicate Members' Funds	12,611,326	14,299,545
Distributions to Syndicate Members	(805,100)	(1,607,623)
Loss for the Period	(265,929)	(80,596)
Closing Balance of Syndicate Members' Funds	<u>11,540,297</u>	<u>12,611,326</u>

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

THE METROPOLITAN COLLECTION - BRISBANE SYNDICATE
CONDENSED STATEMENT OF CASH FLOWS
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2001



	31 December 2001	31 December 2000
	\$	\$
Cash Flows from Operating Activities		
Receipts from Customers	1,951,526	2,069,585
Payments to suppliers and employees	(794,262)	(1,214,417)
Interest Received	9,438	20,580
Borrowing costs paid	(771,252)	-
Other	-	400
Cash Provided by/ (Used in) Operating Activities	<u>395,450</u>	<u>876,148</u>
Cash Flows from Investing Activities		
Payment for Property, Plant and Equipment	<u>(184,470)</u>	<u>(33,223)</u>
Cash Provided by/ (Used in) Investing Activities	<u>(184,470)</u>	<u>(33,223)</u>
Cash Flows from Financing Activities		
Payment of Distributions	<u>(805,101)</u>	<u>(802,522)</u>
Cash Provided by/ (Used in) Financing Activities	<u>(805,101)</u>	<u>(802,522)</u>
Net Increase/(Decrease) in cash held	(594,121)	40,403
Cash at the Beginning of the Financial Period	755,149	667,912
CASH AT THE END OF THE FINANCIAL PERIOD	<u><u>161,028</u></u>	<u><u>708,315</u></u>

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



Note 1 – Basis of Preparation

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

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

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

(a) Income Tax

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

Note 2 – Events Subsequent to Balance Date

There have been no events subsequent to balance date.

Note 3 – Contingent Liabilities

There are no contingent liabilities as at balance date.

Note 4 – Segment Information

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

**THE METROPOLITAN COLLECTION - BRISBANE SYNDICATE
DIRECTOR'S DECLARATION**



The directors of Property Funds Australia Ltd as the Responsible Entity for The Metropolitan Collection - Brisbane Syndicate declare that:

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

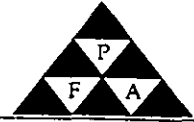
This declaration is made in accordance with a resolution of the Board of Directors.

.....
Christopher Arthur Morton
Managing Director

.....
Matthew Bradley Madsen
Director

Brisbane
Dated: 18 March 2002

**THE METROPOLITAN COLLECTION - BRISBANE SYNDICATE
INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS**



Scope

We have reviewed the Interim Financial Report of The Metropolitan Collection - Brisbane Syndicate for the half year ended 31 December 2001 as set out on pages 1 to 5. The Directors are responsible for the interim financial report. We have performed an independent review of the Interim Financial Report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the Financial Report is not presented fairly in accordance with Accounting Standard AASB1029: *Interim Financial Reporting* and other mandatory professional reporting requirements, and statutory requirements so as to present a view which is consistent with our understanding of the syndicate's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the syndicate to lodge the interim financial report with the Australian Securities and Investment Commission.

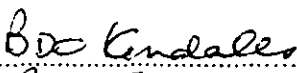

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of syndicate personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required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

Statement

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

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

**BDO Kendalls
Chartered Accountants**


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.....
Paul Gallagher
Partner

Brisbane

Date: 18.3.2002