

METRO PROPERTY SYNDICATE

**ARSN 104 394 658
ABN 50 892 758 263**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

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**METRO PROPERTY SYNDICATE
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REVIEW OF OPERATIONS

The Metro Property Syndicate commenced on 25th October 2003 after the acquisition of the South Grafton Shopping Centre, New South Wales and the Paralowie Shopping Centre, South Australia. The distribution for the year ending 30 June 2007 was 9 cents per unit.

In June 2007, the two properties were re-valued with Paralowie increasing in value to \$11.2m and South Grafton increasing in value to \$7.7m a total increase of 28.35% since October 2003.

There were several factors which contributed the positive uplift in valuations as follows:

1. During the year construction of a new McDonalds Restaurant at Paralowie was completed and commenced trading in February 2007. McDonald's commitment increased the tenancy profile and exposure of national retailers at the centre.
2. The Paralowie Bi-Lo was re-branded to Coles, thereby increasing its product range and offerings, which has had a positive impact on customer traffic flow.
3. South Grafton now has only one remaining vacancy. We are continuing to source new tenants for the premises through our appointed leasing agents.
4. We have been successful in leasing the remaining vacancy at Paralowie. As the lease commencement date is September 2007 the uplift in rental income will be reflected in the 2008 financial year.

The combination of the above factors provides a positive outlook for improved performance of the syndicate. We will continue to review the performance of the specialty retail tenants with the view on improving the presence of national retailers and the lease expiry profile of the respective properties.

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DIRECTORS' REPORT

Report by Directors of the Responsible Entity

The Directors of WRF Property Limited (ABN 50 892 758 263), the Responsible Entity of Metro Property Syndicate ("the Syndicate") present their report together with the Financial Report of the Syndicate for the year ended 30 June 2007 and the auditor's report thereon.

Responsible Entity

The responsible entity of the Metro Property Syndicate is WRF Property Limited ("the Responsible Entity"), which has been the responsible entity since registration of the Syndicate on 5 December 2002.

The Directors of WRF Property Limited in office at any time during or since the end of the year are:

Name and Qualifications	Age	Experience and Special responsibilities
<p>R C Nichevich</p> <p>FCA, FAICD</p> <p>Director since 15 February 2001.</p>	59	<p>Extensive experience in management and chartered accounting.</p> <p>He is also Executive Chairman of the parent company, WRF Securities Ltd.</p>
<p>S A Barrett</p> <p>MBA, Assoc Dip Bus Mgt, DFS(FP), RE Agts Rep, MAICD</p> <p>Director since 4 September 2003.</p>	38	<p>Has 15 years experience in the Investment and Finance industries. She is Head of Marketing and Distribution for the WRF Securities Ltd group of companies.</p>
<p>A Micelotta</p> <p>Appointed as a Director on 26 June 2006.</p>	42	<p>Is a licenced real estate agent with over 15 years experience in the commercial real estate industry. He is Head of Property for the WRF Securities Ltd group of companies.</p>
<p>O S Lennie</p> <p>MUP, BA, Dip Fin Mgt, Grad Dip App Fin & Inv, FCPA, FAPI, FRAPI, FAICD, ASIA</p> <p>Resigned as a Director on 31 December 2006</p>	62	<p>Has been involved in property asset management and investment evaluation for over 20 years.</p>

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DIRECTORS' REPORT (cont.)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

The registered office of the Responsible Entity is Ground Floor, 50 Colin Street, West Perth, Western Australia. The register of investors is located at the office of the Responsible Entity at Level 3, 11 Queens Road, Melbourne, Victoria.

Principal Activities

The Syndicate is a registered managed investment scheme domiciled in Australia.

The Syndicate owns the South Grafton Shopping Centre, NSW and the Paralowie Shopping Centre, SA. The investors in the Syndicate receive distributions quarterly from the income earned from the two properties.

The Syndicate has no employees.

There have been no significant changes in the nature of the Syndicate's activities during the financial year.

Operating Results

The profit from continuing operations of the Syndicate for the year ended 30 June 2007 was \$2,441,228 (2006: \$756,953). This includes unrealised gains on investment properties of \$2,089,500 (2006: \$494,426).

Distributions paid or payable in respect of the financial year were:

	2007		2006	
	\$	Cents per unit	\$	Cents per unit
Interim distributions paid	516,375	6.75	430,313	5.63
Final distribution payable	172,125	2.25	114,750	1.50
	<hr/> 688,500	<hr/> 9.00	<hr/> 545,063	<hr/> 7.13

Review and Results of Operations

The review of operations for the year ended 30 June 2007 is discussed in the Review of Operations contained on page 2 of this report.

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DIRECTORS' REPORT (Cont.)

Performance

	2007	2006
	%	%
Growth return	N/A*	N/A*
Distribution return	9.31	7.32
Total return	9.31	7.32
The relevant benchmark	N/A	N/A

Returns have been calculated after fees and assuming reinvestment of distributions, in accordance with IFSA Standard 6.0 Product Performance – calculation and presentation of returns.

* *Responsible Entity does not quote unit price*

Units on Issue

The movement of the units on issue of the Syndicate for the year was as follows:

	2007	2006
	No. of units	No. of units
Units on issue as at 30 June	7,650,000	7,650,000
	\$	\$
Value of the Syndicate's net assets attributable to unitholders – liability as at 30 June	8,939,971	7,187,243
Net tangible asset backing per unit	1.17	0.94

The basis for the valuation of the Syndicate's assets is disclosed in Note 1 to the financial statements.

Interests of the Responsible Entity

The following fees were paid or payable to WRF Property Limited (Responsible Entity) and WRF Securities Limited (Parent Company) out of syndicate property during the financial year.

	2007	2006
	\$	\$
WRF Property Limited		
Manager's and compliance fees paid or payable	123,207	119,487
Reimbursable expenses paid or payable	8,674	17,948
	131,881	137,435
WRF Securities Limited		
Accounting and registry fees	27,000	27,000
	158,881	164,435

The Responsible Entity and its associates have not held any units in the Syndicate during the financial year.

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DIRECTORS' REPORT (cont.)

Derivatives and Other Financial Instruments

The Syndicate's investments and trading activities expose it to changes in interest rate variations as well as credit and liquidity risk. WRF Property Ltd has approved policies and procedures in each of these areas to manage these exposures.

State of Affairs

The Syndicate had total assets with a book value of \$19,322,077 at 30 June 2007 (2006: \$17,045,213). The basis of valuation of the Syndicate's principal asset, an investment property is detailed in note 1 (a) to the financial statements.

The Syndicate has a loan of \$9,806,500 from the National Australia Bank Limited. The interest only, non recourse commercial bank bill matures on 30 June 2010. The loan is secured by a first registered mortgage over the investment properties. The bank loan interest rates are variable with a facility fee of 0.9% per annum.

In the opinion of the Responsible Entity, other than the matters stated above there were no significant changes in the state of affairs of the Syndicate that occurred during the financial year under review.

Proceedings on Behalf of a Company

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

Events Subsequent to Balance Date

There are no matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Syndicate, the results of those operations or the state of affairs of the Syndicate in subsequent financial years.

Likely Developments

The Syndicate will continue to run and operate the properties for the investment term until 30 September 2009.

The Syndicate's constitution created on 9 April 2003 (amended 26 June 2003) ("the Constitution") states that the properties will be sold as soon as possible after 30 September 2009, unless investors agree to a further period of investment.

Environmental Issues

The Syndicate's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory legislation.

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DIRECTORS' REPORT (Cont.)

Indemnities and Insurance Premiums for Officers or Auditor

During or since the end of the financial year no insurance premiums have been paid out of the Syndicate's assets in relation to insurance cover for the Responsible Entity, its officers and employees, the Compliance Committee or auditors of the Syndicate.

Under the Constitution the Responsible Entity, including its Directors and Officers, is entitled to be indemnified out of the Syndicate's assets for any loss, damage, expense or other liability, incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Syndicate. This right of indemnity does not apply to the extent any loss, damage or costs are attributable to a breach of trust where the Responsible Entity failed to show the degree of care and diligence required of a trustee.

The Parent of the Responsible Entity has paid premiums in respect of a contract insuring persons who are or have been a director or secretary of the Responsible Entity and includes any other person who is concerned, or takes part, in the management of the Responsible Entity. The liabilities include costs and expenses that may be incurred in defending civil proceedings that may be brought against the officers in their capacity as officers of the Responsible Entity or a related body corporate. The insurance contract prohibits the disclosure of the amount of the premium and the nature of the liability insured.

The Responsible Entity has agreed to indemnify all directors and officers against all liabilities to another person (other than the Responsible Entity or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 26 of the Financial Report.

Signed in accordance with a resolution of the Board of Directors of WRF Property Limited.



R.C. Nichevich
Director
WRF Property Limited

Dated this 7th day of September 2007
Perth, Western Australia.

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**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	2007 \$	2006 \$
<i>Investment Income</i>			
Rental income	2	1,621,225	1,552,345
Interest	2	3,535	5,520
Changes in fair value of investment property	4	<u>2,089,500</u>	<u>891,480</u>
<i>Total Investment Income</i>		3,714,260	2,449,345
<i>Expenses</i>			
Direct property expenses	2	(382,044)	(351,579)
Administration expenses	2	(176,308)	(182,854)
Changes in fair value of investment property	4	-	(397,054)
Borrowings costs	2	<u>(714,680)</u>	<u>(760,905)</u>
<i>Total Expenses</i>		<u>(1,273,032)</u>	<u>(1,692,392)</u>
		<u>2,441,228</u>	<u>756,953</u>
<i>Profit from Continuing Operations</i>			
<i>Finance Costs</i>			
Distribution to unitholders	8	(688,500)	(545,063)
<i>Total Finance Costs</i>		<u>(688,500)</u>	<u>(545,063)</u>
Changes in net assets attributable to unitholders - liability	7	<u>(1,752,728)</u>	<u>(211,890)</u>
<i>Net Profit</i>		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

**BALANCE SHEET
AS AT 30 JUNE 2007**

	Notes	2007 \$	2006 \$
Current Assets			
Cash and cash equivalents	10(a)	147,985	101,229
Trade and other receivables	3	<u>139,578</u>	<u>133,228</u>
Total Current Assets		<u>287,563</u>	<u>234,457</u>
Non-Current Assets			
Trade and other receivables	3	134,514	10,756
Investment property	4	<u>18,900,000</u>	<u>16,800,000</u>
Total Non-Current Assets		<u>19,034,514</u>	<u>16,810,756</u>
Total Assets		<u>19,322,077</u>	<u>17,045,213</u>
Current Liabilities			
Trade and other payables	5	606,113	316,692
Short-term borrowings	6	<u>7,661</u>	<u>9,440</u>
Total Current Liabilities		<u>613,774</u>	<u>326,132</u>
Non-Current Liabilities			
Long-term borrowings	6	<u>9,768,332</u>	<u>9,531,838</u>
Total Non-current Liabilities		<u>9,768,332</u>	<u>9,531,838</u>
Total Liabilities Excluding Net Assets Attributable to Unitholders		<u>10,382,106</u>	<u>9,857,970</u>
Net assets attributable to unitholders – liability	7	<u>8,939,971</u>	<u>7,187,243</u>
Net Assets		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS –
LIABILITY
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	2007 \$	2006 \$
<i>Total Net Assets Attributable to Unitholders - Liability at the Beginning of the Year</i>		7,187,243	6,975,353
Change in net assets attributable to unitholders - liability		<u>1,752,728</u>	<u>211,890</u>
<i>Total Net Assets Attributable to Unitholders - Liability at the End of the Year</i>	7	<u><u>8,939,971</u></u>	<u><u>7,187,243</u></u>

The accompanying notes form part of these financial statements.

**METRO PROPERTY SYNDICATE
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	2007 \$	2006 \$
<i>Cash Flows from Operating Activities</i>			
Rental receipts		1,738,578	1,761,286
Payments to suppliers		(580,048)	(693,334)
Interest received		3,535	5,520
Borrowings costs		<u>(710,184)</u>	<u>(567,209)</u>
<i>Net cash provided by Operating Activities</i>	10(b)	<u>451,881</u>	<u>506,263</u>
<i>Cash Flows from Investing Activities</i>			
Payment for capitalised expenses for investment properties		<u>(10,500)</u>	<u>(15,624)</u>
<i>Net cash (used in)/provided by Investing Activities</i>		<u>(10,500)</u>	<u>(15,624)</u>
<i>Cash Flows from Financing Activities</i>			
Finance costs – distribution to unitholders		(631,125)	(573,750)
Proceeds from borrowings		<u>236,500</u>	<u>-</u>
<i>Net Cash Used in Financing Activities</i>		<u>(394,625)</u>	<u>(573,750)</u>
Net decrease in cash and cash equivalents		46,756	(83,111)
Cash and cash equivalents at the beginning of the year		<u>101,229</u>	<u>184,340</u>
<i>Cash and Cash Equivalents at the End of the Year</i>	10(a)	<u>147,985</u>	<u>101,229</u>

The accompanying notes form part of these financial statements.

**METRO PROPERTY SYNDICATE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1 Statement of Significant Accounting Policies

The Syndicate is a registered Managed Investment Scheme under the Corporations Act 2001. The Financial Report of the Syndicate is for the year ended 30 June 2007. The Financial Report was authorised for issue by the Directors of the Responsible Entity on 7 September 2007.

Basis of Preparation

The Financial Report is a general purpose financial report prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Metro Property Syndicate is a registered managed investment scheme established and domiciled in Australia.

It is recommended that this financial report be read in conjunction with any public announcements made by the Syndicate during the financial year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The Financial Report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets and financial assets for which the fair value basis of accounting has been applied.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising of the financial statements and notes thereto, complies with International Financial Reporting Standards.

Accounting Policies

The following is a summary of the significant accounting policies adopted by the Syndicate in the preparation of the Financial Report.

(a) Investment Property

Investment property is carried at fair value, determined by the Directors or independent valuation. Changes in fair value are recorded in the income statement. Refer to Note 4 Investment Property for further details on fair value determination.

An independent valuation is carried out on each property at least every 2 years.

Investment property is not depreciated.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1 Statement of Significant Accounting Policies (cont.)

(b) Revenue and Expenses

Revenue

Lease income from operating leases, where substantially all the risks and benefits remain with the lessor, are recognised on a straight line basis over the term of the lease. Lease income includes gross rental revenue and recoverable outgoings.

Interest income is recognised in the income statement using the effective interest rate method.

Distribution and dividend income is recognised when the right to receive a distribution or dividend has been established.

Other income is recognised on an accruals basis, which is when the Syndicate becomes entitled to receive it.

All revenue is stated net of the amount of goods and services tax (GST).

Expenses

Expenses are brought to account on an accrual basis.

Borrowing Costs

Borrowing costs include interest and bank charges, which are expensed as incurred, and impairment of borrowing costs.

Loan establishment costs are initially capitalised by being offset against the loan amount and then impaired over the life of the loan or five years, whichever is the lesser.

(c) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ('ATO'). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1 Statement of Significant Accounting Policies (cont.)

(d) Financial Instruments

Financial instruments are initially measured at cost on transaction date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial Liabilities and Equity

Financial liabilities and equity instruments issued by the Syndicate are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Issued Units

As the Syndicate has a fixed termination date a contractual obligation exists for the Syndicate to deliver cash or another financial asset to the unitholders. AASB 132: Financial Instruments: Presentation therefore requires the issued units and retained profits to be classified as a financial liability, titled net assets attributable to unitholders. Accordingly the Syndicate has no equity and the distributions paid and payable to unitholders are classified as a finance cost in the income statement, while distributions payable are classified as a payable in the balance sheet.

Bank Borrowings

Interest-bearing bank loans and overdrafts are recognised at fair value, net of transaction costs.

(e) Impairment of Assets

At each reporting date, the Responsible Entity reviews the carrying values of its assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the carrying value over its recoverable amount is expensed to the income statement.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(g) Finance Costs

Finance costs – distribution to unitholders, represents amounts distributed to unitholders based upon their unitholding during the financial year and are recognised when a distribution is declared by the Syndicate.

Finance costs (excluding distributions to unitholders), are recognised using the effective interest rate applicable to the respective financial liability.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1 Statement of Significant Accounting Policies (cont.)

(h) Distributions and Taxation

Under current income tax legislation the Syndicate is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders.

The Syndicate fully distributes its taxable income in accordance with the Syndicate constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the constitution. Realised capital losses are not distributed to unitholders but are retained in the Syndicate to be offset against any future realised capital gains.

(i) Transfers to/from Unitholders' funds

Non-distributable income, which may comprise unrealised changes in the fair value of financial assets, net capital losses, tax-deferred income, accrued income not yet assessable and non-deductible expenses are transferred to unitholders' funds.

These items are transferred from the unitholders' funds to be included in the determination of distributable income in the period for which they are assessable for taxation purposes.

(j) Management Expenses

The Responsible Entity is entitled to management fees incurred in the administration of the Syndicate. The annual management fee is 0.6% per annum of the gross assets of the Syndicate and 2.5% of the net income, and is payable quarterly in arrears.

The Responsible Entity may defer up to 25% of the annual fee, if needed, to support distributions to investors.

(k) Accounting Estimates and Judgments

Critical accounting estimates and judgments

The Directors of the Responsible Entity evaluate estimates and judgments incorporated in the financial report based on the historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Syndicate and Responsible Entity.

(l) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**METRO PROPERTY SYNDICATE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

2 Investment Income and Expenses

	2007	2006
	\$	\$
Investment income		
Rental income	1,621,225	1,552,345
Interest	3,535	5,520
Changes in fair value of investment property	2,089,500	891,480
Total investment income	<u>3,714,260</u>	<u>2,449,345</u>
Expenses		
Direct property expenses	382,044	351,579
Custodian fees	7,000	7,000
Managers fees	118,207	114,487
Compliance fees	5,000	5,000
Other administration expenses	46,101	56,367
Changes in fair value of investment property	-	397,054
Borrowing Costs		
Other persons	698,481	620,079
Impairment of loan establishment costs	16,199	140,826
Total Expenses	<u>1,273,032</u>	<u>1,692,392</u>

3 Trade and Other Receivables

Current		
Rental debtors	14,140	59,075
Prepayments	25,667	24,782
Accrued income	70,725	44,670
Other debtors	20,761	-
Capitalised lease fees and incentives	8,285	4,701
	<u>139,578</u>	<u>133,228</u>
Non-Current		
Capitalised lease fees and incentives	134,514	10,756
	<u>134,514</u>	<u>10,756</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

4 Investment Property

	Opening balance 1 July \$	Capital Expenditure \$	Source of valuation / appraisal	Valuation / Appraisal \$	Revaluation amount \$	Fair value 30 June \$
2007						
Paralowie Shopping Centre, SA	9,300,000	10,500	Savills	11,200,000	1,889,500	11,200,000
South Grafton Shopping Centre, NSW	7,500,000	-	CBRE	7,700,000	200,000	7,700,000
	<u>16,800,000</u>				<u>2,089,500</u>	<u>18,900,000</u>
2006						
Paralowie Shopping Centre, SA	8,403,359	5,161	WRF Property Limited	9,300,000	891,480	9,300,000
South Grafton Shopping Centre, NSW	7,886,591	10,463	WRF Property Limited	7,500,000	(397,054)	7,500,000
	<u>16,289,950</u>				<u>494,426</u>	<u>16,800,000</u>

Valuation basis:

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction. The determination of fair value was based on the present values of net future cash flows and the capitalisation of future rental income and, where available, market data for comparable properties. The Directors appraisals have been prepared by executive directors' of the Responsible Entity. Both the independent valuers and directors of the Responsible Entity have recent experience in the relevant location and category of the investment properties being valued.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

5 Trade and Other Payables

	2007	2006
	\$	\$
Current		
Accounts payable	251,840	28,066
Other creditors and accruals	157,318	121,081
Unearned income	8,696	25,742
Distributions payable	172,125	114,750
GST payable	16,134	27,053
	<u>606,113</u>	<u>316,692</u>

6 Interest Bearing Liabilities

Current		
<i>Short-term borrowings</i>		
Unsecured loans - other (i)	7,661	9,440
Non Current		
<i>Long-term borrowings</i>		
Secured loan (ii)	9,806,500	9,570,000
Less: borrowings costs	(38,168)	(38,162)
Bank loan	<u>9,768,332</u>	<u>9,531,838</u>

(i) The loan is through Pacific Premium funding which finances the payment of the Syndicate's insurance premiums to enable it to pay the premium monthly. The rate of 6.58% was fixed at the inception of the facility.

(ii) The interest only, non recourse commercial bank bill facility with the National Australia Bank matures on 30 June 2010. The loan is secured by a first registered mortgage over the investment properties. The loan was increased in January 2007 to provide to support the ongoing funding requirements of the Syndicate. Loan interest rates are variable with a facility fee of 0.9% per annum.

7 Unit Holders' Funds

Movements in unit holders' funds during the year were as follows:

Opening balance	7,187,243	6,975,353
Profit from continuing operations	2,441,228	756,953
Distributions	(688,500)	(545,063)
Closing Balance	<u>8,939,971</u>	<u>7,187,243</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

7 Unit Holders' Funds (cont.)

There were no movements in units on issue in the Syndicate.

	2007 No. of units	2006 No. of units
7,650,000 units issued on 25 October 2003 at \$1.00 each	7,650,000	7,650,000

All units in the Syndicate are of the same class and carry equal rights. Each unit confers upon the holder of that unit an undivided interest in the assets of the Syndicate in the proportion that the unit bears to the total number of units on issue. A unit does not entitle the holder to any particular asset or any particular part of the assets of the Syndicate.

8 Distributions

	2007		2006	
	\$	Cents per unit	\$	Cents per unit
Interim distributions paid:				
September	172,125	2.25	143,438	1.88
December	172,125	2.25	143,437	1.87
March	172,125	2.25	143,438	1.88
Final distribution payable	172,125	2.25	114,750	1.50
	688,500	9.00	545,063	7.13

9 Commitments and Contingent Liabilities

There were no commitments for capital expenditure or any contingent liabilities at 30 June 2007.

10 Notes to the Statement of Cash Flows

a) Cash at Bank

Cash at the end of the financial year as shown in the statement of cash flows is comprised of:

	2007 \$	2006 \$
Cash on hand	147,985	101,229

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	2007 \$	2006 \$
10 Notes to the Statement of Cash Flows (cont.)		
b) Reconciliation of Net Profit to Net Cash Flows from Operations		
Profit from continuing operations	2,441,228	756,953
Non-Cash Flows in Profit from Continuing Operations		
Impairment of Borrowing costs	16,199	140,826
Impairment of Lease incentives	10,806	-
Changes in Fair Value of Investment Property	(2,089,500)	(494,426)
Changes in Assets and Liabilities:		
Decrease in receivables	24,174	78,562
Increase in prepaid expenses	(886)	(17,991)
Decrease/(increase) in other assets	(169,554)	491
Increase in trade creditors	223,774	25,065
Increase/(Decrease) in other creditors and accruals	(4,360)	16,783
Cash Flows from Operations	451,881	506,263
c) Loan Facilities		
Loan facilities	10,460,000	9,770,000
Amount utilised	(9,806,500)	(9,570,000)
Unused Loan Facilities	653,500	200,000
Refer to Note 6 for further details on the loan facilities.		

11 Financial Instruments

a) Interest Rate Risk

The Syndicate's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate %pa	Floating Interest Rate \$	Fixed interest maturing in or repriced at			Non- Interest Bearing \$	Total \$
			Within Year \$	1 to 5 Years \$	Over 5 Years \$		
2007							
Financial Assets:							
Cash	4.25%	147,985	-	-	-	-	147,985
Receivables	-	-	-	-	-	274,092	274,092
		147,985	-	-	-	274,092	422,077
Financial Liabilities:							
Payables	-	-	-	-	-	(606,113)	(606,113)
Short term borrowings	6.58%	-	(7,661)	-	-	-	(7,661)
Long term borrowings	6.39%	-	-	(9,806,500)	-	-	(9,806,500)
		-	(7,661)	(9,806,500)	-	(606,113)	(10,420,274)
Net financial assets /(liabilities)		147,972	(7,661)	(9,806,500)	-	(332,021)	(9,998,197)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

11 Financial Instruments (cont.)

a) Interest Rate Risk (cont.)

	Weighted Average Effective Interest Rate %pa	Floating Interest Rate \$	Fixed interest maturing in or repriced at			Non- Interest Bearing \$	Total \$
			Within Year \$	1 to 5 Years \$	Over 5 Years \$		
2006							
Financial Assets:							
Cash	4.11%	101,229	-	-	-	-	101,229
Receivables	-	-	-	-	-	143,984	143,984
		101,229	-	-	-	143,984	245,213
Financial Liabilities:							
Payables	-	-	-	-	-	(316,692)	(316,692)
Short term borrowings	5.92%	-	(9,440)	-	-	-	(9,440)
Long term borrowings	5.63%	-	-	(9,570,000)	-	-	(9,570,000)
		-	(9,440)	(9,570,000)	-	(316,692)	(9,896,132)
Net financial assets /(liabilities)		101,229	(9,440)	(9,570,000)	-	(172,708)	(9,650,919)

b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to the financial statements.

Concentrations of credit risk are minimised primarily by:

- Ensuring counterparties, together with the respective credit limits, are approved, and
- Ensuring that transactions are undertaken with a large number of counterparties.

As such, the Syndicate does not have a concentration of credit risk that arises from an exposure to a single counterparty. Furthermore, the Syndicate does not have a material exposure to a group of counterparties, which are expected to be affected similarly by changes in economic or other conditions.

c) Net Fair Values

The Syndicate's net fair values and carrying amount of financial assets and liabilities are disclosed in the balance sheet and in the notes to the financial report.

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12 Operating Leases

Minimum future lease payments receivable under non-cancellable leases are as follows:

	Within Year \$	1 to 5 Years \$	Over 5 Years \$	Total \$
2007				
Paralowie Shopping Centre, SA	739,393	1,939,516	203,048	2,881,957
South Grafton Shopping Centre, NSW	647,489	2,311,830	2,490,489	5,449,808
	<u>1,386,882</u>	<u>4,251,346</u>	<u>2,693,537</u>	<u>8,331,765</u>
2006				
Paralowie Shopping Centre, SA	761,214	1,778,767	336,198	2,876,179
South Grafton Shopping Centre, NSW	659,766	2,235,733	3,016,620	5,912,119
	<u>1,420,980</u>	<u>4,014,500</u>	<u>3,352,818</u>	<u>8,788,298</u>

Leases are negotiated on a tenant by tenant basis reflective of commercial terms and prevailing market conditions at the time of the negotiations. The Responsible Entity utilises a standard lease document and follows a prescribed process in relation to the preparation and execution of same.

13 Segment Information

The Syndicate operates solely in the business of property investment within Australia.

14 Auditor's Remuneration

	2007 \$	2006 \$
<i>Remuneration of the auditor of the Syndicate for:</i>		
- Audit and review of the financial reports	9,300	7,270
- Compliance Plan audit	3,200	2,600
	<u>12,500</u>	<u>9,870</u>

15 Related Party Disclosures

The Responsible Entity of the Metro Property Syndicate is WRF Property Limited (ABN 51 095 920 648). WRF Property Limited is a wholly owned subsidiary of WRF Securities Limited (ABN 000 714 054), an Australian public company listed on the Australian Stock Exchange (Code: WRF).

a) Remuneration of Directors and Key Management Personnel

The Syndicate does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Syndicate. The directors and executives of the Responsible Entity are the Key Management Personnel ('KMP').

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**NOTES TO THE FINANCIAL STATEMENTS
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15 Related Party Disclosures (cont.)

The Directors and Executives of the Responsible Entity are KMP of that entity and their names are:

Mr R C Nichevich	Director
Mr O S Lennie	Director (resigned 31 December 2006)
Ms S A Barrett	Director
Mr T Micelotta	Director
Mr G McAnulty	General Manager - Property
Mr C J Carey	Company Secretary

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross asset value and a proportion of net profit.

No compensation is paid directly by the Syndicate to directors or to any of the KMPs' of the Responsible Entity.

Since the end of the financial year, no Director or KMP of the Responsible Entity has received or become entitled to any benefit because of a contract made by the Responsible Entity with a Director or KMP, or with a firm of which the Director or KMP is a member, or with an Entity in which the Director or KMP has a substantial interest.

Loans to Directors and Key Management Personnel of the Responsible Entity

The Syndicate has not made, guaranteed or secured, directly or indirectly, any loans to the Directors and KMP or their personally-related entities at any time during the reporting period.

Other Transactions with Directors and Key Management Personnel of the Responsible Entity

From time to time Directors and KMP or their personally-related entities, may buy or sell units in the Syndicate. These transactions are subject to the same terms and conditions as those entered into by other Syndicate investors.

Apart from those details disclosed in this note, no Director or KMP has entered into a contract for services with the Responsible Entity since the end of the previous financial year and there were no contracts involving Directors or KMP subsisting at year end.

b) Responsible Entity's Fees and Other Transactions

	2007	2006
	\$	\$
WRF Property Limited		
Manager's and compliance fees paid or payable	123,207	119,487
Reimbursable expenses paid or payable	8,674	17,948
	<hr/> 131,881	<hr/> 137,435
WRF Securities Limited		
Accounting and registry fees	27,000	27,000
	<hr/> 158,881	<hr/> 164,435

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

15 Related Party Disclosures (cont.)

c) Related Party Transactions

All transactions with related parties are conducted on normal commercial terms and conditions.

Units in the Syndicate held by Related Parties

No related parties held units in the Syndicate during the period.

16 Change in Accounting Policy

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified are those which may impact on the syndicate in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing these financial statements:

AASB 101 *Presentation of Financial Statements* (October 2006) has deleted the Australian specific Illustrative Financial Report Structure and reinstated the current IASB 1 guidance Illustrative Financial Statements Structure. The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2007.

AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 101 is applicable for annual reporting periods beginning on or after 1 January 2007.

AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007, and is expected to only impact disclosures contained within the financial report.

17 Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Responsible Entity, to affect significantly the operations of the Syndicate, the results of those operations, or the state of affairs of the Syndicate in future financial years.

The directors of WRF Property Limited, the Responsible Entity of the Metro Property Syndicate, declare that:

1. The financial statements and notes, as set out on pages 8 to 24 are in accordance with the *Corporations Act 2001*, and:
 - (a) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the Syndicate's financial position as at 30 June 2007 and of its performance for the period ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Syndicate will be able to pay its debts as and when they become due and payable.

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



R.C. Nichevich
Director

Dated this 7th day of September 2007

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Metro Property Syndicate for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Principal

Dated this 7th day of September 2007

INDEPENDENT AUDIT REPORT TO THE UNIT HOLDERS OF METRO PROPERTY SYNDICATE

We have audited the accompanying financial report of Metro Property Syndicate (the Syndicate), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Responsible Entity, WRF Property Ltd, (the Directors) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of WRF Property Ltd as the Responsible Entity for Metro Property Syndicate are in the same terms as this auditor's report.

Auditor's Opinion

In our opinion, the financial report of Metro Property Syndicate is in accordance with the Corporations Act 2001 including:

- a) i. giving a true and fair view of the Syndicate's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

WHK HORWATH PERTH AUDIT PARTNERSHIP



SEAN MCGURK
Principal

Perth, WA
Dated this 7th day of September 2007

Total Financial Solutions

Member Horwath International

WHK Horwath Perth Audit Partnership ABN 96 844 819 235
Level 6, 256 St Georges Terrace Perth WA 6000 Australia
GPO Box P1213 Perth WA 6844 Australia
Telephone +61 8 9481 1448 Facsimile +61 8 9481 0152
Email perth@whkhorwath.com.au www.whkhorwath.com.au
A WHK Group firm