PROPERTY FUNDS AUSTRALIA LIMITED

ACN 078 199 569

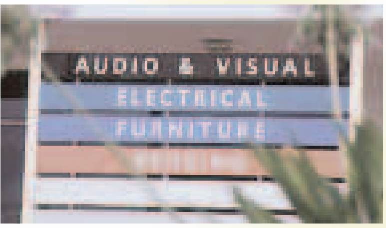
The Metropolitan Collection

BRISBANE

A Direct Property Investment

PROSPECTUS

CONTENTS

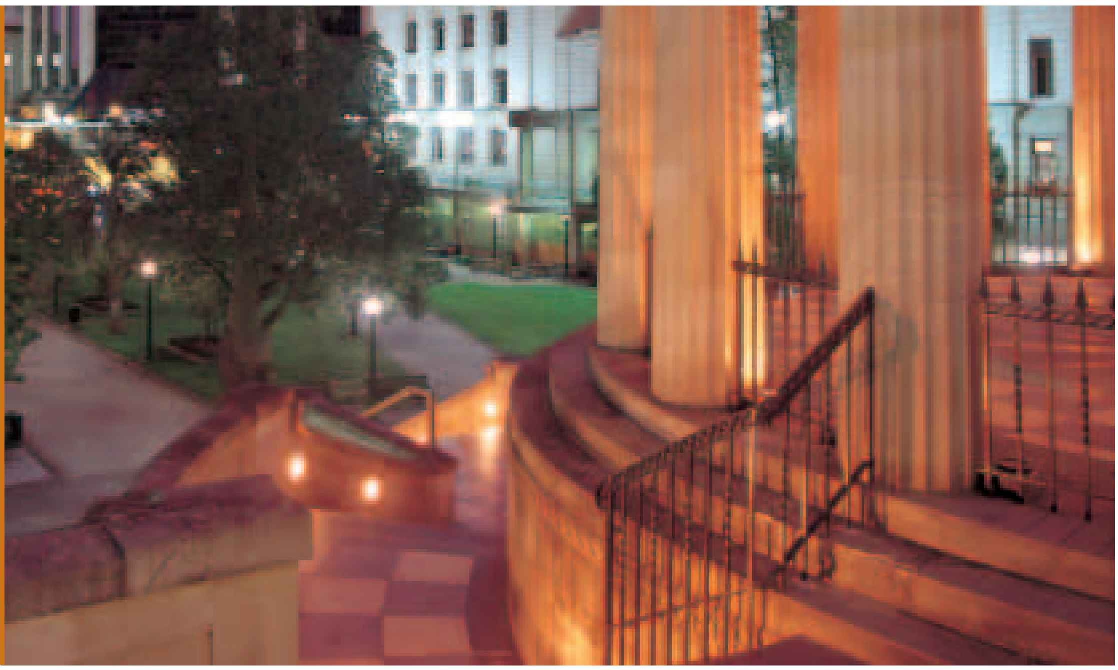


Cover: A cityscape of the Brisbane CBD with part of the Anzac Square complex shown *(centre - right)*

ANZAC SQUARE OFFICES

MACGREGOR PROPERTY

COORPAROO PROPERTY



Anzac Square Offices	the property described in section 3.
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.
Coorparoo Property	the property described in section 4.
Corporations Law	the Corporations Law of Queensland.
Interest	the percentage interest of an Owner in the Syndicate assets.
Investment	the ownership of Units in the Trust or of an Interest in the Syndicate.
Investor	an investor in the Syndicate or the Trust.
MacGregor Property	the property described in section 5.
Manager	Property Funds Australia Limited ACN 078 199 569.
Owners	Investors in the Syndicate.
Prospectus	this prospectus.
Subscription	the amount as set out on an Application Form, paid by the Applicant and accepted by the Manager.
Syndicate	the Syndicate as constituted by the Syndicate Deed.
Syndicate Deed	the Syndicate Deed dated 23 June 1998 as amended by the supplementary deed dated 24 December 1998 between the Manager and the Trustee.
Tax Sheltered	Tax free and/or tax deferred. For further explanation see section 14.1 (note 14) and 14.2 (note 8).
The Deeds	the Trust Deed and the Syndicate Deed together with the supplementary deeds dated 24 December 1998.
The Portfolio	is the portfolio of three properties which are to form the key assets of the Syndicate namely: • the Anzac Square Offices; • the Coorparoo Property; and • the MacGregor Property.
The Properties	include each of the three properties comprising the Portfolio.
Trust	the Metropolitan Collection – Brisbane Property Trust as constituted by the Trust Deed.
Trust Deed	the Trust Deed dated 23 June 1998 as amended by the supplementary deed dated 24 December 1998 between the Manager and the Trustee.
Trustee	Trust Company of Australia Limited ACN 004 027 749.
Unit	a unit in the Trust.
Unitholder	a holder of units in the Trust.
Us	the Manager.
We	the Manager.
You	the Investors.

Volumetric title

An owner's title to an ordinary lot, *(now called a standard format lot, in Queensland)* extends above and below the surface of the land.

For strata title lots, their boundaries are defined by the floor, ceiling and walls of a building which must be in existence. These lots are shown on a two dimensional plan and are described by their area.

A volumetric lot however can exist in airspace alone and be described by its volume. Its boundaries are shown on a three dimensional plan without reference to parts of a building.

Lots within a volumetric title subdivision relate to each other under the control of a building management committee constituted under a building management statement. This is similar to the way lots in a strata title building relate to each other under the rules of a body corporate.

Directory

MANAGER

Property Funds Australia Limited
ACN 078 199 569
Office
Level 14
127 Creek Street
BRISBANE Q 4000
Phone: (07) 3221 7170
Fax: (07) 3221 6729
Postal Address
PO Box 10398
BRISBANE ADELAIDE STREET Q 4000

DIRECTORS OF THE MANAGER

Rodney M Keown *(Chairman)*
Christopher A Morton *(Managing Director)*
Archibald N Douglas *(Director)*
Clive D Schultz *(Director)*

VALUER

Knight Frank
Level 10
300 Queen Street
BRISBANE Q 4000

AUDITOR AND REGISTRY

Greenwood Kendalls
Level 18
300 Queen Street
BRISBANE Q 4000

TRUSTEE

Trust Company of Australia Limited
ACN 004 027 749
213 St Pauls Terrace
BRISBANE Q 4000

TAXATION ADVISER

Greenwood Kendalls
Level 18
300 Queen Street
BRISBANE Q 4000

FINANCIAL ADVISER

Kendalls Securities Limited
Level 18
300 Queen Street
BRISBANE Q 4000

SOLICITORS FOR THE MANAGER

McCullough Robertson
Lawyers
Level 12
Central Plaza II
66 Eagle Street
BRISBANE Q 4000

ACCOUNTANTS TO THE INVESTMENT

Hacketts
Chartered Accountants
220 Boundary Street
SPRING HILL Q 4000

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

- *a good income return*
- *security*
- *diversity*
- *tax effectiveness*
- *potential capital growth."*

RODNEY M KEOWN,
Chairman
Property Funds Australia Limited

ATTRACTIVE AND TAX EFFECTIVE DISTRIBUTIONS

Forecast distributions are as follows.

Year To	Distributed Return on Equity	% Tax Sheltered **
30 June 1999	9.5 % p.a.	160%*
30 June 2000	9.5 % p.a.	104%
30 June 2001	9.7 % p.a.	84%
30 June 2002	9.9 % p.a.	67%
30 June 2003	10.1 % p.a.	47%

Tax effective distributions of this nature are not usually available to the private investor market.

* *This percentage may materially vary dependent on the settlement dates of the Properties. The later the settlement dates, the higher this percentage will be.*
** *These percentages are applicable to the Syndicate only. For the Trust percentages see section 15.3*

SECURITY

Over 80% of the Portfolio's initial income is secured by leases to or guarantees from public companies, government related entities and national or chain tenants.

DIVERSITY

As there are three different Properties with exposure to three different property sectors, diversity of risk is provided.

MONTHLY PAYMENTS

Distributions will occur monthly. This is a feature which is not common in many property syndicate or property trust investments.

WHAT YOU SEE IS WHAT YOU GET

You are investing in a portfolio of Properties which is fixed. It is not an investment vehicle which 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 property trusts.

Left: Entrance foyer to the Anzac Square Offices.

CHOICE OF INVESTMENT METHOD

You can invest directly in the Syndicate or via the Trust. This allows you to choose the type of investment vehicle that best suits your circumstances.

SUPER FUND SUITABLE

Superannuation funds which are unable to borrow in their own right can invest via the Trust which in turn invests in the Syndicate. The Trust borrows so gearing benefits are obtained *(see section 11)*.

EXPERIENCED MANAGEMENT & TRUSTEE

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

Trust Company of Australia Limited is the trustee. It has been established for 113 years. It is the trustee of your investment and will hold all Investor application monies in trust pending settlement of the Properties.

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 as it is considered to be illiquid because there is unlikely to be a secondary market. Investors have no right to require their Investment to be bought by the Manager or any other person, or to have their Investment redeemed.

Q1 WHAT IS THE MINIMUM INVESTMENT?

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

Q2 IN WHAT PROPERTIES AM I INVESTING?

A Portfolio of **three Properties** located within the Brisbane metropolitan area covering the commercial, retail and industrial sectors. The Properties are:

- Anzac Square Offices – a landmark heritage commercial property located in the heart of the **Brisbane CBD**;
- a new office and retail property in the inner city suburb of Coorparoo which is substantially occupied by the **National Australia Bank**;
- A **retail/industrial property** in the growing retail and warehousing precinct of MacGregor.

The contracted purchase prices of the Properties total $35,249,485 *(see section 21)*.

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

You will receive **monthly** distributions (estimated to be **9.5% p.a.** on your investment in the 1st full financial year rising to 10.1% p.a. in the 4th year) *(see section 13)*. You will also share in any capital gains, depending upon the prices achieved upon the sale of the Properties.

Q4 ARE THERE ANY TAX ADVANTAGES IN THIS INVESTMENT?

Yes. The Manager believes that **104%** of the 1st full financial year's return for the Syndicate will be **Tax Sheltered**. In fact, in the period to 30 June 1999, this percentage is expected to be even higher. Thereafter approximately 84%, 67% and 47% of your distributions are expected to be Tax Sheltered in the 2nd, 3rd and 4th full years respectively *(see section 14.2)*. For Investors in the Syndicate there is a further tax benefit in that the initial cost base of your Investment for capital gains tax purposes will be approximately $2.34 for every $1 that you subscribe *(see section 14)*.

Q5 WHO ARE THE MANAGER AND THE TRUSTEE?

The **Manager** is **Property Funds Australia Limited**, a Brisbane based public company substantially owned by one of Australia's large real estate agencies.

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

The **Trustee** is **Trust Company of Australia Limited** which has over 113 years of history as a trustee company *(see section 18)*. The Trustee holds the title to the Properties on your behalf and on behalf of the other Owners. The role of the Trustee is to protect your rights and interests and it is obliged to exercise due diligence and vigilance in carrying out its duties.

Q6 HOW LONG ARE MY FUNDS COMMITTED?

The Manager expects that the Properties will be held on average for **approximately five years** and then sold with the likely range between four and seven years. This timeframe has been selected by the Manager after consideration of the relevant property sector cycles and the tenancy profile of each property. There are circumstances in which the Properties may be sold earlier *(see section 7.3)*. The Properties cannot be held for more than eight years without the approval of all of the Owners.

As individual Properties are sold, there is likely to be progressive returns to Investors of part of their initial subscription.

You should be prepared to remain an Investor for up to eight years. Although there are proposals for the establishment of a formal secondary market to trade similar property investments, there is no guarantee that you will be able to realise your investment prior to the sale of the Properties *(see section 21.6)*.

Q7 WHAT ARE THE BORROWING ARRANGEMENTS?

Investors are asked to subscribe $16,450,000. The Manager will arrange for a financier to provide **loan** funds to Owners to **supplement** their **subscribed amount**. A total of $22,900,000 in loan funds will be initially lent to Owners to enable the purchase price and other acquisition costs to be met. A further $520,000 borrowing facility may be initially arranged to meet some future expenditures and to assist in more even monthly distributions. Funds will be lent to the Trust as with all other Owners. The initial loan funds together with the $16,450,000 in subscription money will provide sufficient funds to cover the purchase price of the Properties, acquisition and borrowing costs and fees.

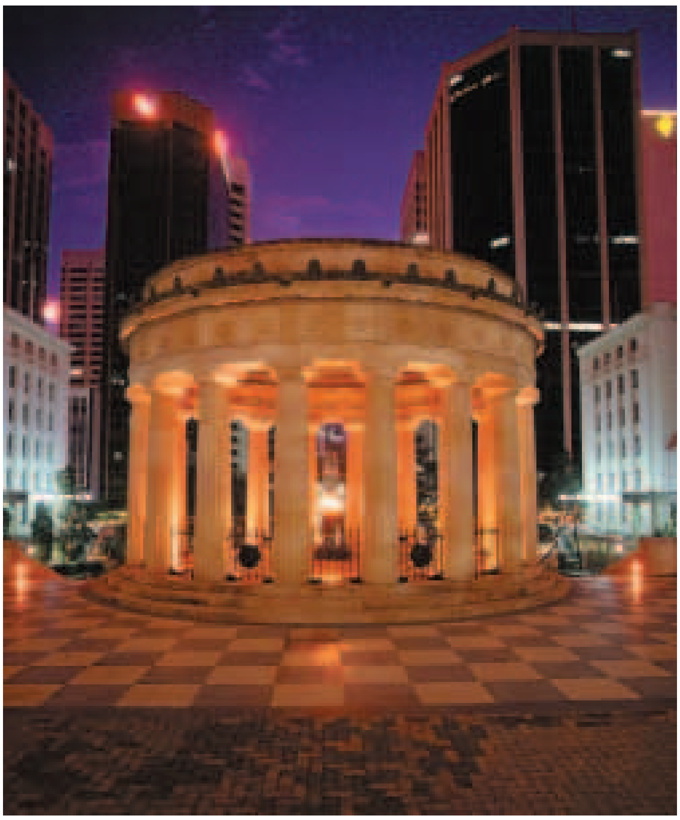
Q8 WHAT IS MY LIABILITY AS AN INVESTOR TO THE FINANCIER?

The basis of the borrowing arrangements is to limit the liability of Investors to the amount of their Subscription (i.e. you do not have any additional liability to the financier).

The financier will have rights against the Portfolio and the Portfolio's rental income. The financier will have **no** further **recourse to the Investors** *(see section 12).*

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. Your **money** will be **earning interest** for you once it is received and banked. Surprisingly, this is not a common feature of many offers in the marketplace.



Q10 HOW DO I INVEST IN THE PROPERTIES?

You have a choice of **two methods** which is why there are **two different Application Forms** at the back of this Prospectus.

Firstly, you can invest as an Owner in the **Metropolitan Collection - Brisbane Property Syndicate** with all Owners having **a direct** interest in the Portfolio.

Alternatively, you can invest in the **Metropolitan Collection - Brisbane Property Trust**. This trust will be an Owner in the Metropolitan Collection - Brisbane Property Syndicate.

There is a choice so that you can choose the style of investment that suits your circumstances. It is anticipated that **superannuation funds**, will prefer to invest in the Metropolitan Collection - Brisbane Property **Trust**.

Q11 WHAT HAPPENS TO MY SUBSCRIPTION BEFORE COMPLETION?

Your money will be **held** for you **by** the **Trustee** and returned in full if for some reason the Investment does not proceed (*see section 8*), or if your application is not accepted. In the event that this occurs, you will also receive **interest on your money** to the extent that it has earned interest whilst in the hands of the Trustee.

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

Left: The Shrine of Rememberance located in the Anzac Square Park.

1 Investment Structure

1.1 ADVANTAGES

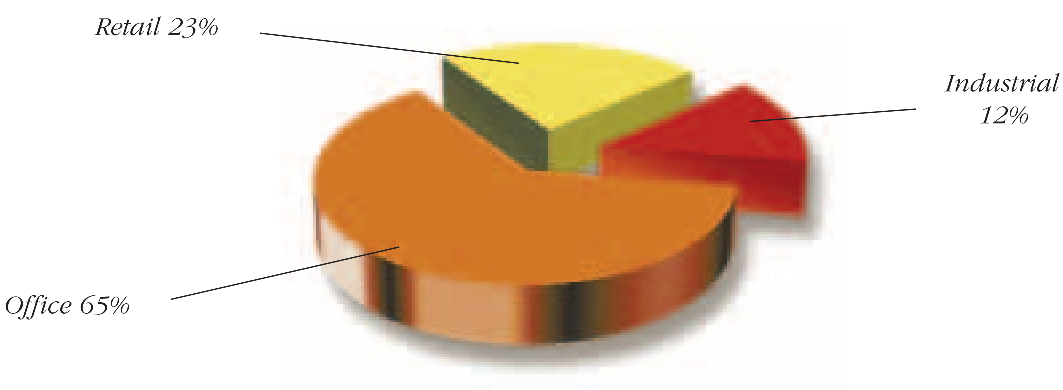
Some of the benefits you access by investing in this Investment are:

- You have a choice of **two investment options** tailored to suit your needs *(eg. to meet superannuation fund requirements).*
- You know exactly in which Properties you have invested. **No other properties can be purchased** other than the Portfolio.
- You benefit from the thorough **research, investigation and analysis** that has been conducted on the Properties, to ensure as much as possible, that your Investment is a sound one.
- 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 existing legislation your **distributions are untaxed** before you receive them and will then only be subject to tax at your individual rate.
- Owners have an **effective initial cost** base *(for capital gains tax purposes)* that is approximately twice the sum subscribed as the amount borrowed is treated as part of your cost base.
- You are able to participate in the **higher returns** available from three quality properties that are not usually available on smaller investment amounts.

1.2 RIGHTS OF INVESTORS

The rights of Investors are set out in the Deeds. Further rights are provided by the Corporations Law. Briefly your rights include:

- the right to receive a **certificate** confirming your Investment;
- the right to receive **distributions** proportionate to your Investment;
- the right to receive regular **reports** and **accounts**;
- the right to have the Manager and Trustee perform their 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 Trustee or the Manager **removed** under the terms of the Deeds; and
- the right to **sell** or transfer your Investment.



The Portfolio consists of three properties all located within the Brisbane metropolitan area and within 11kms of the Brisbane CBD. The Portfolio offers exposure to a range of property sectors including the commercial, retail and industrial sectors.

2.1 QUALITY PROPERTIES

The properties offered comprise:

- a landmark heritage commercial property located in the heart of the **Brisbane CBD**;
- a **new office** and retail property in the inner city suburb of Coorparoo;
- a **retail/industrial** property in the growing retail and warehousing precinct of MacGregor/Upper Mt. Gravatt.

The Portfolio has been assembled having regard to the calibre of tenant, length of lease term, location, diversity of risk and future development potential.

2.2 GOOD LEASE TERMS

Of the income derived from the Properties at settlement, only 12% expires under their leases or guarantees before 2004 with the National Australia Bank tenancy running as long as 2009.

2.3 DIVERSE SECTORS

We believe that diversity is fundamental to a prudent property investment strategy. We have weighted the Portfolio towards the commercial sector as we believe it to be the sector of the Brisbane property market that has the best potential for good rental and capital growth. The accompanying graph shows the exposure to the various property sectors provided by the Portfolio.

2.4 DEVELOPMENT AND CONSTRUCTION STATUS

- The Coorparoo property is currently under construction and is scheduled to be completed by 1 June 1999.
- The Anzac Square Offices have undergone a significant refurbishment. Tenant fit out is currently under way.
- The MacGregor property will have a further building developed within 6 months of settlement.

2.5 LOW VACANCIES

As at the dates of settlement of the respective properties that comprise the Portfolio, the **entire** Portfolio's net lettable area will be **let** or **income producing**. A security supported 5 year rent guarantee of any initially vacant space is provided by the vendor of the retail part of the Coorparoo Property pending the leasing of that area. This component only represents 6% of Portfolio income.

2.6 DEVELOPMENT POTENTIAL

The MacGregor property has significant development potential and is being purchased with a development approval in place for up to 1,726m^2 of additional net lettable area in stage one, with a further 4,333m^2 over stages 2-4.

2.7 QUALITY TENANT PROFILE

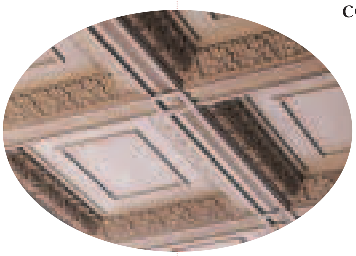
We believe the quality of the tenants is a key feature of the Portfolio. The **National Australia Bank Limited, Energex, Bretts Limited** and **The Vox Retail Group (Chandlers)** represent a significant part of the Portfolio's income. The Portfolio also provides exposure to a wide range of industries including banking, electricity, hardware, electrical goods retailing, law and service industries. Greater detail on tenant profiles is provided in the individual property descriptions.

Anzac Square Offices 3

3.1 Key Features of the Property

Purchase Price	$16,286,000 *(subject to area adjustment on completion)*
Net Lettable Area	6,119m² *(approximately)*
Location	Cnr Edward and Adelaide Streets, Brisbane, Queensland
Car Spaces	28
Zoning	Particular Development 641 *(which is a specifically tailored zone for the Anzac Square complex)*
Date of Construction	1933
Nature of Title	Freehold – Volumetric
Tenants	Energex, MacGillivrays Lawyers and Harvey World Travel
Principal Use	Office

3.2 Nature of the Property



This property comprises the commercial component of the Anzac Square redevelopment. The Anzac Square complex is a building of understated classical style and was built in stages over the period 1933 – 1959. The complex consists of 6 towers each of 5 storeys over a 2 storey podium. Each tower faces an internal courtyard of an atrium nature.

The entire heritage complex is currently undergoing a substantial refurbishment program to reconfigure it to provide upmarket residential units, serviced apartments, retail tenancies and the commercial component which is to be bought by the Syndicate.

The commercial office component of the refurbished Anzac Square complex will comprise some 6,079m² of ‘A’ grade office space over levels 2 – 6 together with a single 40m² retail unit at ground floor level next to a spacious heritage finished entrance foyer.

This property is completed with heritage finishes of its era and offers rarely available heritage office space of its nature in Brisbane. This property is being purchased with the benefit of a large number of new infrastructure services such as air conditioning services and upgrades to other services such as lift internal finishes and certain operational components.

3.3 Location

The Anzac Square Offices occupy a prominent corner location in the heart of the Brisbane CBD. Other substantial commercial office buildings located in the immediate vicinity include the Reserve Bank, Commonwealth Bank and National Australia Bank state headquarters.

This Property is extremely well serviced by food and retail and will enjoy the benefit of a retail centre on the first level of the refurbished Anzac Square complex. It is within close proximity to the Queen Street Mall and the nearby Post Office Square food courts. The Anzac Square park which is adjacent to the Anzac Square complex provides a pleasant environment for occupants of this property during lunch hours.

Public transport accessibility is a feature of this property being virtually across the road from the central railway station and with bus stops on its street frontage.

Left: The two low rise towers of the Anzac Square complex in which the Anzac Square Offices are located.

From left to right: The spacious heritage finished entrance foyer, artists' impression of the food court in the internal courtyard, the clock tower of

3.4 LEASE PROFILE

The accompanying table represents the tenancy schedule for the Anzac Square Offices.

Tenant	Energex	MacGillivrays	Harvey World Travel
Area m^2	4,784.80	1,294.20	40
Premises	Levels 3-6	Level 2	Ground floor
Lease Commencement	20 December 1998	1 May 1999	22 December 1998
Lease Term	5 years 19 days	7 years	5 years
Annual Rent	$1,361,122	$368,847	$39,750
Lease Expiry	7 January 2004	30 April 2006	21 December 2003
Options	2 + 2 years	Nil	5 years

Central Railway station across the road from the Anzac Square complex, Anzac Square Park - a pleasant lunchtime area and Anzac Square Offices.

3.5 THE TENANTS

Energex is the trading name of the Southern Electrical Retail Corporation Pty Ltd which is the corporatised retail arm of what was formerly known as SEQEB *(South East Queensland Electricity Board)*. It is currently responsible for electricity retailing in South East Queensland. It also provides electricity to some larger electricity customers operating elsewhere in Queensland. Energex dates back 75 years and is the largest electricity distribution corporation in Queensland. It also owns a 99% interest in Queensland gas company Allgas Energy Ltd.

MacGillivrays *(Solicitors)*: MacGillivrays is a medium sized Brisbane legal firm which employs approximately 70 people. The lessee Cralexian Pty Ltd is a service entity for the firm. The covenant of this tenant is supported by the guarantees of the equity partners of the legal firm.

Harvey World Travel: The lessee is the Australian Outback Travel Company Pty Ltd. Harvey World Travel is a national travel agency franchise.

3.6 PROPERTY STATUS

This property is already substantially refurbished. The refurbishment of the balance of the Anzac Square complex will be completed by the middle of 1999. This property's vendor has under the contractual arrangements an obligation to complete the refurbishment of this property in accordance with agreed plans and specifications by settlement. The anticipated settlement date is 31 March 1999.

4 The Coorparoo Property

4.1 Key Features of the Property

Purchase Price	$8,913,000 *(subject to an area adjustment upon completion)*
Lots to be Purchased	NAB commercial lot and retail lot
Location	Cnr Harries Road and Holdsworth Street, Coorparoo, Brisbane, Queensland
Net Lettable Area (approx.)	NAB commercial lot: 4,300m^2 Retail Lot: 715m^2
Zoning	Business
Nature of Title	Freehold — 1 volumetric lot — 1 standard format lot
Car Spaces	NAB commercial lot: 107 Retail lot: 20
Principal Use	Office and retail
Date of Construction	1999 *(to be completed)*
Tenant	National Australia Bank Limited

4.2 Nature of Property

This property is currently under construction. It will on, completion, comprise a 4,300m^2 (approx) ground level office leased to the National Australia Bank for 10 years. It is intended to be used principally as the bank's central mortgage processing centre. This property will also include 715m^2 (approx) of ground level retail shops/professional suites and two upper levels of car parking.

The entire Coorparoo development is to be subdivided into three lots based upon a volumetric plan.

The property to be purchased by the Syndicate comprises two of the three proposed lots. These lots include the commercial volumetric lot 1 and the retail standard format lot 3. The third part of the development *(which is not to be purchased by the Syndicate)* is the proposed RSL volumetric lot two on level two. This lot is being purchased by the Returned Services League for car parking purposes. The Coorparoo RSL is located immediately opposite this Property.

Settlement of this Property is anticipated to occur on 11 June 1999.

4.3 Location

This property is situated approximately 4kms south east of the Brisbane CBD.

Coorparoo is a well established inner city suburb of Brisbane. It comprises a mix of residential, commercial and retail development. Opposite this property is the new Myer Megamart furniture and electrical store.

The majority of retail activity in the Coorparoo precinct is centred around the Coles supermarket which is diagonally across the intersection on which this property is located. The Coorparoo retail precinct provides all of the necessary conveniences required for the National Australia Bank staff who will be employed at this property.

This property is well served by public transport including bus transport along two major roads *(approximately 100 metres from the property)* and the Coorparoo Railway Station which is approximately 600 metres from this property.

Left: Shopping areas diagonally across from the property.

4.4 TENANCY PROFILE

Tenant	National Australia Bank Limited
Area m²	4,300m² *(estimated)*
Premises	Lot 1 - part ground floor and first floor carparks
Lease Commencement	Upon construction completion. Anticipated 1 June 1999
Lease Term	10 years
Annual Rent	$683,700
Options	5 + 5 years

The vendor of this property has only recently commenced the marketing of the retail component of this property which comprises approximately seven separate tenancies. Given that there are no lease agreements currently in place in respect of the retail component, the vendor is to give rental support upon any vacant areas for the period of their initial vacancy but no longer than five years after the settlement date. This vendor is required to secure (on average) five year lease terms at agreed minimum rental levels in its letting of the retail lot otherwise a compensatory payment is to be made to the purchaser. This vendor is to provide a bank guarantee or insurance bond as security for its obligations to provide the rental support. Further explanation of this aspect is provided in section 21.

4.5 MAJOR TENANT

National Australia Bank Limited

The National Australia Bank is the largest Australian trading bank with offices and branches throughout Australia and overseas. It is also one of the largest corporations listed on the Australian Stock Exchange.

The National Australia Bank tenancy represents 85% of the combined net lettable area of the two lots comprising this property.

4.6 CONTRACTUAL ARRANGEMENTS

The vendor is to construct this property in accordance with certain agreed plans and specifications. A summary of these specifications is provided in section 21.9. The vendor is to procure any outstanding approvals necessary for the sale to complete including the necessary local government approvals to subdivide this site and the development into its proposed volumetric lots.

Above: Artist's impression of the Coorparoo property.

5 The MacGregor Property

The MacGregor property with boundaries delineated. **1**. indicates building 1 to be constructed by September 1999. **2 3 4** indicates buildings which could lawfully be built under the development approval referred to in section 5.6.

5.1 KEY FEATURES OF THE PROPERTY

Purchase Price	$10,050,000
Site Area	2.764 hectares
Location	544 Kessels Road, MacGregor, Brisbane, Queensland
Current Net Lettable Areas	6,285 m^2 *(approx at completion)* 8,011 m^2 *(after building 1 is constructed)*
Zoning	Special development *(Upper Mt Gravatt regional business centre and surrounds)* zone
Car Spaces	167 *(current)* 178 *(approx. after stage 1)*
Nature of Title	Freehold
Date of Construction	Progressively from 1970's
Principal Use	Retail and part industrial
Major Tenants	Bretts Limited, Vox Retail Group (Chandlers), Tracksons Lighting, Bob Jane T-Marts

5.2 NATURE OF PROPERTY

This property, currently comprising three separate buildings, operating with a retail emphasis. Vox Retail Group (Chandlers), Tracksons Lighting and a café trade out of one building with Bob Jane T-Mart leasing another building. These two buildings front Kessels Road.

Bretts Timber and Hardware trades from a further building at the rear of the site which has an adjacent storage yard that includes two large hangar style sheds.

Under the contractual arrangements, Ross Nielson Properties Pty Ltd ('RNP') (a developer) is to construct, after settlement and by 14 September 1999, a new building upon this site. This building is identified as building 1 on the accompanying artist's impression. This shows the completed development if fully developed in accordance with a development approval RNP is to deliver at settlement. Building 1 is to comprise seven proposed tenancies totalling 1,726m^2 (approx). The reconfiguration of car parking, access, easements/roads and enhanced pylon signage are to occur as part of building 1 construction.

The design of building 1 incorporates flexibility of space for a variety of uses. The seven tenancies provide for mezzanine offices ranging from 60m² to 80m² with ground level space within each tenancy ranging from 170m² to 210m² with the opportunity to use the space for warehousing, showroom or office space. There is also the flexibility of combining units to form larger tenancies.

Basic specifications of building 1 are in section 21.9.

5.3 LOCATION

This Property is located in the suburb of MacGregor, approximately 11kms south of the Brisbane CBD. It enjoys good access and exposure as it is situated on Kessels Road part of the main east/west arterial thoroughfare in this part of Brisbane. Kessels Road connects the Gateway motorway and the port/airport district to the east with the Ipswich motorway to the west. The property is within 400 metres of the high traffic volume Mains Road intersection to the west, 600 metres from the South East Freeway and 1km off Logan Road to the east.

This property is surrounded by considerable retail, retail warehousing, service industry and industrial users. One kilometre to the east is the Garden City Regional Shopping Centre, one of the largest in Queensland.

This property is located in precinct 3 of the council designated Upper Mt Gravatt Regional Business Centre. Precinct 3 is designated for industry, warehouse and special retail. This precinct is already home to existing manufacturers and major retailers including Schweppes Cottees, Stegbar, Ultra Tune, Brashs, Capt'n Snooze, Curtain Wonderland, Carpet Call, Pillow Talk, Retravision and A Mart All Sports.

5.4 LEASE PROFILE

This property has substantial existing tenants and cashflow. This schedule summarises the tenancies at settlement date.

Tenant	Bretts - Main building	Bretts - storage yard	Vox Retail Group Limited (Chandlers)	Bob Jane T-Marts	Lighting with Tracksons	Mintshire Pty Ltd
Area m² (approx)	3,422	5,560	2,417	448	186	79
Lease Commencement	On settlement	On settlement	1 June 1994	9 September 1995	1 October 1998	1 September 1996
Lease Term	5 years	5 years	7 years	10 years	7 years	5 years
Annual Rent	$262,640	$75,000	$355,323	$101,111	$64,647	$22,932
Lease Expiry	2004	2001	31 May 2003	8 September 2005	30 September 2005	30 June 2001
Options	5 years	Nil	6 years	5 years	5 years	3 + 3 years

All tenants other than Vox Retail Group contribute proportionately to centre outgoings.

RNP is to commence a marketing campaign to lease building 1 in late January 1999. RNP is to provide, upon completion of building 1 a rent guarantee for a 12 month period in respect of any unlet areas. This rent guarantee is supported by an unconditional irrevocable bank guarantee. Initial leases are to be in accordance with certain lease criteria including a minimum rent of $125/m² per annum plus outgoings recoveries and minimum lease terms of 5 years.

Right: The Bob Jane T-Marts building fronting Kessels Road.

5.5 THE MAJOR TENANTS

Vox Retail Group (Chandlers)

Vox Retail Group Limited is one of Australia's largest electrical and furniture retailers with a staff of over 2,200. The group owns and operates over 160 electrical/furniture retail outlets throughout Australia trading under the well known brands of Chandlers (Qld), Billy Guyatts (Vic), Stan Cash (Vic) and Archie Martin Vox (WA).

Bretts

Bretts Limited is an unlisted public company. The Brett's business founded on the timber industry (milling and supply) dates back to 1918. This well recognised Queensland timber and hardware wholesale supplier and retailer has approximately 200 staff and six outlets throughout South East Queensland.

Bob Jane T-Marts

Established in 1965, this tenant is now Australia's largest independent retailer of passenger car tyres, wheels and batteries with a national network in excess of 100 outlets.

5.6 DEVELOPMENT OPPORTUNITY

RNP is to deliver this property at settlement with a development approval in place which will enable the development of buildings with additional gross floor areas in excess of 6,000m^2. This development approval is to be for similar uses to those which currently exist or can lawfully occur upon this site. This further development opportunity has the potential to be given effect to in 4 stages.

The Manager has no current proposal to give effect to Stages 2, 3 and 4. *The Manager would only contemplate giving effect to those stages or any further development should it be in the interests of the Owners and be able to be done with minimal risk to the Owners.* The potential to build further on the land is a positive market value feature whether or not any further development is undertaken during the life of this Investment.

Above: An artist's impression of Building 1 to be constructed by RNP by September 1999.

6.1 THE PORTFOLIO

This portfolio has an emphasis on office (65%) and retail (23%) markets, with a small exposure to industrial (12%). Each of these markets respond positively to strong economic performances by the State of Queensland and Brisbane specifically. Both Queensland and Brisbane have continued to enjoy sustained economic growth rates that exceed national averages.

6.2 QUEENSLAND

The Queensland economy enjoyed strong growth during 1997-1998 as shown by the following statistics:

- The Gross State product increased by 4.8% ;
- A population increase of 1.8% to the March quarter 1998.
- Average employment growth of 3.2% which resulted in the creation of approximately 55,000 new jobs in the 12 months to June 1998. This employment growth compared favourably to the rest of Australia which had employment growth of only 0.9%.

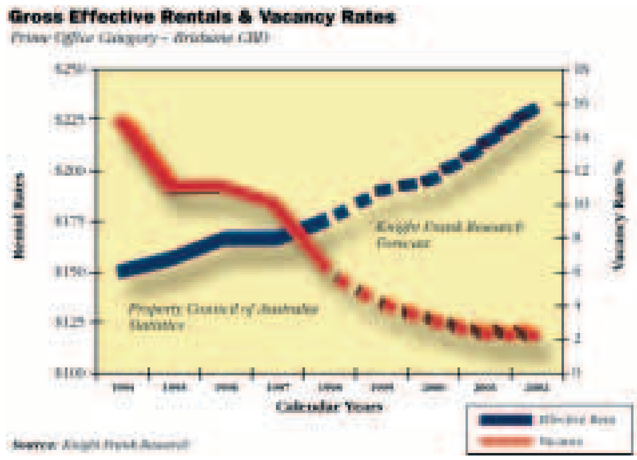
Office based employment is anticipated to increase. Access Economics is forecasting a 3.2% per annum growth for the next five years of national 'office' employment, compared with 2% employment growth overall.

Brisbane's economic growth has generally followed the overall Queensland trend with employment growth of 2.1% during the past year amounting to nearly 16,000 newly employed persons within Brisbane.

6.3 RETAIL COMMENT

The performance of retail property markets is strongly driven by the level of retail turnover. This turnover is directly influenced by economic factors such as population and employment growth along with growth in average weekly earnings. These indicators are all performing strongly in Queensland and Brisbane at present, thus providing a base for strong retail sales.

Retail sales grew 8.5% in Queensland for the year to September 1998, over double the average for the rest of Australia.



6.4 AUSTRALIAN OFFICE MARKETS - A BRISBANE PERSPECTIVE

Along with most cities in Australia, the Brisbane office market has been recovering from an oversupply of space created by excess building in the late 1980's and the recession of the early 1990's. Brisbane CBD vacancy rates were not as adversely affected as other capital cities and did not reach the same 'highs' as other cities. Rental rate growth was substantially restrained as a result of the oversupply and relatively weak demand in the early 1990's.

Rental rates in the Brisbane market have slowly improved over the past three years. The dwindling supply of vacant space both in the general Brisbane market and the CBD fringe market will inevitably cause rents to increase.

Whilst low inflation is a negative factor in rental growth, supply and demand is a far more dominant factor in an area such as Brisbane where comparatively strong population growth is projected and the consequent demand for office space will continue to grow.

As the existing stock of vacant office space reduces and the new supply is constrained by current low rents, rents for existing buildings will increase, with a corresponding increase in the capital value of existing office stock.

The Brisbane CBD and suburban office markets have shown good signs of recovery which will influence the overall performance of the Portfolio.

Above: The Brisbane CBD with the Anzac Square complex circled.

6.5 BRISBANE CBD OVERVIEW

Anzac Square Offices – Market Comment

Queensland's underlying economic strength and the improving fundamentals of the Brisbane CBD office market continue to provide solid investment opportunities.

In July 1998 a vacancy rate of 7% was recorded, down from 9% 12 months earlier. The vacancy rate in 'prime' and 'A' grade buildings is currently approximately 5%. The graph left indicates the declining vacancy rates and increasing net effective rentals in this market.

Rental levels in this market are still below the level required to support large-scale new development.

'A' grade buildings *(Anzac Square is expected to be re-classified as 'A' grade upon refurbishment)* are amongst those expected to reflect the benefits of tightening supply through greater rental growth and investor interest.

6.6 SUBURBAN OFFICE MARKET

The NAB Premises – Coorparoo Property

Fundamental changes are occurring in the office markets of Australian capital cities with the decentralisation of offices from the CBD triggering growth in suburban office centres.

A number of factors have caused this to occur including dispersion of population and the lower accommodation costs in comparison to CBD locations.

Certain sectors have a preference for non-CBD accommodation, including the back office functions of the banking sector. These sectors have sought office accommodation tailored to their needs, utilising low cost land and construction methods with resultant lower rents.

These lower cost suburban markets will prove increasingly viable alternatives to the CBD market as CBD rents rise. CBD rent increases will, in due course, filter through to suburban office properties.

The Manager has reviewed and assessed an extensive number of properties to bring together a Portfolio that provides the necessary security and offers sound attractive income with potential for income growth and capital gain. We believe the Portfolio meets these objectives.

This section sets out some of the fundamental issues that we have considered in forming our view as to the prudence of acquiring each of the Properties.

The **key reasons** are:

- **Anzac** Square Offices - for its prime **location** and **timeless style**;
- **Coorparoo –** a new building with a **10 year lease** to Australia's largest trading **bank**;
- **MacGregor –** for its future **development potential** and secure existing income.

In essence, ***good income, security, location and potential capital growth*** **–** the hallmarks of a quality property portfolio.

7.1 DIVERSITY

In selecting the Properties which comprise the Portfolio, we have also sought to offer diversity of property sectors within a part of Australia which has maintained sustained growth for some time.

7.2 OUR GENERAL STRATEGY

After our detailed consideration of the strengths, weaknesses and opportunities of each of the Properties various strategies for each of the Properties were developed. Examples of these strategies are:

- Develop tenancy options for stages 2, 3 and 4 of the MacGregor Property's development approval so as to maximise the opportunity to give effect to those stages earlier or to be able to sell that property with the benefit of those tenancy options.
- Investigate improving the size and nature of the shopfront of the Vox building on the MacGregor Property that could be undertaken at the expiration of the current Vox lease term.
- Monitor strata titling opportunities for the retail component of the Coorparoo Property to maximise sale price.
- Develop alternative use and subdivisional strategies to assist with onsale of the Coorparoo Property.
- Lobby the local authority to give early effect to developing a streetscape program in the immediate vicinity of the Coorparoo Property so as to further enhance its retail appeal.
- Maximise the use for the ground floor heritage corridor of the Anzac Square Offices rather than the storage use option currently contemplated by the vendor of that property.

7.3 SALE STRATEGY AND TIMING

Whilst the possibility exists to sell the entire Portfolio at the one time, we would consider this unlikely to produce the best return for Investors. The timing of the sale of each Property is dependant upon the property cycle of the market in which each property operates as well as the prevailing tenancy profile of the relevant property. Currently we expect the following sale program to maximise returns:

- the **Coorparoo** Property in **mid 2003** when the National Australia Bank lease has approximately 6 years to run.
- the **Anzac** Square Offices in **2004 or thereafter** - when the Energex lease has been renewed or the space re-leased.
- the **MacGregor** Property in **2004** when the Bretts tenancy has been renewed or re-leased.

A staged return of capital to Investors will occur as the sale of each of the Properties occurs.

In addition to effecting the above strategies the Manager believes there is potential for the firming of yields for property generally over the medium term thereby enhancing capital gain potential.

ANZAC SQUARE OFFICES

Strengths

1 High profile location in a prime section of the Brisbane CBD.

2 Quality tenant covenants *(eg. Energex).*

3 Average lease duration of 5 years (approx) (This lease term is good for Brisbane office buildings).

4 A heritage property which has been extensively refurbished to meet modern office requirements. *(This is rare in the Brisbane CBD.)*

5 Large floor plates *(particularly for a heritage building)* which are particularly sought after by government and larger corporate tenants.

6 The floors can be subdivided into two well configured tenancies of 600m² (approx) - a good marketable size.

7 Expected growth in Brisbane office market rentals over the next 5 years.

8 Close proximity to both bus and rail transport.

9 A food court, convenient retail facility and car parking available on the same lift rise.

10 Good natural light via large window openings (rare in heritage buildings).

Weaknesses

1 Heritage buildings require additional government approval for any works.

The vendor's refurbishment has addressed almost all modern office requirements which trigger heritage approvals. It has also established a precedent as to what will be allowed to be done to this building.

2 Volumetric title like strata titling restricts redevelopment opportunity and means some decisions have to be made in conjunction with others.

The heritage nature of the building already restricts redevelopment opportunity. An advantage of being a part of a larger strata title style of complex is that it enables a reduction in some building operation costs (eg. security, insurance, power).

3 A single lease (i.e. the Energex lease) represents more than 75% of income of this property.

This is counter-balanced by Investors' exposure to other properties in the Portfolio. Energex is however a major entity and retailer of energy in Queensland.

4 Energex has 2 x 2 year options to renew its lease. It would be preferable if they had longer options to be exercised.

We have allowed for incentives to be paid to the tenant at the expiration of the initial term to encourage a longer term of renewal. Should they desire to stay, we will encourage them to take a longer term with these incentives.

5 This building is exclusively served by 2 lifts rather than 3 which would be the case in a new building of this configuration.

The tenants do however have the non-exclusive use of another 2 lifts adjoining their tenancies.

6 Should smaller area tenants (eg. 300m²) occupy the floors, significant common areas would need to be created.

Generally higher rents are charged for smaller tenancies to compensate. Every building has its niche market – this one is larger tenants which generally provide better quality covenants.

Opportunities

1 The construction of the Mincom Central office development diagonally opposite the Anzac Square complex may encourage a shift in office sector focus within the Brisbane CBD further towards this property's immediate precinct.

2 A proposal has been announced for the redevelopment (in 3 to 5 years) of a number of older style buildings diagonally opposite this property. This is to be a major retail development incorporating David Jones. This redevelopment will further enhance this precinct.

3 There is a heritage area which the vendor has allocated for storage purposes. We believe this corridor may have retail potential should the necessary approvals be able to be obtained.

Threats

1 As with any property, new supply is a threat.

Historically, new office supply triggers lifts in market rents and therefore this could be interpreted as an opportunity.

2 Potential for increased restrictions on heritage buildings.

COORPARAOO PROPERTY

Strengths

1. The National Australia Bank covenant represents 75% (approx) of the net income of this property.
2. The National Australia Bank lease term is 10 years.
3. Fixed 5% rent increases provide rental growth assurance.
4. A new building with up to date technology consequently requires minimal repair.
5. The large floor plate (4,300m² approx) for the bank's tenancy gives effect to a new trend in requirements of major corporate and government tenants.
6. Good surrounding services including bus and train transport, food and other retail to meet office occupier needs.
7. Good car parking ratios (approximately 1 per 40 m² of office space).
8. A high proportion of Tax Sheltered income.

Weaknesses

1. The size and nature of the commercial lot floor plate restricts potential for subdivision into smaller tenancies should the bank not remain at the end of its 10 year term.

   We believe that the initial gross rent of $159/m² payable by the bank is reasonably low. Should the bank not remain at the expiration of its 10 year lease and there is difficulty finding a similar office tenant there is potential for alternative uses of the office area such as service or sunrise and technology industries.
2. Volumetric title similar to strata title arrangements creates restrictions upon further development.

   Due to its high percentage of ownership of the entire development, the Syndicate has an element of control. This will enable the Syndicate to carry ordinary resolutions of the committee which runs the overall complex.
3. This location is not a major regional commercial centre where there might be a large number of similar uses for this property.
4. The site of this property is not a prime location for retail.

   There are plans by the Brisbane City Council to change the streetscape of the adjacent area to further enhance its retail appeal.

Opportunities

1. Potential to strata title the individual shops in the retail lot to enhance sale prices.
2. Improving demographic shift in Coorparoo and its surrounding suburbs may support higher expenditures per capita.
3. An apparent shift within the Coorparoo retail precinct towards the location of this property could see new retail developments near this property.
4. Potential to achieve higher rents than that guaranteed by the vendor under the rent guarantee provided.
5. The construction of this building may trigger a consolidation of similar style properties within Coorparoo.

Threats

1. The 4,300m² floor plate of the commercial lot is reasonably innovative in the Brisbane market. There is potential for this size floor plate to not be acceptable to alternative occupiers in the long term.
2. The usual threat of competition which exists for any retail business or property.

MACGREGOR PROPERTY

Strengths

1 A development approval for the construction of up to 6,000m^2 of new development.

2 Diversity of major tenants.

3 Established retail history. The major tenants have been trading from the site for many years.

4 A mix of rental review mechanisms within the leases provides opportunity to maximise income growth.

5 Overall quality of tenants covenants.

6 Enhanced visibility and profile due to the high volumes of passing traffic.

7 Development opportunities due to the large site area.

8 More than adequate car parking to meet existing tenancies and future development.

9 Located in a strong retail warehouse and service industry precinct.

10 Strong population growth opportunities within the catchment areas to the south and east.

Weaknesses

1 Some of the existing buildings will require higher levels of maintenance and replacement of plant and equipment due to age.

Provisions have been made in the forecasts for these expenditures.

2 This property does not yet have the necessary tenancy mix to be a full homemaker centre.

To do so will require further tenancy depth and support. This will be greatly assisted by the construction of building 1 and any subsequent stages.

3 Current street level signage is not adequate.

Under contractual arrangements, RNP is to construct new pylon signage.

4 The Vox Retail building shopfront lacks height and visibility.

Upon renewal or expiry of its lease this could be improved.

Opportunities

1 The construction of building 1 will increase traffic volumes within this property benefiting existing tenants.

2 We are advised that statutory authorities plan that in the future they may install traffic lights on Kessels Road at the entrance to the property. This will improve ease of entrance into the property and increase visibility.

3 A development control plan has recently been established for this precinct. This will consolidate the property's potential.

Threats

1 The depth and quality of the tenant market available for building 1 upon its completion.

A structured professional leasing program will be implemented to seek to attract tenants.

2 The usual threat of possible competition for retail properties.

8.1 THE CONTRACTS

Agreements have been entered into for the purchase of the three Properties for $35,249,000.

The terms of the agreements allow us to complete a comprehensive due diligence program and checks upon the Properties including legal, structure, survey, services, environmental, planning and income verification.

8.2 SETTLEMENT TIMEFRAME

Due to the current refurbishment or construction status of some of the Properties, the acquisitions will not settle on the same day. Set out below is the anticipated settlement timetable is as follows:

Property	**Anticipated Settlement Date**
Anzac Square Offices	31 March 1999
MacGregor	31 March 1999
Coorparoo	11 June 1999

8.3 THE PURCHASE PROCEDURE

The Manager has entered into options with the vendors of each of the Properties. To ensure flexibility Investors authorise the Manager to if necessary, negotiate extensions for exercise of any of the options for a period no greater than one month. Once full subscriptions have been received, the option agreements will be assigned to the Trustee who will then complete the purchases as the nominee of the Owners.

Until the purchases are settled, all subscription money will be held by the Trustee in a bank account established for that purpose. Interest earned on that money belongs to the relevant Investors. If the $16,450,000 to be raised by this Prospectus is not raised, then the Trustee will refund all Investors' funds in full together with interest earned *(less any bank charges, taxes and trustee fees).*

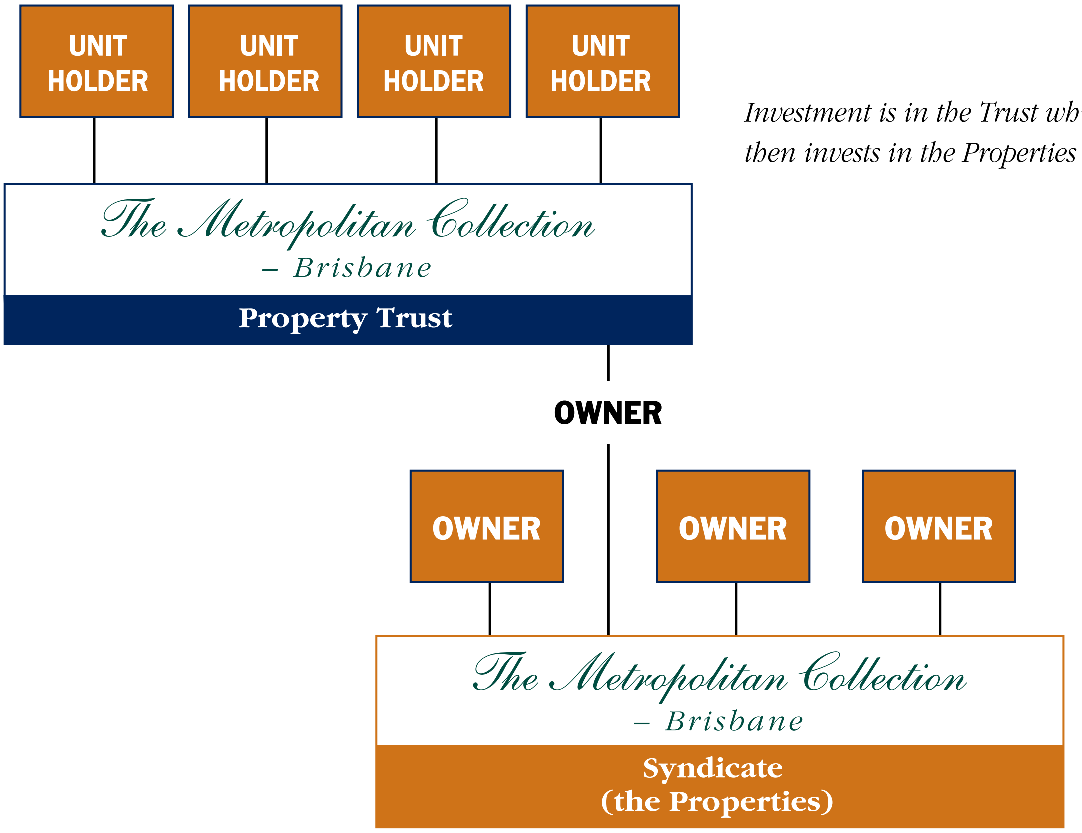
If for some reason the acquisition of any particular Property does not occur then the Trustee will refund the Investor's appropriate portion of the subscription amount that relates to that property.

8.4 OWNERSHIP CERTIFICATE

Soon after the settlement of the first acquisition, the Manager will send Investors a certificate confirming their investment or unitholding as the case may be.

Below: The entrance to the Bretts Timber and Hardware building at the MacGregor Property.

9 Two Investment Methods



Investment is in the Trust which then invests in the Properties

Investment directly in the Properties

9.1 INVESTMENT METHODS

There are two investment methods available to Investors who wish to acquire an interest in the Property:

- as an Owner who invests directly in **The Metropolitan Collection – Brisbane Property Syndicate;** or
- as a Unitholder who invests in **The Metropolitan Collection – Brisbane Property Trust**. The Trust then invests in the Metropolitan Collection – Brisbane Property Syndicate.

Both methods of investment allow the Investor to participate in an investment in a quality property portfolio which is not usually accessible with small investment amounts. The nature of the investment is fundamentally 'equivalent' to a direct property investment rather than units in a listed property trust which is considered an indirect property investment. The performance of the investment can therefore be expected to be more in line with the property market rather than the share market or the listed property trust market.

This is important for investors seeking to allocate their funds across a range of sectors and cycles.

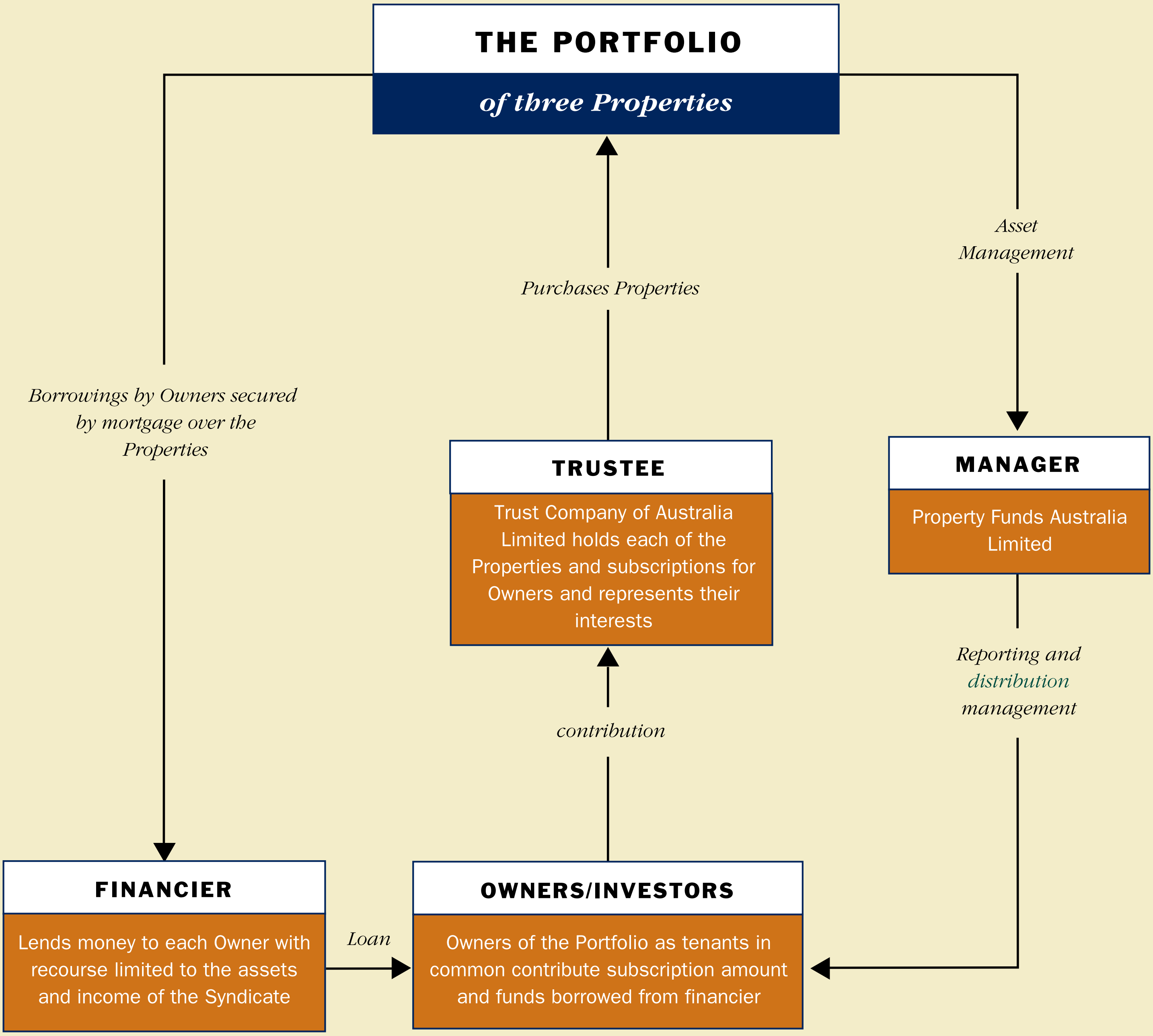
9.2 WHY THE DIFFERENT INVESTMENT METHODS?

Owners in the Metropolitan Collection – Brisbane Property Syndicate are authorising the Manager to borrow money on their behalf subject to the terms of the Prospectus (see section 12).

Certain categories of investors are however unable to or do not wish to borrow in their own right (for example, complying superannuation funds). For this purpose, the Metropolitan Collection – Brisbane Property Trust has been established to facilitate the opportunity of this category of investor to invest in the Property. In this case, the Metropolitan Collection – Brisbane Property Trust as an Owner will borrow money that would otherwise be borrowed directly by the investor thereby providing an investor in the Trust with leverage or gearing.

Set out above is a diagram showing the relationship between the Syndicate and the Trust.

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



10.1 SYNDICATE DEED

The Syndicate Deed is the document which governs the relationship between the Manager, the Trustee and the Owners.

10.2 OWNERS

The Syndicate Investors are the Owners. Each owns each of the Properties in proportion that their subscriptions bears to the total Subscriptions.

10.3 TRUSTEE

Because it is impractical to have all Investors registered on each of the titles, Trust Company of Australia Limited *(the Trustee)* will hold each of the Properties for the Owners as the Owners nominee pursuant to the terms of the Syndicate Deed.

10.4 FINANCIER

The financier provides acquisition loans totalling 58.2% of the purchase price and associated costs. The Owners *(including the Trust)* are the borrowers. Their liability is limited to their interest in and entitlements from each of the Properties. The financier will have no recourse to an Investor's other assets. Each of the Properties will be mortgaged and a charge over income received by the Trustee on behalf of the Owners will be provided in favour of the financier.

10.5 MANAGER

Property Funds Australia Limited is the Manager and is responsible for the management of the Syndicate under the terms of the Syndicate Deed.

10.6 TIME FRAME OF THE SYNDICATE

The term of the Syndicate is 8 years from the date of settlement of the first property. This term may only be extended if all Owners agree.

The individual Properties can however be sold earlier if a resolution of 75% *(by value)* of Owners is passed at a meeting of Owners and at least 25% *(by value)* of Owners eligible to vote do so.

However, the Manager expects that the Properties will be progressively sold between 4 and 6 years after the first settlement.

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

10.7 SUBSCRIPTIONS

The minimum amount each Investor may invest is $10,000. **Subscriptions in excess of $10,000 are to be in increments of $5,000**. There is no pre-determined maximum subscription amount an Investor may invest. The Manager has the right to accept or reject any application in full or in part.

The total funds to be raised under this Prospectus is $16,450,000. The acquisition of the Properties will not proceed if this amount is not raised in time to exercise the options to purchase the Properties. The Manager may accept subscriptions of up to $1,000,000 in excess of $16,450,000 if the Manager believes it to be in the best interests of Owners.

Subscriptions will be held by the Trustee until settlement of the relevant Properties. If for some reason the acquisition of any particular Property does not occur then the Trustee will refund the Investor's appropriate portion of the subscription amount that relates to that property.

The issue is intended to be closed as soon as it is fully subscribed. Any unaccepted oversubscriptions will be refunded in full by the Trustee.

10.8 OWNER'S INTEREST IN SYNDICATE

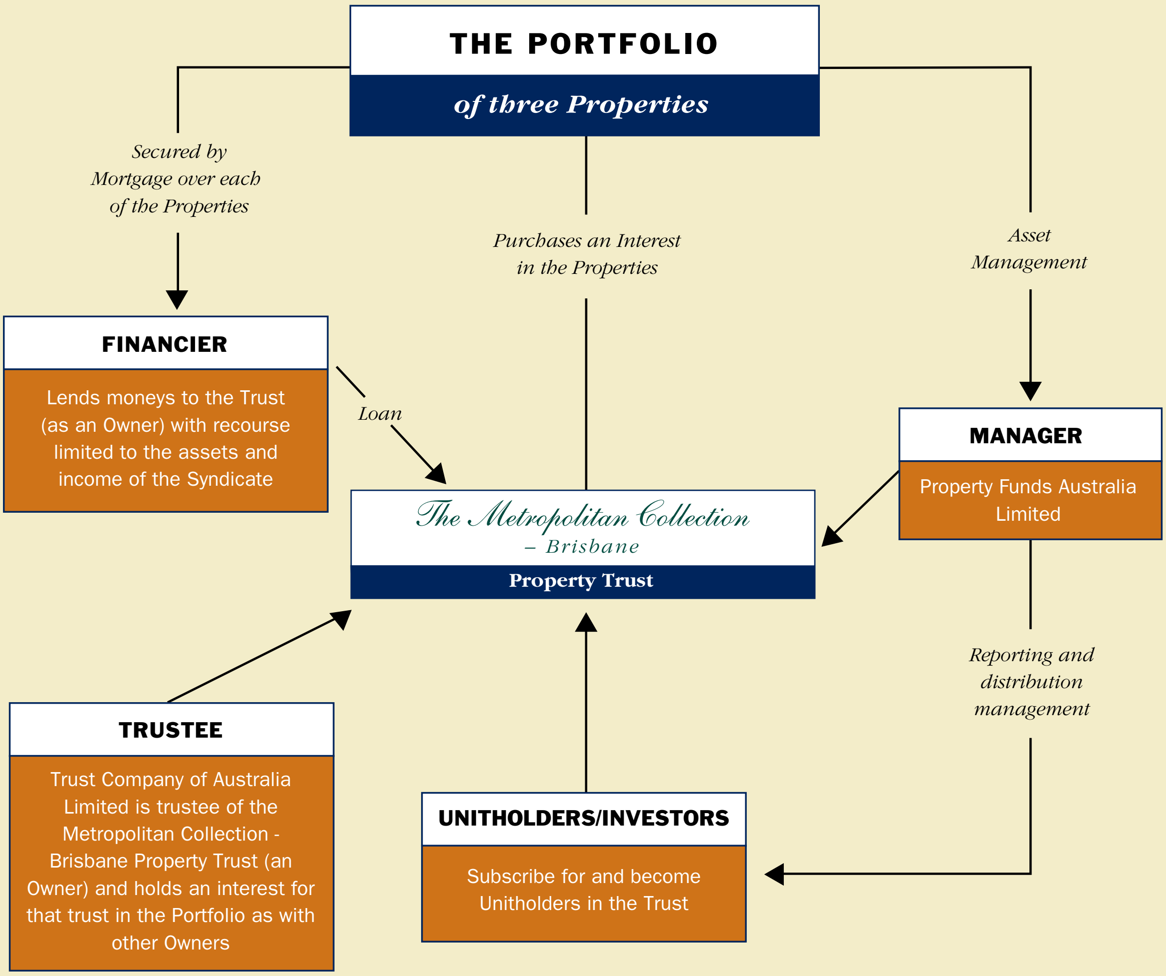
An individual Owner's proportional interest in the Portfolio is determined by dividing the Owner's subscription by the total amount of all Subscriptions.

Below: The Anzac Square park with the Anzac Square complex shown on right.

(This section is principally of interest to Investors such as superannuation funds who are unable or do not wish to directly borrow money.)

The Trust has been established for Investors resident in Australia who are unable or who do not wish to borrow in their own right to invest in the Portfolio *(eg. complying superannuation funds)* by subscribing for Units in the Trust. The Trust then invests as an Owner in the Portfolio by subscribing for an Interest in the Syndicate.

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



11.1 THE TRUST OFFER

The issue price is $1 per Unit payable in full by Investors on application. For each $1 subscribed for by Investors in the Trust, the Trustee will subscribe for an Interest in the Syndicate on the same terms as other Investors in the Syndicate. This means that the Trustee as trustee of the Trust, rather than the individual investors in the Trust will borrow money under the limited recourse loan arranged by the Manager *(see section 12.3)*. Investors in the Trust will have no liability, for any borrowings undertaken by the Trustee as trustee of the Trust.

11.2 PERIODS OF TRUST OFFER

The Trust offer will open and close at the same times as the Syndicate offer.

11.3 ALLOTMENT

The Manager reserves the right to allot less than the number of Units applied for, or to decline any application. In such a case, any surplus application money will be returned to the Applicant as soon as practicable after the offer closes. Interest *(less bank charges, taxes and trustee fees)* will be paid on money refunded.

11.4 TRUST DEED

The Trust Deed is the document which governs the Trust and the relationship between the Manager, the Trustee and the Unitholders.

11.5 TRUSTEE AND MANAGER

The Trustee and Manager of the Trust are also the Trustee and Manager of the Syndicate. Neither the Manager nor the Trustee propose to charge any fee for the services they provide in those roles with the Trust whilst they have the same roles for the Syndicate.

11.6 TIME FRAME OF THE TRUST

The term of the Trust is 8 years from the settlement of the first property, the same term as the Syndicate. This may only be extended if all Unitholders agree.

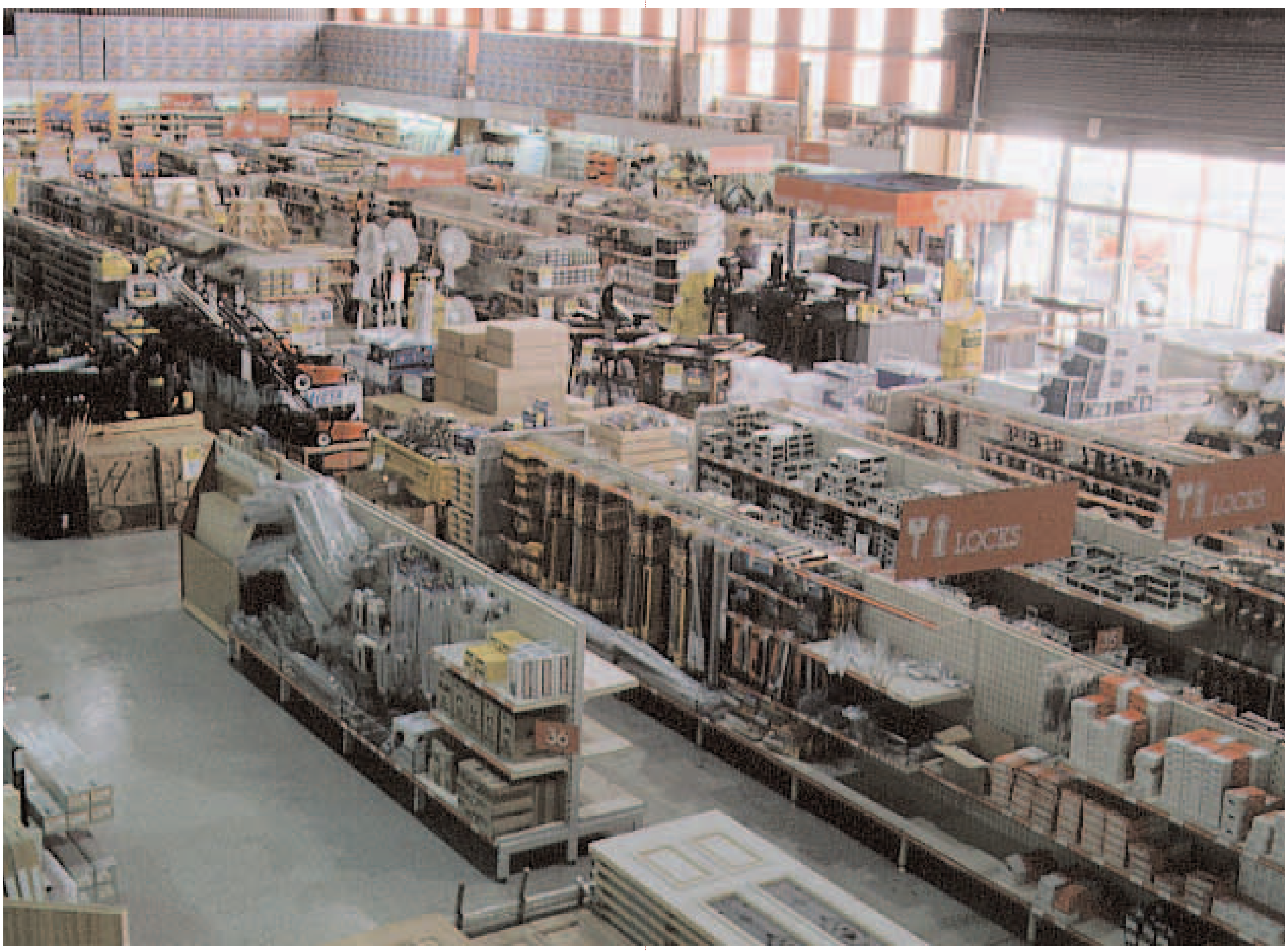
11.7 SUBSCRIPTION

The minimum subscription amount for Units in the Trust is $10,000 with **subscription in excess of $10,000 to be in increments of $5,000**. There is no predetermined maximum subscription amount an individual Unitholder may invest in the Trust. The Manager has the right to accept or reject any applications for Units in the Trust in full or in part. If for some reason the acquisition of any particular Property does not proceed, the Trustee will refund the Investors subscription amount that relates to that Property.

The Trust offer is conditional upon $16,450,000 being raised under this Prospectus. If the minimum subscription condition is not satisfied, application money received will be returned to Applicants.

The Trust offer is intended to be closed as soon as the Syndicate offer is fully subscribed.

Below: An internal shot of the Bretts Timber and Hardware building at the MacGregor Property.



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

12.1 Reason for Borrowing

The main reason for using borrowings to partly fund the Investment in the Portfolio is to improve the return on the equity invested by Owners. 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 the funds invested;
- Secondly, if there is an increase in the value of the Properties, 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 Properties decrease in value.

12.2 Borrowings by Owners (i.e. Syndicate Investors)

By applying for an interest in the Syndicate, each Applicant will be granting the Manager a limited power of attorney (set out on the reverse side of the Application Form) to enter into a loan in the name of the Applicant.

Borrowings are in the name of the Owners in proportion to their interest in the Portfolio. The cash equity subscribed by an Owner is added to the borrowings by that Owner (as arranged by the Manager) to make up the total contribution of funds to acquire that Owner's Interest.

The reason for combining both amounts and arranging funding in this way is to ensure that inflation indexation for capital gains tax purposes is calculated on the dollar value of the Owner's overall Interest in the Portfolio rather than just the Owner's Subscription. This results in a more favourable capital gains tax outcome for Owners when the Properties are sold. The indexation allowances which can be deducted when calculating capital gains tax liability will be much higher when using the full cost base of the Properties rather than the Subscription.

Although the Owners are the borrowers, for practical purposes the loans are arranged by the Manager and all documentation is executed by the Manager on behalf of the Owners under the limited power attorney on the reverse side of the Application Form. In other words, the Manager looks after all the documentation related to the borrowings. All the Owner need do is sign the Application Form.

12.3 Borrowings for Trust Investors (eg. Superannuation Funds)

Investors who are unable to, or choose because of their nature (eg. complying superannuation funds) not to borrow in their own name will still gain some of the benefits of borrowing as the Trustee on behalf of the Trust will borrow an amount equivalent to the money subscribed in the Trust. This provides similarly improved returns as a consequence of borrowing.

No power of attorney is given in favour of the Manager to effect the borrowing in the case of Investors in the Trust. Because of the nature of the structure the more favourable capital gains tax outcome which applies for Owners in the Syndicate (ie. inflation indexation being calculated on a higher cost base) does not apply for Unitholders in the Trust. In the case of complying superannuation funds, this is a product of the restriction on those funds' ability to borrow.

Unitholders in the Trust are not involved in any borrowing as the Trustee as an Owner does the borrowing. The Manager looks after all of the documentation related to the loan.

12.4 Limited Recourse Borrowings

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

In addition, no Investor will be responsible for any obligations of any other Investor.

12.5 The Acquisition Loan

The acquisition loans will be $22,900,000 being 58.2% of total purchase price and acquisition costs.

The Manager believes that in the interests of the Investors, it may be prudent to structure separate loans, possibly from separate financiers, for the acquisition of the Properties. The staged settlement dates of the Properties and proposed sale timings warrant this flexibility.

Above: The Coorparoo R.S.L. Club opposite the Coorparoo property - a good amenity for Bank staff employed at the property.

Based on the terms of indicative letters of offer and detailed negotiations with financiers, the Manager expects that the terms of the acquisition loan(s) would be within the following parameters:

- interest only facility;
- loan(s) terms ranging between three and five years after which time any outstanding balance will be required to be rolled over or renewed;
- generally fixed rates although variable rates will be considered pending the settlement of the last property, at which time the Manager expects to have fixed or limited the interest rate for the loan(s) for the period of between three and five years from settlement of the first property;
- an establishment fee of up to 2.0% that is part of the borrowing costs.

Based on applicable interest rates as at 7 January 1999 an interest rate for acquisition loans for the forecast period would most likely be 6.3% per annum. However, an interest rate of 6.5% per annum has been used in the forecast to allow for any upward movement in interest rates pending drawdown.

In the event that seven days before the date that the Manager expects the options to be exercised:

- the acquisition loans have not been hedged; and
- the five year swap rate is greater than one percent higher than that same rate as at 7 January 1999, then Investors will have the opportunity of withdrawing their Applications and Subscriptions.

The Manager will consider the use of fixed rate debt and other risk management products to limit the overall interest costs.

12.6 GEARING LEVEL

After the settlement of all properties the gearing level will be 58.2% of the total purchase prices and acquisition costs of the Properties. The forecast net rental income of the Properties represents a minimum interest cover of 2.2 times during the forecast period. The Manager considers this to be an appropriate level of borrowing which will enhance returns to Owners without creating a high level of risk.

12.7 FURTHER LOANS

To ensure some flexibility during the life of the Investment, and in particular to meet unanticipated expenditures and to assist in more even distribution levels a revolving facility may be arranged by the Manager of up to $520,000 during the forecast period.

The Manager and the Trustee have the power to increase borrowings by the Owners for the purposes of improving, refurbishing and maintaining the Properties. The total amount of any borrowings effected by the Manager may not result in the total of all loans exceeding 75% of the Portfolio'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 Portfolio.

Replacement Loans

During the term of the Investment, it may be necessary to roll over, renew or replace loans and the limited power of attorney on the reverse side of the Application Form authorises the Manager to arrange those replacement loans.

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

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 position of the Investment. It is the Manager's intention to equalise monthly distributions as much as is reasonably possible within a financial year.

A **six monthly update report** will be sent to Investors advising of the issues relating to the Investment including the Portfolio's performance.

Any **enquiries** *(telephone or written)* by Investors on the performance of the Investment will be **answered** by the Manager at any time by the Manager's investor relations personnel.

An **annual report** and **audited accounts** for the Syndicate will be sent to Owners within 90 days of the end of each financial year. In addition Unitholders will receive an annual report and audited accounts for the Trust. A distribution summary of each Investors distributions over the past year will also be forwarded around this time. This will be accompanied by a statement showing the **details** needed by Investors **to complete their tax returns**.

Below: Anzac Square park looking towards the Anzac Square complex.

14 Cash Flow & Financial Information

14.1 FORECAST

Set out below are the forecast cash flows. Forecast net property income from each of the Properties 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. No forecast is made beyond 30 June 2003 as beyond that date the progressive sale of Properties is anticipated to occur and a number of significant leases mature, thereby making reasonably accurate forecasting of distributions difficult.

	Note 1	Year To 30/6/2000 $	Year To 30/6/2001 $	Year To 30/6/2002 $	Year To 30/6/2003 $
REVENUE - Net Property Income	2	3,300,064	3,399,434	3,469,431	3,621,646
EXPENSES					
Interest to financier	3	1,461,893	1,478,515	1,479,177	1,480,590
Management fees	4	137,533	207,103	209,553	214,880
Valuation fees	5	-	-	30,000	-
Trustee/custodian fees	6	24,499	24,674	24,674	24,674
Registry costs	7	5,000	5,250	5,491	5,765
Audit and accountancy	8	23,700	24,885	26,129	27,436
Sundry expenses	9	17,500	39,025	15,768	24,432
Provision for unanticipated expenses	10	30,663	31,460	32,257	33,174
TOTAL EXPENSES		1,700,788	1,810,912	1,823,049	1,810,951
CASH AVAILABLE FOR DISTRIBUTION	11	1,599,276	1,588,522	1,646,382	1,810,695
DISTRIBUTION EQUALISATION FUND	12	36,526	(7,128)	17,832	149,245
PROPOSED DISTRIBUTION	13	1,562,750	1,595,650	1,628,550	1,661,450
DISTRIBUTION AS A PERCENTAGE OF EQUITY	14	9.5%	9.7%	9.9%	10.1%
TAX SHELTERED COMPONENT OF DISTRIBUTION	15	104%	84%	67%	47%

NOTES ON CASH FLOW FORECAST

Note 1

Income for the period to 30 June 1999 is not shown because of the potential variability of events during that time frame. However, the Manager forecasts that a distribution at the rate of 9.5% per annum would be paid for this period.

The forecasts have been prepared based on the assumption that all transactions in this Prospectus have occurred at their anticipated date.

Note 2 Net Property Income

Net property income is based on the following assumptions:

- Individual leases have been reviewed in line with the lease terms. Where the expiry of a lease occurs in a particular year, depending upon the nature of the tenant, tenant history, the nature of the fitout and the area of the relevant leased space, individual forecasts are made as to the prospect of a vacancy or a renewal. In the case of forecast vacancies, an assumption is made as to any consequent vacant or letting up period.
- Provisions are made upon lease renewals or expiries as to any incentives to be offered to existing tenants or new tenants to lease that space, as well as refurbishment costs and leasing agent's fees.
- Where any lease rental rates are considered inconsistent with underlying market rates, the income has been adjusted up or down to a market rate at the expiry of the relevant lease term.
- Forecast CPI increases are as per Access Economics forecasts from September 1998.
- Rentals for the retail component of the Coorparoo Property are forecast to have minimum increases of 3.5% per annum compound which is the same rate of growth provided under the rental guarantee for that component.
- The market rent for retail tenancies is assumed to rise by CPI plus 1% per annum.
- Outgoings on all properties are forecast to increase in accordance with the above CPI forecasts.

Note 3 Interest to Financier

Based on the acquisition loan parameters outlined in section 12.5, and interest rates as at 7 January 1999, the applicable interest rate would most likely be 6.3% per annum. However, an interest rate of 6.5% per annum has been used in the forecast to allow for any upward movement in interest rates pending drawdown. An average interest rate over the forecast period of 7.5% per annum has been adopted for the proposed revolving variable rate facility of up to $520,000.

Note 4 Management Fees

Management fees are 0.25% of the gross value of assets under management and 3.5% of the net income *(as defined in the Syndicate Deed).*

Please note that the Manager has waived the asset value based portion of these fees for 12 months after the settlement of the first property.

Note 5 Valuation Fees

An allowance for a full valuation of the Portfolio every two years has been made after the initial revaluation at the end of the third year. The Syndicate Deed requires revaluation every three years.

Note 6 Trustee Fees

Trustee fees are 0.07% of the gross value of the assets under management with a minimum fee of $20,000 per annum (indexed by CPI). *(see section 18.3)*

Note 7 Registry Costs

Utilisation of an external registry service is assumed and has been based on estimates provided by Greenwood Kendalls.

Note 8 Audit and Accountancy

Audit and accounting fees have been based on estimates provided by Greenwood Kendalls and Hacketts Chartered Accountants respectively.

Note 9 Sundry Expenses

Estimated expenses include the cost of payment of distributions to Investors, preparation and mailing of reports and other general administration expenses. Also included is a potential allowance for costs associated with a listing of the Investment upon a formal secondary market such as an approved stock exchange or an exempt stock market such as that operated by Austock Management Limited *(see section 21.6)* and costs of conversion in compliance with the Managed Investments Act 1998. *(see section 21.10)*

Note 10 Provision for Unanticipated Expenses

This is a general annual allowance for any unanticipated expenses.

Note 11 Cash Available for Distribution

This is the estimated cash which could be distributed to Owners.

Note 12 Distribution Equalisation Fund

This is an amount added to or taken from the cash available for distribution to ensure relatively even distribution levels.

Note 13 Proposed Distribution

This is the amount forecast to be distributed to Owners.

Note 14 Distribution as a Percentage of Equity

This is the proposed distribution expressed as a percentage of $16,450,000 of equity.

Note 15 Tax Sheltered Component

The Tax Sheltered component of the cash available for distribution to Owners, which is that part of any non-taxable distribution, attributable to such factors as building allowances or the depreciation of plant and equipment and other special taxation allowances for borrowing costs and other costs relating to the acquisition of the Properties. Note the Tax Sheltered components may affect the cost base of the investment. *(Refer to section 14.2 for details on tax matters.)*

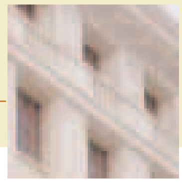
14.2 SYNDICATE OWNERS

Taxation Analysis

For Owners, the Syndicate structure is particularly tax effective. The Syndicate is a partnership for tax purposes. An Owner only includes as assessable income their proportionate share of the Syndicate's taxable income. This may mean that only part of any cash distribution is assessable income.

With this type of property syndicate, a significant part of the cash distribution is expected to be Tax Sheltered. *(see note 8)*. These taxation benefits are a consequence of the offset against the income of tax deductions attributable to building allowance and depreciation of the Properties, plant and equipment. In addition, Owners will obtain the benefit of amortisation (ie. writing off) of some of the borrowing costs and other expenses of establishing the Syndicate. The assumptions and other details on which the calculations are based are set out in the notes following.

	Note 1	Year To 30/6/2000 $	Year To 30/6/2001 $	Year To 30/6/2002 $	Year To 30/6/2003 $
Cash available for distribution	2	1,599,276	1,588,522	1,646,382	1,810,695
Less deductions					
Amortised borrowing	3	117,294	117,294	117,294	117,294
Depreciation of plant	4	1,316,900	983,400	757,704	588,888
Building allowance	5	227,170	232,212	232,212	232,212
Total deductions		1,661,364	1,332,906	1,107,210	938,394
Taxable income	6	(62,088)	255,616	539,172	872,301
Proposed distribution to Owners	7	1,562,750	1,595,650	1,628,550	1,661,450
Tax Sheltered component of return	8	104%	84%	67%	47%



NOTES ON TAX CALCULATIONS

Note 1

The tax analysis for the period to 30 June 1999 is not shown because of the potential for variability of settlement dates.

Note 2 Cash Available for Distribution

This amount is the cash forecast to be available for distribution as shown in the cash flow forecast in section 14.1.

Note 3 Amortised Borrowing Costs

Borrowing costs including stamp duty on the borrowing, establishment fees, valuation and legal fees are estimated to be $586,470. These costs are included as part of the estimated acquisition costs and may be claimed progressively over the term of the loan as tax deductions. There may be a minor variation in these figures dependent on the settlement dates of the Properties.

Note 4 Depreciation of Plant

A tax deduction is allowed for depreciation of plant, equipment and other articles such as air conditioning plant, electrical, machinery and equipment, carpets, lifts, etc. The amount to be claimed has been independently assessed by a quantity surveyor in accordance with the terms of the purchase contract. The diminishing value method has been used to determine annual deductions. Calculations are based on the anticipated settlement dates and construction timetables disclosed in this Prospectus.

Note 5 Building Allowance

An allowance of 2.5% per annum on qualifying capital expenditure incurred in the construction of certain components of the buildings that comprise the Properties is available as a tax deduction.

Note 6 Taxable Income

This is the forecast aggregate taxable income of Owners *(refer to section 14.3 for information about Owners' tax returns).*

Note 7 Proposed Distribution to Owners

This amount is the proposed distribution as shown in the cash flow forecast in section 14.1.

Note 8 Tax Sheltered Component of Return

This is the estimated percentage of cash distributed to Owners that is tax deferred or tax-free in the year received. This percentage would differ if expressed as a percentage of assessable income of Owners in the same year.

The tax-free component of distributions arise from building depreciation allowances, which relate to the ownership of commercial properties. Currently this component is not assessable for income tax purposes.

During 1997 the Federal Government introduced legislation which is intended to apply to properties acquired after 13 May 1997. The effect of the change is that an Owner who receives distributions representing a claw back of building allowances previously claimed by the Syndicate, may be required to treat the proportion of that 'claw back' as a capital gain for tax purposes. The 'claw back' will occur where the sale proceeds of a building exceed that building's unclaimed building allowances. The amending legislation has not yet been enacted.

Tax deferred distributions arise from tax deductions that relate to plant and equipment depreciation and other tax related expenditure such as borrowing expenses. Tax deferred amounts reduce the cost base of an Owners investment in the Syndicate.

Tax Reform Proposals

The Federal Government's recently released tax reform proposals include introducing a business entity regime. This proposal intends to tax entities as a company, if the proprietors of the entity have limited liability. Our taxation advisers are of the opinion that based on current announcements by the Federal Government of its proposals and in the absence of legislation the Government's business entity regime proposal may not affect the Syndicate. However, no assurance in this regard can be given.

Investors should note that Australian income tax laws are subject to change. The views set out above are based on current law only. The ultimate interpretation of the law rests with the Courts. Tax liabilities are the responsibility of each individual Investor and neither the Trustee nor the Manager is responsible for taxation or penalties incurred by Investors. Investors should consult their taxation advisers on the tax implications of their own Investment.

14.3 OWNERS' TAX RETURNS

To facilitate the completion of Owners' tax returns, the Manager will arrange for the preparation and lodgement of the tax return for the Syndicate as soon as possible after the end of each year. The Manager will then send to each Owner a statement showing the details needed by that Owner to complete their individual returns. **Owners should not lodge their tax returns until this information is received.**

14.4 ACQUISITION COSTS AND SOURCES OF FUNDS

The estimated acquisition costs are:

Cost	**$**
Acquisition price of Properties	35,249,000
Stamp duty and registration fees on –	
- purchase and option	1,289,699
- mortgage	98,470
Legal fees - acquisition & prospectus	110,000
Due diligence consultants' fees	178,130
Acquisition fee	1,762,450
Prospectus issue and promotion expenses	60,000
Borrowing costs	488,000
Trustee establishment costs	12,500
Contingency	101,751
Total acquisition costs	**$39,350,000**

The source of funds for the acquisition costs are:

Subscriptions from Investors* (41.8%)	$16,450,000
Loan from financier (58.2%)	$22,900,000
Total funds	$39,350,000

The anticipated net tangible assets of the Syndicate on settlement of all of the Properties is calculated as follows:

Net Tangible Assets	
Total tangible assets	$38,647,749
Less	
Loan from financier	$22,900,000
Net tangible assets	$15,747,749
Net tangible assets per $1.00 equity	
Net tangible assets	$15,747,749
divided by	
Subscriptions from Owners	$16,450,000
Net Tangible Assets per $1.00 Equity	**$0.957**

The net tangible asset backing for each $1 subscribed will therefore be $0.96 (approx). This net tangible asset calculation is based on the carrying value of the Properties in the accounts of the Syndicate upon settlement of all Properties. The carrying value includes the purchase price and capitalised acquisition costs such as stamp duty, due diligence and acquisition fees (as disclosed in the acquisition costs and sources of funds table).

Below: Bob Jane T-Marts sign at the MacGregor Property.

Financial Information only Applicable to Trust Investors 15

(eg. Complying superannuation funds)

15.1 FORECAST DISTRIBUTION FOR TRUST INVESTORS

Costs specifically associated with the operation of the Trust (eg. its accounts and tax return preparation) will be incurred directly by the Trust. It is expected these costs will be immaterial. Therefore, the forecast distribution on equity subscribed by Trust Investors will not vary materially from that forecast for the Syndicate *(see section 11.1)*. Although some minor variation must occur.

15.2 TAXATION ANALYSIS

Presently 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 component of cash distributions made by the Trust may be Tax Sheltered.

15.3 FORECAST TAX SHELTERED COMPONENT OF RETURN FOR TRUST INVESTORS

Under current legislation the Trustee is not able to pass on 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 portion of return is less than 100%. The following table sets out the forecast Tax Sheltered component of the distribution as it applies to Unitholders.

	Year To 30/6/99	Year To 30/6/00	Year To 30/6/01	Year To 30/6/02	Year To 30/6/03
Annual Distribution	9.5%	9.5%	9.7%	9.9%	10.1%
Tax Sheltered component of distribution for Trust Investor	100%	100%	100%	70%	47%

15.4 TAX REFORM PROPOSALS

The Federal Government has announced proposals to make significant changes to the taxing of trusts. These announcements have not been enacted, and therefore the following comments are cautionary only.

The broad intent of the proposals are as follows:

- As from the 1 July 2000 an investment trust such as the Trust will be taxed as a company;
- All distributions made by the Trust will be fully franked. If the Trust has insufficient franking credits, the Trust will be required to pay a 'deferred company tax';
- There will be no Tax Sheltered components of the Trust's distributions;
- Unitholders will be entitled to franking credits in respect of the distributions received by them;

The changes if made are to be effective from the 1 July 2000.

15.5 CAPITAL GAINS TAX

In the absence of the above tax reform proposals, the current capital gains tax treatment of a Unitholder's ownership of Units in the Trust is as follows:

- Where the Unitholder holds their Units as an Investor, as distinct from a trader, the cost base of the Unit for capital gains tax purposes will be $1.00 per Unit, which under current legislation and assuming the investment is held for at least twelve months, will be increased by CPI each quarter until the Unit is sold or the Trust terminated. Upon disposal of a Unit capital gains tax may apply.
- The cost base of a Unit in the Trust will be reduced for any non-assessable distributions made by the Trust, which relate to depreciation of plant and equipment or other deferred tax expenditure. Distributions that relate to building allowances will also reduce the cost base of the Unit, but only where there is a capital loss on the disposal of the Unit.
- During 1997 the Federal Government introduced amending legislation which is intended to apply to properties acquired after 13 May 1997. The effect of the change is that upon sale a Unitholder who receives a distribution representing a 'claw back' of building allowances previously claimed by the Syndicate, may be required to treat that proportion of the 'claw back' as a capital gain for tax purposes. The 'claw back' will occur where the sale proceeds of the building exceed the buildings unclaimed building allowances. The amending legislation has not yet been enacted.

15.6 NET TANGIBLE ASSETS

The net tangible asset backing for each $1 Unit subscribed for in the Trust will be $0.96 (approx). This net tangible asset calculation is based on the carrying value of the Properties in the accounts of the Syndicate upon settlement of all Properties *(see section 14.3)*.

KENDALLS SECURITIES LIMITED

8 January 1999

The Directors
Property Funds Australia Limited
Level 14
127 Creek Street
BRISBANE Q 4000

Dear Sirs

INDEPENDENT REVIEW REPORT ON FORECASTS

Scope

We have reviewed the forecasts of the Metropolitan Collection - Brisbane Property Syndicate *(the Syndicate)* for the period ending 30 June 1999 and for the financial years ending 30 June 2000 to 2003 as set out in section 14 of the Prospectus. The directors of Property Funds Australia Limited are responsible for the preparation and presentation of the forecasts and the information contained therein, including the assumptions on which the forecasts are based as set out in section 14 of the Prospectus.

We have performed an independent review of the forecasts in order to state whether, on the basis of the procedures described, anything has come to our attention which would indicate that the director's assumptions do not provide a reasonable basis for the preparation of the forecasts or that the forecasts are not properly prepared on the basis of the assumptions.

The forecasts have been prepared for inclusion in the Prospectus dated 8 January 1999 for the proposed subscription of $16,450,000 by Investors. We disclaim any assumption of responsibility for any reliance on this review report or on the forecasts to which it relates to any person other than to the Owners of the Syndicate or for any purpose other than that for which it was prepared. As The Metropolitan Collection - Brisbane Property Trust will be an Owner in the Syndicate, Trust investors are entitled to rely on this report. In addition, the forecasts have been prepared using assumptions about future events and management's actions that may not necessarily occur as projected. Consequently, readers are cautioned that these forecasts may not be appropriate for purposes other than that described above.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements and has had regard to the Standard applicable to the Audit of Prospective Financial Information. This review was limited to inquiries as to the processes used in preparing the forecasts, consideration and discussion with the directors of the factors considered in determining the assumptions, analytical procedures applied to the forecasts and test checking the application of the assumptions in the forecasts.

Financial Planners and Investment Advisers • Licensed Securities Dealer • ACN 009 870 580

Level 18, 300 Queen Street, GPO Box 457, Brisbane Q 4001 Australia Telephone +61 7 3237 5999 Facsimile +61 7 3221 9227 kkbm@kendalls.com.au

A review is substantially less in scope than audit examination conducted in accordance with Australian Auditing Standards. In addition, because assumptions relate to future events and management actions which may not necessarily occur as projected, and variations may be material we are not in a position to, and do not express an opinion on whether the results for the period ending 30 June 1999, and for the financial years ending 30 June 2000 to 2003 will approximate these forecasts.

Statement

Based on our review of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that:

(a) the assumptions as set out in section 14 of the prospectus do not provide a reasonable basis for the preparation of the forecasts.

(b) the forecasts are not properly prepared on the basis of the assumptions as set out in section 14 of the Prospectus.

Actual results are likely to be different from the forecasts since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Yours sincerely
Kendalls Securities Limited

Paul Gallagher
Proper Authority

17.1 PROPERTY FUNDS AUSTRALIA

Property Funds Australia Limited is the Manager of the Syndicate and manages the Portfolio on each Owner's behalf. The Manager holds Dealer's Licence No. 171414 issued by ASIC which permits it to manage property syndicates and 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 Portfolio 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 Portfolio.

Investor communication is also a priority of the Manager. The Manager was recently presented with the 1998 Public Relations Institute of Australia National Gold Award for Investor and Financial Communication relating to a similar investment.

17.2 THE MANAGER'S ROLE

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

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

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

17.3 THE MANAGER'S REMUNERATION

The Manager is entitled to an initial fee of 5% of the purchase price of the Properties from which the Manager pays commissions in relation to the equity raising. The Manager is also entitled to an annual management fee which has a significant performance emphasis. It is made up of 0.25% of the gross value of assets under management and 3.5% of the net income (as defined in the Syndicate Deed). Due to the staged settlement of the Portfolio, the Manager has waived its entitlement to the asset value based portion of the annual management fee for 12 months following settlement of the first property.

If upon sale of each of the Properties, 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. This fee is to compensate the Manager for additional workloads during the sale phase.

As an incentive to enhance the Portfolio's performance if upon the sale of the last of the Properties the Portfolio has been sold at a price which, after the deduction of agents' fees, management fees and expenses on the sales results in a premium on subscriptions by Owners of more than 30% of their subscription, then the Manager shall be entitled to an additional fee of 1.5% of the sale prices of the Portfolio. However, if the premium is more than 50% of subscriptions, then this additional fee is 2.5% of the sale prices of the Properties.

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

17.4 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. PRD Realty which is a related company of the Manager may be a property manager of one or more of the Properties. Fees payable to this entity will be in accordance with normal market rates payable to licensed real estate agents performing this type of service.

17.5 CHANGE IN THE MANAGER

If unsatisfied with the performance of the Manager, the Owners may require the Manager to retire if the Owners of 50% or more of the value of interests in the Syndicate resolve at a meeting that the Manager should be removed. The Manager may also retire by giving 6 months notice to the Trustee. The procedures for calling the meeting and voting are set out in the Syndicate Deed.

Similar provisions in the Trust Deed enable Unitholders to consider the Manager's position if they are unsatisfied with the performance of the Manager.

17.6 MANAGER'S SUBSCRIPTION

The Manager believes that the Investment is an excellent investment opportunity. Entities associated with the Manager intend to lodge Subscriptions of at least $200,000 in relation to the Investment.

17.7 MANAGER'S INSURANCE

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

17.8 DIRECTORS OF THE MANAGER

Rodney Michael Keown
Chairman

Rod Keown is the Chairman of the Manager. He is a Fellow of the Australian Property Institute.

He has been involved in the property investment, agency and the property funds management industries for the past 26 years. He was one of the pioneers of the property trust industry in particular as one of the early appointees to Growth Equities Mutual Limited, which became one of Australia's larger property trust managers. He retired from that organisation as the executive director in charge of listed property trusts with a property portfolio of almost $1 billion under his supervision.

He has served on various state boards and committees of the Property Council of Australia *(formerly BOMA)* for various periods between 1976 and 1993.

He has also been the managing director of the state office of a major national real estate agency.

He is on the boards of other property funds management public companies.

Rod Keown brings to Property Funds Australia considerable property funds management experience.

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 17 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.

More recently, Mr Morton has managed the successful redevelopment and sale of a significant CBD office building on behalf of a syndicate of investors. Chris has also in his career held an accounting position and was an Associate to a Supreme Court Judge.

Chris is the Managing Director of Property Funds Australia and maintains a 'hands on' role in the day to day running of the company.

Archibald Norman Douglas
Director

Archibald Douglas is a licensed real estate agent who is the joint managing director and co-founder of PRD Realty a major national real estate agency. He is also a director of PRD Consulting Services, a real estate consulting organisation offering broad property and research advice.

Archie Douglas with his brother Gordon has been actively involved in developing a real estate practice that includes three corporate offices in Sydney, Brisbane and the Gold Coast and approximately 48 franchise offices throughout most States and Territories. In addition, he adds property development experience as well as having been actively involved in the development of an apartment business which 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.

The Manager will utilise this experience to enhance the timing of its decisions and up to date understanding of the property market.

The Directors of the Manager *(left to right)* Christopher Morton (Managing Director), Clive Schultz, Archibald Douglas, Rodney Keown (Chairman).

Clive Douglas Schultz

Director

Clive Schultz is an affiliate member of the Securities Institute of Australia. He has been employed by legal firms, finance companies and banks for over 35 years all with a principal emphasis upon real estate including acquisition, development, financing and marketing.

Clive operates a consultancy practice specialising in banking and finance services. He has been the general manager for Challenge Bank for Victoria and South Australia with responsibility for over 300 staff and an asset base of $1 billion. He is a member of the national training committee of the Securities Institute of Australia and has been active in the development of courses for the mortgage industry.

The Manager is able to draw on Clive's expertise in debt management and financial analysis.

18 The Trustee

18.1 Trust Company of Australia

Trust Company of Australia Limited is a statutory trustee company authorised to act in Victoria, New South Wales and Queensland. It is a publicly listed 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 130.

18.2 The Trustee's Role

The Trustee's duties and obligations are set out in the Deeds. The role of the Trustee is to protect the rights and interests of Investors. In performing this role, the Trustee must exercise all due diligence and vigilance. The Trustee holds the interest of the Owners in the Properties as nominee. All subscription money is held by the Trustee until it is utilised in the purchase of the Properties.

18.3 The Trustee's Remuneration

The Trustee is entitled to receive an annual fee at the rate of 0.07% p.a. of the gross value of the assets under management subject to a minimum fee of $20,000 p.a. (indexed to CPI annually). The Trustee will also receive a one off establishment fee of $7,500 at the time of settlement of the first property. It is entitled to be reimbursed for legal fees or any other costs and expenses it incurs on behalf of the Investment. The Trustee has waived its entitlement to any fee in respect of the Trust whilst it remains trustee of the Syndicate.

The Trustee is entitled to be paid a premature retirement fee should it be requested to retire within 2 years *(eg. due to the Managed Investments Act – see section 18.5)*. This fee is calculated in accordance with an agreed formula *(see section 21.11)*.

18.4 Changing the Trustee

The Investors may require the Trustee to retire if 50% or more of the Investors (by value) resolve in a meeting that the Trustee should retire. The Trustee may also retire by giving three months' notice.

18.5 Managed Investments Legislation

The Managed Investments Act 1998 commenced operation on 1 July 1998.

In relation to this Investment the Act will require the following:

- Integration of the role, duties, responsibilities and obligations of both the Trustee and the Manager into one entity called the responsible entity.
- The responsible entity must be licensed by ASIC, and have adequate levels of professional indemnity and fraud insurance.
- The Deeds will be called constitutions and must be amended to include all provisions required under the Act.
- There is a 2 year transitional period which based on current ASIC policy must be completed by 30 June 2000, at the expiration of which time the role of the Trustee and Manager will be merged into the responsible entity as required by the Act. For this Investment the Manager proposes to apply to become the responsible entity.

The Trustee may under the managed investments scheme have an ongoing role as the custodian who holds titles to the Properties on behalf of the Investors.

The Manager may apply to ASIC for an exemption from the requirement to convert the Syndicate and the Trust to managed investments schemes.

If the conversion occurs, the costs of conversion will be borne by the Syndicate and have been allowed for in the forecast cash flows.

18.6 Other Comments

The Trustee has not been involved in the preparation of this Prospectus other than in relation to those parts which specifically refer to the Trustee or the Deeds. Although referred to in the Prospectus, the Trustee has not authorised the issue of the Prospectus.

Specifically, the Trustee does not guarantee the repayment of Subscriptions, the receipt of income or the performance of the Investment.

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 or Trustee.

19.1 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 Portfolio comprises three properties. As such, the Investment 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 the South East Queensland economy;
- a failure of tenants to meet their financial obligations;
- a future tenancy vacancy factor being greater or longer than projected;
- interest rate fluctuations.

19.2 LIQUIDITY

The Investment is likely to be illiquid because it is unlikely there will be a secondary market, although there are proposals being monitored by the Manager that may create a secondary market for these Interests. *(see section 21.6)*. No Investor has the right to redeem their Investment. Neither the Manager nor the Trustee are permitted to buy back an Investor's Interest.

19.3 FIXED TERM

The term of the Syndicate and Trust are both a fixed term of 8 years unless terminated earlier by the Manager or by special resolution of the Investors. The term may be extended with the consent of all Investors.

19.4 BORROWINGS

The Syndicate may continue for longer than the initial loan facilities. There is no guarantee that the Manager will be able to refinance those facilities. Further, if the loans are refinanced the interest rate payable may be higher than current interest rates.

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

Currently, final arrangements with a proposed financier have not been concluded and are not intended to be concluded until Subscriptions have closed. Although a detailed application for finance has been made and indicative letters received from a financier, no hedging arrangements have been entered into in relation to the borrowings.

Due to the staged settlements *(see section 19.7)* there is a risk of upward movement in interest rates between the settlement of the first property and the final drawdown of the acquisition loans. The Manager may consider the use (where possible) of interest rate risk management products to mitigate this risk.

Borrowings will be used to partly fund the purchase of the Portfolio . This is referred to as 'gearing' or 'leveraging' and enhances the potential for capital gain for Owners if the Portfolio increases in value. However, it may also increase any capital loss in the event that the value of the Portfolio falls compared to a property investment which has no borrowings.

19.5 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 investment or new decisions or determinations may alter the way the law is generally interpreted.

19.6 SPECIFIC RISKS

The Manager believes that opportunities will arise for the restructuring of tenancies in some of the Properties around 5 years from the commencement of the Investment. These restructurings and lease negotiations will create the opportunity to preserve or increase the value of the Portfolio. If however this restructuring was not able to occur, then there is a risk to the value of the Portfolio.

19.7 STAGED SETTLEMENT

As all of the Properties will not be purchased from the same vendor and will settle at different times, there exists the risk (albeit small) that the purchase of one or more of the Properties may not occur due to factors such as vendor default or settle later or earlier than anticipated (eg. due to construction progress or delay). Should this occur, it can have a positive or negative effect on the distributions which flow from the Investment. The Deeds provide for an appropriate proportional return of the Subscription should the unlikely event of a purchase of one of the Properties not occur.

19.8 YEAR 2000

On certain changes of dates including from 1999 to 2000 there is a risk of disruption to, or failure of, computer networks and systems. This risk is not particular to the Manager, the Trustee or the Properties although it may affect them. The Manager is taking steps to minimise this risk, in particular the Manager has obtained warranties as to year 2000 compliance from the vendors of the Properties. Notwithstanding this, no assurance can be given by the Manager or the Trustee that their operations or that of the Properties will not be adversely affected by these risks.

The Coles supermarket diagonally across the intersection on which the Coorparoo Property is located.

19.9 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 an Investment or that any of the Properties will not decrease in value.

Knight Frank

Level 10
HongkongBank Building
300 Queen Street
Brisbane QLD 4000

GPO Box 146
Brisbane QLD 4001

Telephone 07 3246 8888
Facsimile 07 3229 5436

8 January 1999

The Directors
Trust Company of Australia Limited
213 St.Pauls Terrace
BRISBANE QLD 4000

Dear Sirs

PROPERTY VALUATION

Anzac Square Redevelopment - Offices Component
National Australia Bank and Retail Centre - Coorparoo
MacGregor Property - Retail and Industrial

We refer to your letter requesting us to prepare valuation reports in respect of the above properties for inclusion in a prospectus. The valuations and this summary of them have been prepared in accordance with regulation 7.12.5(5) of the Corporations Law.

Our valuations are based on information currently available in respect of the properties and reflects general market conditions.

We have inspected the properties on the dates and valued them as at the dates designated below.

A description of the properties and their tenancy details are contained within the prospectus.

A. Anzac Square Redevelopment - Offices Component

Synopsis

The commercial component and single retail unit is contained within towers one and two of the Anzac Square building and is to be held under separate volumetric title being currently defined as proposed Lot 3 on SP106887.

The property is being purchased for $16,286,000 which shows an estimated net yield of 9.03% as at the time of settlement, which we believe reflects the present market value and is supported by the most recent evidence of sales of CBD office properties.

We have assessed value by capitalisation of net income in light of the following considerations.

- The prominent corner location of the development within the commercial precincts of the Brisbane CBD.
- The covenant strength of the major tenant.
- The high standard of refurbishment and provision of 'A' grade office accommodation.
- Rental levels for the office levels which are at market and sustainable levels and the realistic structured rental review provisions.
- Secured five to seven year certain lease terms.

Date of Inspection	Effective Date of Valuation
22 December 1998 and on other occasions	1 April 1999

Market Demand

Yields for well located and well leased 'A' and 'B' grade office properties have firmed over the past 12 months by approximately 0.5% with a current yield range of 8.5% to 9% in line with reducing interest rates and whilst this may well prove to be the peak of the current real estate investment cycle, such yields are still attractive to investors in the present low inflation, low interest rate environment. They compare with the present 10 year bond rate at less than 5.1%

Knight Frank

Valuation Assumptions

Assumptions include:

Title - Unencumbered subject to the existing tenancies. The property is a heritage listed site.
Environment - Asbestos based materials were located in a limited number of areas, however independent due diligence investigations indicate that the asbestos products do not pose a significant health risk.
Improvements - Anzac Square is a heritage listed property and is currently undergoing refurbishment. Due diligence investigations indicate that the refurbishment works will be in full compliance with all requirements of law including fire and health by-laws, rules, regulations, orders and codes of all authorities.
Leases - All executed agreements to lease and lease documentation together with draft lease documentation have been perused. We note lease commencement dates range from 20 December 1998 to 1 May 1999.
Income Assessment - The net income from the property is assessed on a fully leased basis at $1,471,158. We note that the vendor is to provide to the purchaser an unconditional bank guarantee equivalent to the amount of any outstanding rent free incentives. Furthermore the vendor is to provide rental support in the event that leases commence after the settlement date.

Market Overview

The Brisbane commercial property market has seen increased investor activity over the past 12 months with a number of notable sales. Property trust and superannuation funds continue to drive demand in the higher priced categories. Indeed, the Brisbane investment market is categorised by strong demand for modern investment office buildings which meet predetermined investment criteria (ie. modern, well located buildings with high occupancy and long remaining lease terms), particularly from institutional buyers. This latest activity contrasts starkly with market conditions in the early to mid 1990's and in fact 1998 has witnessed increased sales activity the likes of which have not been seen since the late 1980's.

In our view the subject property at the nominated date of valuation satisfies most of investor's current criteria. We have been unable to identify a directly comparable sale of similar volumetric title premises, owing to the titles recent introduction in Queensland. Nevertheless we have analysed recent sales of investment office properties which support the valuation. These sales include:

- Samuel Griffith Place, 338 Adelaide Street, Brisbane
  Reportedly sold August 1998 - $36,500,000.
- 40 Creek Street, Brisbane
  Reportedly sold September 1998 - $37,600,000.
- Brisbane Club Tower
  Sold June 1998 - $19,200,000.

Valuation Methodology

We have assessed the value of the property by capitalisation of the net rental income at 9% to 9.25% as a value range and compared this to a discounted cash flow approach and on the rate per metre^2 of lettable area.

The calculations are as follows:

Estimated adjusted net income			$1,453,407
Capitalised at 9% to 9.25%	$16,148,966	to	$15,712,508
Plus outgoings shortfall facility	$145,500		$145,500
Capital value	$16,294,466	to	$15,858,008
Adopt			$16,300,000

ie A passing initial yield 9.03% and $2,664 per metre^2 of lettable area.

In respect of the discounted cash flow approach, applying a discount rate of 11.5% to the projected annual net cash flows and assuming acquisition costs of 4% and disposal costs of 1.25%, we arrive at a net present value for the property over a ten year horizon of $16,309,301 which we have rounded down to $16,300,000.

We believe the purchase price is representative of fair market value and is supported by comparable sales evidence.

Valuation

Based on available evidence, it is our opinion that the current market value of the Anzac Square Office property having regard to executed lease documentation and income guarantee provisions as provided to us, as at the effective date of valuation is the sum of:

$16,300,000

(*Sixteen million, three hundred thousand dollars*)

B. National Australia Bank and Retail Centre - Coorparoo

Synopsis

This development is currently under construction.

On completion it will be held on a volumetric title and comprise a 4,300 m 2office level, leased to the National Australia Bank for 10 years, 715 m 2of ground floor retail shops/professional rooms and two upper levels of carparking.

The property is being purchased for $8,913,000 which shows an estimated net yield of 9.1% as at the time of settlement which we believe reflects the present market value and is supported by the most recent sales evidence.

We have assessed value by capitalisation of net income in the light of the following considerations:

- The prime location of the development in relation to the Coorparoo retail precinct.
- The strength of major tenant and the 10 year certain lease term.
- The tightly held nature of quality investment commercial developments and current strong investor demand.
- The modern design of the development providing for low maintenance.
- The rental level for the office component is at a market and sustainable level with realistic rental review provisions.
- Retail component subject to rental support.

Date of Inspection	Effective Date of Valuation
10 November 1998	1 June 1999

Market Demand

In terms of CBD fringe commercial activity, most of the focus has been on the more established commercial locations of Milton and Spring Hill. This is partly attributed to the supply of both quality office and retail buildings within the Brisbane fringe suburbs being somewhat limited. Understandably, existing quality commercial developments are therefore quite tightly held. In general terms yields for prime suburban office developments identified with 10 year lease terms, have firmed over the last 12 months in line with reducing interest rates.

Valuation Assumptions

Assumptions include:

Title - The title is unencumbered.

Environment - The property is not contaminated.

Improvements - The development is under construction and we have assumed that the building complies in all material respects with any restrictive covenants affecting the site and will be built in full compliance with the contractual arrangements and all requirements of law and of all authorities.

Leases - The agreement to lease in respect of the National Australia Bank lease has been perused.

Income Assessment - The net income from the property is assessed on a fully leased based at $812,215. The income assessment has regard to the rental guarantee provisions associated with the retail space.

Valuation Rationale

In assessing the current market value of the property, we have undertaken a capitalisation of estimated net income as at the relevant date, on the basis that the property is fully leased. We have derived our capitalisation rate from the limited sales evidence and from our general experience in the market place. In assessing an appropriate capitalisation rate for the property, we have had regard to:

- prevailing market conditions, in particular, the firming of investment yields for all classes of 'blue chip' property over the last 12 months, particularly brought about by buying pressures from property trusts and superannuation funds.
- the low interest rate, low inflation regime which has seen borrowing costs at their lowest level for many years, and the long term bond rate, benchmark for investments, at less than 5.1%;
- the strategic location of the development in relation to the Coorparoo retail precinct.
- the strength of the major tenant and the long certain lease term.
- rental level of the office component at market rate and the structured rental review provisions.

In our view the property, on completion, will satisfy most investor requirements particularly in respect of the lease term, low maintenance and depreciation benefits, and would currently find favour with the broad spectrum of the investment market. We have been unable to identify a sale of a similar volumetric title property, due to the recent introduction of the title system in Queensland. Nevertheless, we have had regard to the limited sales evidence which includes the CUB Building in Fortitude Valley for a consideration of $11.4 million in August 1996 at a yield of 9.3% and the Australian Federal Police Building in Spring Hill for consideration of $13.8 million in August 1996 at a yield of 9.2%.

These properties were subject to long term leases to single tenants of high calibre and held wide appeal to the general investment market. While we consider the properties and sale properties to be superior in terms of location, we have also recognised the firming of yields for premium fringe and suburban investment properties since August 1996 when the aforementioned sales were transacted. In arriving at our selected single rate yield of 8.97%, we are of the opinion that the blue chip National Australia Bank office component subject to the rental support which is subject to a 10 year lease, would attract a yield of between 8.75% and 9%, whilst the retail component, would have a yield range of 9.75% to 10%.

Valuation Methodology

We have assessed the value of the property by capitalisation of net rental income at 8.9% and have compared this on a discounted cashflow approach and on a rate per metre^2 of lettable area.

The calculations are as follows:

Estimated adjusted net income	$799,953
Capitalised at overall yield 8.97%	$8,918,094
Adopt	$8,920,000

ie A passing initial yield of 9.11% and $1,799 per metre^2 of lettable area.

In respect of the discounted cashflow approach, applying a discount rate of 10.6% to the projected annual net cashflows and assuming acquisition costs of 4.25% and disposal costs of 2%, we arrive at a net present value for the property over a 10 year horizon of $8,920,165 which we have rounded down to $8,920,000.

We are of the opinion that the purchase price is representative of fair market value and is supported by comparable sales evidence.

Valuation

Based on the available evidence, it is our opinion that the current market value of the subject property having regard to existing lease commitments and income guarantee provisions as advised to us, as at the effective date of valuation is the sum of:

$8,920,000

(Eight million, nine hundred and twenty thousand dollars).

C. MacGregor Property

Synopsis

The property comprises a retail warehouse development, located on a single title of land. The property comprises three separate buildings, with Buildings A and B fronting Kessels Road, with Building C located to rear of the property.

The property is being purchased on a deferred settlement basis for $10,050,000 which shows an estimated net yield of 10.23%, upon completion of the Stage 1 to be constructed, which we believe reflects the present market value and is supported by the most recent evidence of sale of other industrial and retail warehouse centres.

We have assessed value by capitalisation of net income in the light of the following considerations:

- the strategic location of the property in relation to the primary market.
- the covenant strength provided by Brett's, Bob Jane T-Mart and Vox Retail.
- the layout of the existing improvements and the substantial surplus land bank affording expansion and redevelopment opportunities.
- rental levels for the retail showroom and warehouse entitles which are at market and sustainable levels and the realistic rental review provisions.
- a history of high ongoing occupancy.

Date of Inspection	Effective Date of Valuation
30 November 1998.	1 September 1999.

Market Demand

The market demand for home and leisure/home base centres is difficult to gauge given that in Brisbane, there are only a limited number of developments of this nature, although many larger shopping centres have given careful consideration to incorporating detached bulky goods retail components as part of the overall development. Sales of bulky goods retail properties have therefore been very limited and it appears many prospective purchasers, particularly institutions, have tended to approach investment in these developments cautiously. There have been six transactions of homemaker style properties in Brisbane over the past 24 months with three of the properties acquired by the Christie Homemaker Retail Trust with the remaining properties purchased for individual syndicates. In general terms, yields have

Knight Frank

ranged from 9.25% to 10.8%. In keeping with other sectors of the property market, the aforementioned sales yield range reflect a firming in yields over the past 12 months in line with reducing interest rates.

Valuation Assumptions

Assumptions include:

Title - The title is burdened by an easement and subject to the existing tenancies.
Environment - The property is not contaminated.
Improvements - In addition to the three current buildings, the building in Stage 1 is to be constructed by September 1999. We have assumed it is built in accordance with the contractual arrangements and the requirements of law and all authorities.
Leases - All existing leases have been perused as well as a draft leases for the Brett's component.

Market Overview

The growth in demand by consumers for retail warehouse/showroom developments can be illustrated by the high number of bulk goods retailers, ie furniture, domestic hardware, floor coverings, household appliances and electrical goods being represented in such developments. Other types of retailers, notably tyre and automotive accessory outlets are also now moving into retail showroom type developments and the retail showroom concept has evolved even further in recent times with the inclusion of fast-food outlets and convenience centres as well as a provision of professional services which in combination create a retail destination. Moreover it is the do-it-yourself/home improvements sector, with its emphasis on higher built, lower value goods and retailers needs for larger but relatively inexpensive premises, that has provided the emphasis behind retail warehouse/showroom developments both within Australia and overseas.

The continuing evolution of retail warehouse/showroom retailing with a new generation of planned 'retail' parks now emerging, particularly in the form of 'big box' retail warehouses, in response to the ever increasing sophistication of the retail consumer, has generated increased interest in warehouse showroom developments as witnessed by recent sales activity in Brisbane and firming of yields particularly for prime property as evidenced by the recent Indooroopilly Central transaction at a consideration of $26,700,000 and yield of 9.25%.

There are approximately 12 'homebase/home centre' style retail showroom developments within the Greater Brisbane Metropolitan Area, and the majority of these centres are located south of Brisbane River at Springwood, Slacks Creek (Loganholme), Carindale, Mount Gravatt, Browns Plains and Jindalee.

Valuation Rationale

In assessing the current market value of the property we have undertaken a capitalisation of estimated net income as at the relevant date on the basis of completion of Stage 1 and the centre is fully leased. We have derived our capitalisation rate from sales evidence of other retail showroom investment properties and from our general experience in the marketplace. In assessing an appropriate capitalisation rate for the property we have had regard to:

- prevailing market conditions in particular the firming of investment yields for well tenanted and well located investment property over the last 12 months, partly brought about by buying pressure from property trust and superannuation funds.
- interest rates at their lowest level for many years and the long term bond rate, the benchmark for investments, at less than 5.1%.
- the strategic location of the centre, in relation to its primary market.
- the strength of the major tenants.
- rental levels of the showroom retail tenancies which in the main are at market rental levels and the realistic structured rent review provisions.
- a history of ongoing full occupation of the centre.

In our view it is prime property from a locational point of view with potential added value opportunities provided by the substantial surplus land. We have analysed recent sales of retail warehouse showroom investment properties including:

- Indooroopilly Central, Moggill Road, Indooroopilly Sold July 1998 - $26,700,000
- Windsor Homemaker Centre, Lutwyche Road, Windsor Sold April 1998 - $13,050,00

Valuation Methodology

We have assessed the value of the property by capitalisation of the net rental income and for valuation purposes we have had regard to existing leases, lease commitment from Brett's Timber and Hardware and guaranteed income from Stage 1. We have capitalised the derived net income at 10% and to the assessed core value we have added the present value of Brett's storage rent of $75,000 over two years capitalised at 12% and to the resultant added the deferred value of the surplus land area based on a land value of $125 per metre^2. We have added the access licence fee of $50,000 to complete the Stage 1 development. On this basis, we have arrived at a capital value of $10,053.534 which we have rounded down to $10,050,000 which equates with the purchase price.

The calculations are as follows:

Estimated adjusted net income	$923,905
Capitalised at 10%	$9,239,050
Plus:	
Brett's storage rental and surplus land bank value	$764,484
Access licence fee	$50,000
Total	$10,053,534
Adopt	$10,050,000

ie A net yield of 10% and $1,214 per metre^2 of lettable area.

We believe the purchase price is representative of fair market value and is supported by comparable sales evidence.

Valuation

Based on available evidence and subject to the limitations and assumptions it is our opinion that the current market value of the subject property having regard to current tenancies, lease commitments and income guarantee provisions as advised to us, as at the effective date of valuation of 1 September 1999 is the sum of:

$10,050,000

(Ten million and fifty thousand dollars).

Disclaimer

We confirm that this summary report may be used in the prospectus.

Mr IL Gregory of Valuations Services (Qld) Pty Ltd trading as Knight Frank Valuations Queensland prepared this summary. Mr Gregory was involved only in the preparation of the summary and the valuation referred to herein, and specifically disclaims liability to any person in the event of any omission from or false or misleading statement included in the prospectus other than in respect of the valuation and summary.

Valuations Services (Qld) Pty Ltd was involved in the preparation of the valuation and of this summary only to the extent of the involvement of Mr Gregory and specifically disclaims liability to any person in the event of any omission from or false or misleading statement included in the prospectus other than in respect of the valuation and summary.

The counter signature verifies that this summary is genuine and issued and endorsed by Valuations Services (Qld) Pty Ltd. The opinion and value expressed in this summary, however, has been arrived at by the prime signatory acting as a valuer in accordance with instructions given.

Yours faithfully

KNIGHT FRANK VALUATIONS QUEENSLAND

IL Gregory.

IAN L GREGORY, AAPI FIIKIS
Certified Practising Valuer
Registered Valuer (Qld) No. 1762

Philip Willington

PHILIP R WILLINGTON
Director

"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 MORTON
Managing Director
Property Funds Australia Limited

21 Additional Information

21.1 Documents available for inspection

Copies of the following documents are available for inspection during normal office hours at the office of the Manager for 12 months after registration of this Prospectus:

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

21.2 Consents

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

Kendalls Securities Limited has given its written consent to the issue of this Prospectus with its Independent Review dated 8 January 1999 in section 16.

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

Hacketts has given its written consent to being named in this Prospectus as accountant.

Knight Frank has given its written consent to the issue of this Prospectus with its valuation summary report dated 8 January 1999 in section 20.

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

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

Each of the experts named in this section 21.2 have given their consent and not withdrawn their consent before lodgement of this Prospectus with ASIC.

21.3 Interest of experts

No expert or firm in which an expert is a partner, has any interest in the promotion of the Investment 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 Investment other than as set out below:

- McCullough Robertson undertook due diligence enquiries and advised in relation to the terms of the options and the Deeds. An amount of $110,000 has been paid or is agreed to be paid in respect of these services and work involved in the preparation of this Prospectus.
- Kendalls Securities Limited has prepared the Independent Review in section 16 Greenwood Kendalls has provided accounting and taxation advice. An amount of $17,000 has been paid or is agreed to be paid in respect of these services.
- Knight Frank undertook the valuation and prepared the valuation summary report in section 20. An amount of $24,750 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.

21.4 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 Investment 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 Investment.

- Entities associated with Christopher Morton and Archibald Douglas own shares in the Manager.
- PRD Consulting Services Pty Ltd will receive a fee of up to $45,800 in relation to finance procuration in the event that finance facilities as arranged by them are drawn down.
- PRD Realty Pty Ltd will receive a commission in the ordinary course in relation to the sale of the Anzac Square Offices and the Coorparoo Property from the vendor of these properties and may provide property management services to manage one or more of the Properties.
- Archibald Douglas has an interest in PRD Consulting Services Pty Ltd and PRD Realty.

Trustee and Directors of the Trustee

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

21.5 Underwriting

The issue of Interests in the Syndicate and the issue of Units in the Trust are not underwritten.

21.6 Secondary market

There are currently proposals for Interests or Units in property investment vehicles of the nature of this Investment to be either:

- traded on an exempt stock market similar to those operated by Austock Management Limited; or
- traded on an approved stock exchange specifically established for the buying and selling of interests or units of this nature.

The Manager proposes to actively monitor the establishment and performance of these markets to ascertain whether in the Manager's belief, it would be in the best interests of Investors for Interests in the Syndicate or Units in the Trust to be able to be traded on such markets. So as to adopt a conservative approach, the forecast cash flows in section 14 have provided for the anticipated cost of listing fees and other related costs on a market such as those mentioned.

21.7 AUDITOR

The auditor of the Syndicate and the Trust is Greenwood Kendalls, Chartered Accountants.

21.8 MATERIAL CONTRACTS

PUT AND CALL OPTION TO PURCHASE ANZAC SQUARE OFFICES AND COORPAROO PROPERTY

Date: 23 December 1998

Parties:
Grantor/Vendor: Forrester Kurts Developments Pty Ltd
Guarantor: Forrester Kurts Properties Limited
Grantee: Property Funds Australia Limited
Properties: Cnr Edward and Adelaide Streets, Brisbane ('Anzac Square Offices')
Being proposed volumetric lot 3 (part of lot 2 on CP B3822, lot 22 on CP B3876, lot 26 on CP B32314 and lot 18 on CP 901775 County of Stanley Parish of North Brisbane
Corner of Harries Road and Holdsworth Streets, Coorparoo ('Coorparoo Property')
Being proposed volumetric lot 1 and standard format lot 3 (part of lot 2 on RP 890227) County of Stanley Parish of Bulimba
Option fee: $100,000 - (if the option is exercised this forms part of the deposit)
Purchase Price: $25,199,485 ($16,286,000 for Anzac Square Offices and $8,913,485 for the Coorparoo property). Both purchase prices are subject to area adjustments based on final surveyed area.
Deposit: $1,250,000 ($1,150,000 of which is payable on option exercise and the balance is the option fee).
Call option: May be exercised at any time before 19 March 1999.
Put option: May only be exercised if the minimum subscription amount has been raised under this prospectus and no later than 22 March 1999.

Settlement date:

For the Anzac Square Offices, 10 business days after vendor notice that a separate title exists for the property.

For the Coorparoo property, 10 business days after vendor notice that a separate title exists for the property and that the lease to National Australia Bank has commenced.

Right of assignment: The option deed confers a right to assign on the Manager which permits it to assign the option to the Trustee.

Special Conditions:

The option is subject to exemptions being obtained from the limitations of some provisions of the Land Sales Act by 27 January 1999. *(The Manager reasonably believes this exemption will be forthcoming).*

The option can be exercised only for both the Anzac Square Offices and the Coorparoo Property, not only one of them to the exclusion of the other.

The vendor must refurbish the Anzac Square Offices and construct the Coorparoo Property (in accordance with agreed plans and specifications *(see section 21.9)* and relevant building and planning approvals) and procure their practical completion no later than 15 March 1999 *(in the case of the Anzac Square Offices)* and 1 July 1999 *(in the case of the Coorparoo Property).*

The vendor has warranted that both properties will be year 2000 compliant.

The vendor is to procure registration of survey plans to create the new lots and is to lodge those survey plans for registration by 1 March 1999 *(in the case of the Anzac Square Offices)* and 30 April 1999 *(in the case of the Coorparoo Property).*

If the settlement date has not been determined by 31 July 1999 for the Anzac Square Offices or 30 September 1999 for the Coorparoo property, either party may terminate the contract.

If the settlement date is later than 31 March 1999 in the case of the Anzac Square Offices or 11 June 1999 in the case of the Coorparoo Property, the purchaser is in certain circumstances entitled to liquidated damages for delay.

For both properties, a post settlement payment is to occur by reference to the finalised unimproved values impact on rates for these properties once they issue from the Valuer-General. A further post settlement adjustment is to occur for the Anzac Square Offices based on electricity consumed in common areas for the first 12 months after settlement.

The purchaser has the benefit of defects rectification generally for 6 months from practical completion of the building works or any longer period for which the vendor has defects rectification rights under its building contract.

In the case of the Anzac Square Offices, part of the purchase price is to be retained at settlement to meet obligations under the MacGillivrays lease agreement, to recompense MacGillivrays for certain fit out costs.

The vendor is to provide rental support in respect of the MacGillivray's space pending the commencement of the MacGillivray's lease.

In the case of the Coorparoo Property:

- The vendor is to use reasonable endeavours to let the retail lot based on certain minimum lease criteria including a weighted average 5 year lease

profile and a certain minimum rent level;
- The vendor is to pay monthly rent support for any initially vacant areas equal to the net lettable area of those vacant areas multiplied by $340/m² increasing by 3.5% per annum and secured by a 6 month equivalent bank guarantee or insurance bond.
- The vendor is to procure that the purchaser receives a target income over the first 5 years after settlement of $1,267,604 (adjusted to total area) either via:
  - initial leasing up of the retail lot or renewals thereof; or
  - payment of the monthly rent support; or
  - payment of any shortfall.
- The purchaser is to contribute to commission and incentive costs of the vendor procuring leases greater than 5 years in certain circumstances.

In the case of the Anzac Square Offices:
- The vendor is to give the purchaser at settlement an unconditional bank guarantee or an insurance bond as security for its rent free and incentive indemnity obligations.
- $145,480 is to be set aside out of the purchase price for two years after settlement , to be available to be drawndown by the Purchaser during that period for outgoings shortfalls.
- The guarantor has guaranteed performance by the vendor of its obligations under the options and the contracts and the obligations of the builder of as to defects liability for both Properties.

PUT AND CALL OPTION TO PURCHASE MACGREGOR PROPERTY
Date: 24 December 1998
Parties:
Grantor/Vendor: Brett & Co (Pty) Limited
Grantee: Property Funds Australia Limited
Developer: Ross Nielson Properties Pty Ltd ('RNP')
Property: 544 Kessels Road, MacGregor
Being lot 102 on RP 869064 County Stanley Parish Yeerongpilly with an area of 2.754 hectares
Option Fee: $15,000 (if the Option is exercised this forms part of the deposit)
Purchase Price: $7,500,000
Payments to RNP under Development Agreement: $2,550,000
Total acquisition costs: $10,050,000
Deposit: $375,000 (payable upon exercise of option)
Call Option: May be exercised at any time before 22 March 1999
Put Option: May only be exercised after 22 March 1999 and no later than 14 days following expiry of the call option
Settlement Date: 14 days after exercise of option
Right of Assignment: The put and call options contain a right to assign the options which permits the Grantee to assign the Options to the Trustee
Special Conditions:
RNP is to procure by settlement a development approval from the Brisbane City Council substantially in accordance with agreed plans. Should the development approval issue (subject to a right of appeal) requiring continuation of the median strip or double lines in front of the property along Kessels Road then a price reduction of up to $250,000 may occur.

At settlement the purchaser grants and Bretts Limited accepts:
- A five year lease over a building at the rear of the site and part of the land;
- A two year lease over certain storage areas at the rear of the site;

The Vendor is to undertake any necessary works to ensure that the Property is Year 2000 compliant.

Upon exercise of the option, the purchaser and RNP enter into a development deed a summary of its terms are as follows:
- RNP is to be paid by the Purchaser $1,050,000 at settlement;
- RNP must construct the stage 1 development (ie building 1 and associated works) in accordance with the agreed plans and specifications and procure its practical completion by 14 September 1999. Liquidated damages apply for certain delays by RNP.
- RNP must pay to the purchaser a development licence fee of $50,000 payable over the first 6 months from settlement for access and other rights.
- RNP is to be paid by the purchaser $1,500,000 (subject to area variations) on the completion of building 1. The purchaser must provide at settlement a bank guarantee to secure this payment.
- RNP must use reasonable endeavours to pro-actively market the vacant areas of building 1 for letting and secure execution of initial leases in accordance with certain minimum lease criteria (including 5 year lease terms and net rents of $125/metre²).
- RNP is to provide a rent guarantee at $140/metre² gross over any initially vacant areas (whilst vacant or subject to rent free incentives) of building 1 for the first 12 months after completion of building 1 supported by funds held in the developer's solicitor's trust account.

21.9 NEW BUILDING SPECIFICATIONS

COORPAROO PROPERTY SPECIFICATIONS SUMMARY
Perimeter Walls: Tilt up concrete panels with applied texture paint finish with internal faces lined with plasterboard.
Roof: Structural steel roof frame with zincalume roof sheeting and colourbond gutters, cappings, etc. with 4 x 3000 x 1200 skydomes.
Ground Floor: Concrete floor slabs with direct stick

carpet in most areas.
Upper Car Park Floors: Prestressed concrete with concrete columns and blockwork upstands.
Ceilings:
NAB Office: Generally 3.5m suspended mineral fibre acoustic tile in a 1,200mm x 600mm grid.
Retail: Drop-in panel grid system.
Windows: Green laminate glass set in powder-coated aluminium window frames with slimline venetian blinds.
Doors: Aluminium framed glass.
Shopfronts Retail: Powder-coated aluminium frame with 2.1m high doors and fixed glazing over.
Awnings: Perforated metal sheet in angle and tubular steel framing all powder-coat finish.
Lighting: Recessed fluorescent tubes.
Auxiliary Power: 560KVA (approx) diesel backup generator.
Fire Services: *NAB Office only:* Ground floor office has fire sprinkler protection.
Lifts: One 16 person dual door lift.
Air Conditioning:
NAB Office: Central air handling plant with ducted air cooled reverse cycle packaged air conditioning system.
Retail: Each tenancy has its own individual air conditioning unit.

MACGREGOR PROPERTY – BUILDING 1 SPECIFICATIONS SUMMARY
Perimeter Walls: Tilt up concrete or blockwork with applied finish.
Roof: Zincalume roof sheeting.
Floors: Concrete with direct stick carpet to mezzanine office area only.
Shopfronts: Powder-coated aluminium framed and glass shopfronts with manual hinged double doors.
Air Conditioning: Ducted air conditioning to mezzanine office areas only.
Ceilings: Suspended grid to mezzanine office only.
Roller Shutter: Manually operated.
Car Park: Asphaltic concrete.

21.10 DEEDS

Not all provisions of the Deeds and the law which are relevant to the Investment are outlined, a summary is set out below. Other relevant provisions of the Deeds are outlined in other sections in this Prospectus and are therefore not included here. Investors should seek their own independent professional advice.

ASIC has granted approval pursuant to its powers under section 1067(4) of the Corporations Law to Trust Company of Australia Limited acting as trustee for the purposes of the Syndicate and the Trust.

ASIC has declared pursuant to its powers that the Deeds need not contain the prescribed covenants relating to buy-back arrangements otherwise required by section 1069(1) of the Corporations Law. This declaration was required because the Syndicate and the Trust are structured as long -term, illiquid investments in commercial property , and any buy-back arrangement would have been inconsistent with this structure.

The relief is conditional upon the Deeds containing the prescribed covenants relating to property trusts and property syndicates, modified as necessary to reflect the features of the Investments. The Deeds meet these conditions.

21.11 SYNDICATE DEED

The Syndicate Deed is the primary document which establishes the Syndicate. A Supplementary Deed dated 24 December 1998 varies some of the terms of the Syndicate Deed. The responsibilities of the Trustee and Manager, together with all duties, obligations and rights pertaining to the Syndicate, are set out in these documents.

Under these deeds the:
Manager is Property Funds Australia Limited (ACN 078 199 569); and the
Trustee is Trust Company of Australia Limited (ACN 004 027 749).

Manager

The Manager is empowered under the Deeds to manage the Properties and the fund as if it were the Owner. The rights, obligations and powers of the Manager arise not only from the Deeds but also from the relevant provisions of the Corporations Law.

Information about the Manager, its role and remuneration is summarised in section 17.

Remuneration of Manager

The Manager is entitled to receive the fees as set out in section 17. The Manager is also entitled to be reimbursed and paid for all costs, charges and expenses properly incurred in connection with the establishment and administration of the Syndicate out of the fund.

Acquisition of Properties

The Manager will ensure that the Owners acquire the Properties in accordance with the procedures set out in section 8.

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

Where the Manager does not acquire an individual property, then the Manager shall not be liable to account to the Owners 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 fund that amount of the remuneration received by the Manager, which is 5% of the purchase price of the rejected property; and
- return to the Owners their proportional interest plus their undivided share in the refund fee, less any tax, bank or trustee 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 Syndicate to the Owners;
- to manage, improve and enhance the value of the Properties and the fund;
- collect and receive all incoming capital receipts arising from the Properties;
- to repair and maintain the Properties;
- to negotiate and enter into deeds and agreements including guarantees and mortgages for the financing of the acquisition of each of the Properties;
- to sell or dispose of any part or all of the Properties;
- to employ any necessary personnel or engage contractors or sub-contractors;
- to make all necessary payments required for the proper management of the Syndicate;
- 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 Properties for their full insurable value;
- to maintain a current register of Owners;
- to conduct the business of the Syndicate;
- to act in the best interests of the Owners;
- to treat Owners equally and fairly; and
- to act diligently.

Retirement of the Manager

In addition to the Corporations Law requirements, the Manager will retire from the Management of the Syndicate:

- if the Manager is placed in liquidation or ceases to carry on business or a receiver or manager is appointed;
- if the Manager contravenes its obligations to the Owners in a way in which the Trustee considers would materially adversely affect the Owners and does not remedy the contravention;
- if the Trustee reasonably believes it is in the best interests of the Owners for the Manager to retire; or
- if Owners of 50% or more of the value of Interests resolve by a meeting to remove the Manager.

The Manager may only retire after providing 6 months notice, or such lesser period as the Trustee may accept in any particular case.

Where the Manager is removed from the management of the Properties and the fund pursuant to the Syndicate Deed, the Trustee will cause the Properties to be valued forthwith by an approved valuer. The Manager will be entitled to receive 2% of such value within 7 days of the sale of the final property.

Trustee

It is the obligation of the Trustee to protect the rights and interests of the Owners. The Trustee will hold the Properties and the fund as nominee of the Owners in accordance with the terms and conditions of the Syndicate Deed and the Corporations Law.

Remuneration of Trustee

The Trustee will be entitled to receive an annual fee of 0.07% of the gross value of assets under management or $20,000 (indexed annually to CPI) whichever is the greater.

As with the Manager, the Trustee is entitled to be paid or reimbursed out of the fund for all costs, charges, outgoings and expenses properly incurred in connection with the administration of the Syndicate out of the fund. The Trustee is also entitled to be indemnified and reimbursed out of the fund and Properties in respect of such obligations, costs, charges and expenses.

The Trustee is empowered under the Syndicate Deed to purchase the Properties on behalf of the Owners as tenants in common. The Owners are entitled to the legal Ownership of the Properties on and from their purchase.

Retirement, Removal or Termination Fee

If the Trustee retires or is removed on or before 23 December 2000 then it is entitled to a premature retirement fee. The formula for the fee is as follows:

$$\frac{N x R}{365}$$

Where N is the number of days between the date of retirement/removal and the date 2 years after the date of this Syndicate Deed and R is the annual trustee fee calculated at the rate as at the date of premature retirement/removal or $20,000, whichever is greater.

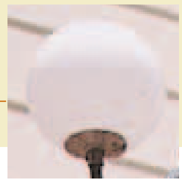
If retirement, removal or termination occurs at a date later than 2 years after 23 December 1998, then a fee of $200 per hour for the time involved in that process will apply, and be payable to the Trustee.

If the Trustee chooses to retire of its own volition, then no retirement, removal or termination fee is payable.

Duties and obligations of the Trustee

In accordance with the Corporations Law and the Syndicate Deed the primary duties and obligations of the Trustee are:

- to supervise the distribution of income by the Manager;
- to ensure the Manager keeps accurate and up-to-date records;
- to ensure certificates are issued to Owners;
- to act with due diligence and vigilance in exercising all its duties and functions and to protect the rights



and interests of Owners;
- to act in the best interests of Owners and to treat Owners equally and fairly;
- to take reasonable steps to supervise the Manager in the performance of its functions;
- to comply with any directions given at any meeting of Owners ;
- to appoint and instruct an approved valuer from time to time as required;
- to ensure accounts of the Syndicate are audited at the end of each financial year and that appropriate accounts are provided to each Owner.

Retirement of Trustee

In addition to the requirements of the Corporations Law dealing with the retirement of trustees, the Trustee must retire:
- at the request of the Manager following a resolution passed by the Owners comprising not less than 50% of Interests in the Syndicate;
- where the Trustee ceases to carry on business;
- where the Trustee is placed in liquidation or a receiver or manager is appointed in relation to the property of the Trustee and has not been removed or withdrawn within 30 days of the appointment;
- if the Trustee is no longer empowered to act; or
- if the approval of the Trustee under section 1067 of the Corporations Law is revoked.

In addition, the Trustee is empowered to retire provided it has given 6 months notice, or such lesser notice as the Manager may agree.

Owners

Under the Syndicate Deed no Owner will be under any obligation to personally indemnify the Trustee or the Manager in respect of the liabilities or obligations in connection with the Syndicate to any extent beyond their Interest.

Register of Owners

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

Voting

The Syndicate Deed provides that each Owner shall have one vote for each 0.1% (or part thereof) of the total Interest in the Syndicate. Voting will generally be by a show of hands unless a poll is demanded. Owners will receive notification of meetings. Only those Owners that are entered on the register of Owners shall be entitled to vote at a meeting.

Borrowings

Owners, Interest in the fund and the Properties will be charged or mortgaged together with each of the Properties as security. All loans will be on a limited recourse basis and the financier will only have access to the Properties and the fund as security. The financier will not have access to other assets of the Owners.

Each Owner in applying for an Interest in the Syndicate authorises the Manager on its behalf under a limited power of attorney (refer to back of the Application Form) to borrow on behalf of the Owner in proportion to that Owner's Interest in the Syndicate.

The Manager may not without the approval of the Trustee arrange any loans which exceed 75% of the value of the Portfolio. In the event that such loans are used for capital improvements to the Properties, the value of the Properties will be re-assessed on completion of the capital improvements.

Distribution of Income

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

The Syndicate Deed provides that the Manager in consultation with the 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 Owners 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 distribution of the capital to owners in order to meet ongoing finance requirements of the Investment.

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

Duration and Termination of the Syndicate

The Syndicate will terminate 8 years after the date the purchase of the first property is completed. The Syndicate Deed provides that the Syndicate may be terminated earlier:
- upon sale of all of the Properties; or
- if the office of either the Trustee or the Manager becomes vacant and is not filled within a period of 3 months and a meeting of Owners so determines.

Where the Syndicate is terminated, the Trustee will realise all authorised investments and other assets including the Properties and after deducting selling commissions etc will distribute the net proceeds of the realisation of the authorised investments and other assets (including the Properties) amongst Owners in proportion to their Interests provided that:
- the Trustee 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 Syndicate on determination of the Syndicate;
- distribution will be made only against delivery to the Trustee of such evidence as the Trustee may require of the Owner's entitlement and against delivery to the Trustee of such form of receipt and discharge as may reasonably be required by the Trustee;
- the Trustee is required to distribute all proceeds as soon as possible after the sale of the last of the Properties.

21.12 PROPERTY TRUST DEED

The Trust Deed has been prepared so that for the most part its provisions mirror the Syndicate Deed. The Trust has been established for those Investors who are unable to or do not wish to borrow in their own right (eg. superannuation funds).

The Trustee of the Trust will hold the interest in the Properties and the funds of the Trust on behalf of Unitholders. Unitholders will make contributions to the Trust in the same manner as they would have made direct contributions to the Syndicate. The Trustee will then complete an Application Form and apply as Trustee for an Interest in the Syndicate.

The Properties held by the Trustee on behalf of the Trust will comprise the assets of the Trust and an Interest in the Syndicate corresponding to the Investors investment in the Trust. The Trustee will be an Owner in the Syndicate with an Interest equivalent to the money subscribed into the Trust. The Trustee will as an Owner represent the interests of the Unitholders at meetings of the Syndicate and act in accordance with its directions determined at Unitholder meetings.

Duties and Obligations

Both the Manager and the Trustee have similar duties and obligations under the terms of the Trust Deed as under the Syndicate Deed.

Remuneration

The Manager and the Trustee have waived any entitlement to remuneration for their roles in the Trust whilst they are also manager and trustee of the Syndicate.

The Manager and the Trustee are entitled to be reimbursed for all expenses, obligations, costs and charges and to be indemnified out of both the fund and the Interest of the Trust in the Syndicate.

Retirement

The provisions dealing with retirement of either the Manager and the Trustee are the same as those contained in the Syndicate Deed.

Voting

The Trust Deed 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 Trustee may only borrow in accordance with the Trust Deed and the Corporations Law and will borrow on behalf of the Trust. The Trustee as an Owner in the Syndicate will authorise the Manager to borrow on its behalf.

Duration and Termination of the Trust

The Trust Deed provides termination provisions that are the same as those contained in the Syndicate Deed.

The Deeds provide 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.

Statement by Directors 22

The Directors of the Manager report that after due enquiry by them that they have not become aware of any circumstances which in their opinion will materially affect the Syndicate or 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.

Signed by each Director of the Manager

8 January 1999

Rodney M Keown

Archibald N Douglas

Christopher A Morton

Clive D Schultz

Applications may only be made on an Application Form attached to this Prospectus.

The Manager, with the prior approval of the Trustee 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 – MCB Property Syndicate".** Please pin your cheque to the Application Form. Your cheque must be drawn 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 will not affect the success of your application. However, if not initially provided, your TFN will be subsequently requested.

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.

Signing the Application Form

Before signing the Application Form, you should read this Prospectus. The Application Form must be signed by you personally, or under company seal or by an attorney.

Applications must be signed by each Applicant. Applicants will be assumed to be joint tenants unless otherwise specified.

If signed by an attorney, the attorney declares that no notice of revocation of the power of attorney has been received.

If signed under company seal, the director(s) and/or secretary attest that the common seal was affixed in accordance with the company's constitution.

Witnessing & Dating

Your signed application form must be dated and witnessed.

Application forms which have not been witnessed may be considered incomplete and returned for your completion. It is not necessary for the witness to be a J.P., Commissioner of Declaration or other similar person.

Correspondence

All correspondence will only be addressed to the person and address as completed on the Application Form. For joint applicants, one address can only 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 ST QLD 4000

Office address for delivery:
Property Funds Australia Limited
Level 14
127 Creek Street
BRISBANE QLD 4000

Enquiries

Contact Property Funds Australia Limited Freecall 1800 687 170 or Facsimile (07) 3221 6729.

Correct forms of registrable names

Note that only legal entities are allowed to hold Interests. 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 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 partnership, use partners personal names	John Smith & Michael Smith <Smith Brothers>	Smith Brothers

Application Form
SYNDICATE

Dealer/Advisor's Stamp

NOTE: THIS FORM IS TO BE COMPLETED BY THOSE INVESTORS WHO ARE INVESTING IN THE SYNDICATE.

Reference No.

1. COMPLETE FULL NAME DETAILS (PLEASE PRINT)

Surname/Company Name (including A.C.N.) 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. TELEPHONE NUMBERS

Area Code & Home Phone No. Area Code & Work Phone No.

Area Code & Fax No. Contact Person (if different to Applicant)

Prospectus No.

4. TAX FILE NUMBERS

Tax File No for App. #1 Tax File No. For App. #2

Tax File No. For App. #3

5. I SUBSCRIBE FOR $

6. DISTRIBUTIONS

Insert Name of Account which is to be credited

Bank Branch

BSB Number Account Number

PLEASE SIGN ON THE REVERSE SIDE OF THIS FORM.

7. Acknowledgement

I acknowledge, agree and understand that:–

- My application is made on the basis that pending completion of the first property in the Portfolio, my Subscription will be held by the Trustee and will be returned to me if the purchase does not proceed or if my application is not accepted.
- I have read and understood the Prospectus to which this application is attached.
- the Manager may accept or reject this application in whole or in part.
- if my application is accepted I agree to be bound by the Syndicate Deed and any successor document or constitution.

8. Limited Power of Attorney

That if my application is accepted, I hereby irrevocably appoint Property Funds Australia Limited ACN 078 199 569 ("the Manager") to be my attorney (with power to appoint and from time to time remove a substitute or substitutes) in accordance with and subject to the terms of the Syndicate Deed and this Prospectus and authorise and empower the Manager, in my name or in the Manager 's name:-

- to sign all documents necessary to arrange and complete loan facilities, on terms not materially more onerous than those set out in this Prospectus on my behalf in proportion to my subscription ("the Loans") including to execute agreements for the Loans in such form and substance as the Manager in its absolute discretion approves;
- to mortgage or charge my Interest in the Syndicate (including the Properties, their income and any authorised investments) to the financier of loans;
- if any loan falls due prior to the sale of the Property, to roll it over or discharge it and enter into new Loans;
- sign all documents necessary to arrange and complete further Loan facilities for the purposes of improving, refurbishing, further developing or maintaining the Property on my behalf in proportion to my Subscription ("Further Loans") including to execute an agreement for the Further Loans in such form and substance as the Manager approves; and
- to make such amendments to a Loan document as the Manager in its absolute discretion approves, whether or not involving changes to the parties; and
- generally do all other acts or things on my behalf which the Manager may consider advisable, desirable or necessary in connection with or in relation to a Loan and any of the transactions contemplated by a Loan as the case may be.

The Manager has no authority to put me at risk for more than my subscription.

I agree to ratify and confirm whatever the Manager does under this power of attorney and be bound, together with any person claiming under or through me, by anything the Manager does in exercising powers under this power of attorney.

The terms of this power of attorney have the same meanings as given to them in this Prospectus.

EXECUTED as a deed

DATE:

/ /

Applicant

Joint Applicant #2

Witness

Any other person

(Note: J.P., Commissioner of Declaration, not required)

Joint Applicant #3

HOW TO APPLY

Fill out the Application Form on the opposite page
Draw a cheque payable to "Trust Company of Australia Limited – MCB Property Syndicate" and cross it "Not Negotiable".
Return the completed Application Form with the cheque to Property Funds Australia Limited, PO Box 10398, Brisbane Adelaide Street Q 4000.

Corporations signing under common seal sign here.

Common Seal (affix here)

Director

Director/Secretary

OFFICE USE ONLY

Received / /

Dealer/Advisor's Stamp

NOTE: THIS FORM IS TO BE COMPLETED BY THOSE INVESTORS WHO ARE INVESTING IN THE SYNDICATE.

Reference No.

1. COMPLETE FULL NAME DETAILS (PLEASE PRINT)

Surname/Company Name (including A.C.N.) 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. TELEPHONE NUMBERS

Area Code & Home Phone No. Area Code & Work Phone No.

Area Code & Fax No. Contact Person (if different to Applicant)

Prospectus No.

4. TAX FILE NUMBERS

Tax File No for App. #1 Tax File No. For App. #2

Tax File No. For App. #3

5. I SUBSCRIBE FOR $

6. DISTRIBUTIONS

Insert Name of Account which is to be credited

Bank Branch

BSB Number Account Number

PLEASE SIGN ON THE REVERSE SIDE OF THIS FORM.

7. Acknowledgement

I acknowledge, agree and understand that:–

- My application is made on the basis that pending completion of the first property in the Portfolio, my Subscription will be held by the Trustee and will be returned to me if the purchase does not proceed or if my application is not accepted.
- I have read and understood the Prospectus to which this application is attached.
- the Manager may accept or reject this application in whole or in part.
- if my application is accepted I agree to be bound by the Syndicate Deed and any successor document or constitution.

8. Limited Power of Attorney

That if my application is accepted, I hereby irrevocably appoint Property Funds Australia Limited ACN 078 199 569 ("the Manager") to be my attorney (with power to appoint and from time to time remove a substitute or substitutes) in accordance with and subject to the terms of the Syndicate Deed and this Prospectus and authorise and empower the Manager, in my name or in the Manager 's name:-

- to sign all documents necessary to arrange and complete loan facilities, on terms not materially more onerous than those set out in this Prospectus on my behalf in proportion to my subscription ("the Loans") including to execute agreements for the Loans in such form and substance as the Manager in its absolute discretion approves;
- to mortgage or charge my Interest in the Syndicate (including the Properties, their income and any authorised investments) to the financier of loans;
- if any loan falls due prior to the sale of the Property, to roll it over or discharge it and enter into new Loans;
- sign all documents necessary to arrange and complete further Loan facilities for the purposes of improving, refurbishing, further developing or maintaining the Property on my behalf in proportion to my Subscription ("Further Loans") including to execute an agreement for the Further Loans in such form and substance as the Manager approves; and
- to make such amendments to a Loan document as the Manager in its absolute discretion approves, whether or not involving changes to the parties; and
- generally do all other acts or things on my behalf which the Manager may consider advisable, desirable or necessary in connection with or in relation to a Loan and any of the transactions contemplated by a Loan as the case may be.

The Manager has no authority to put me at risk for more than my subscription.

I agree to ratify and confirm whatever the Manager does under this power of attorney and be bound, together with any person claiming under or through me, by anything the Manager does in exercising powers under this power of attorney.

The terms of this power of attorney have the same meanings as given to them in this Prospectus.

EXECUTED as a deed

Applicant

Joint Applicant #2

Joint Applicant #3

DATE:

/ /

Witness
Any other person
(Note: J.P., Commissioner of Declaration, not required)

HOW TO APPLY

Fill out the Application Form on the opposite page
Draw a cheque payable to "Trust Company of Australia Limited – MCB Property Syndicate" and cross it "Not Negotiable".
Return the completed Application Form with the cheque to Property Funds Australia Limited, PO Box 10398, Brisbane Adelaide Street Q 4000.

OFFICE USE ONLY

Received / /

Corporations signing under common seal sign here.

Common Seal (affix here)

Director

Director/Secretary

This application form is applicable to those Investors who are unable or do not wish to borrow in their own name (e.g. complying superannuation funds).

Applications may only be made on the Application Form attached to this Prospectus.

The Manager, with the prior approval of the Trustee 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 – MCB Trust".** Please pin your cheque to the Application Form. Your cheque must be drawn 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 will not affect the success of your application. However, if not initially provided, your TFN will be subsequently requested.

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.

Signing the Application Form

Before signing the Application Form, you should read this Prospectus. The Application Form must be signed by you personally, or under company seal or by an attorney.

Joint applications must be signed by each applicant. Joint Applicants will be assumed to be joint tenants unless otherwise specified.

If signed by an attorney, the attorney declares that no notice of revocation of the power of attorney has been received.

If signed under company seal, the director(s) and/or secretary attest that the common seal was affixed in accordance with the company's constitution.

Correspondence

All correspondence will only be addressed to the person and address as completed on the Application Form. For joint applicants, one address can only 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 ST QLD 4000

Office address for delivery:
Property Funds Australia Limited
Level 14
127 Creek Street
BRISBANE QLD 4000

Enquiries

Contact Property Funds Australia Limited Freecall 1800 687 170 or Facsimile (07) 3221 6729.

Correct forms of registrable names

Note that only legal entities are allowed to hold Interests. 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 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 partnership, use partners personal names	John Smith & Michael Smith <Smith Brothers>	Smith Brothers

Application Form
TRUST

Dealer/Advisor's Stamp

NOTE: THIS FORM IS TO BE COMPLETED BY THOSE INVESTORS WHO ARE UNABLE TO OR DO NOT WISH TO BORROW IN THEIR OWN NAME (E.G. COMPLYING SUPERANNUATION FUNDS)

Reference No.

1. COMPLETE FULL NAME DETAILS (PLEASE PRINT)

Surname/Company Name (including A.C.N.) 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. TELEPHONE NUMBERS

Area Code & Home Phone No. Area Code & Work Phone No.

Area Code & Fax No. Contact Person (if different to Applicant)

4. TAX FILE NUMBERS

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 METROPOLITAN COLLECTION - BRISBANE PROPERTY TRUST AND LODGE APPLICATION MONEY. $

6. DISTRIBUTIONS

Insert Name of Account which is to be credited

Prospectus No.

Bank Branch

BSB Number Account Number

7. I acknowledge, agree and understand that:-

a) My application is made on the basis that pending completion of the purchase of the first property in the Portfolio, my Subscription will be held by the Trustee and will be returned to me if the purchase does not proceed or if my application is not accepted.
b) I have read and understood the Prospectus to which this application is attached.
c) the Manager may accept or reject this application in whole or in part.
d) if my application is accepted I agree to be bound by the Trust Deed and any successor document or constitution.

EXECUTED as a deed

Applicant

Joint Applicant #2

Joint Applicant #3

DATE:

/ /

Corporations signing under common seal sign here.

Common Seal

Director

Director/Secretary

OFFICE USE ONLY

Received / /

PROPERTY FUNDS AUSTRALIA LIMITED

A.C.N. 078 199 569

Property Fund Managers

MANAGER

Trust Company of Australia Limited

A.C.N. 004 027 749

TRUSTEE

INVESTOR ENQUIRIES FREECALL 1800 687 170

This Prospectus is dated 8 January 1999 and was lodged with the Australian Securities and Investments Commission ('ASIC') on 8 January 1999. ASIC takes no responsibility for the contents of this Prospectus or the merits of the Investment to which this Prospectus relates. No Units or Interests will be allotted or issued on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.

Neither the Trustee, the Manager, 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 Trustee is not the issuer of this Prospectus and has not prepared this Prospectus. The Trustee 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 you should read it carefully. If you have any questions, please contact the Manager on Freecall 1800 687 170, your stockbroker or professional investment adviser.

PROPERTY FUNDS
AUSTRALIA LIMITED

ACN 078 199 569