

WRF V3 PROPERTY SYNDICATE

**ARSN 110 136 144
ABN 26 057 266 407**

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

**WRF V3 PROPERTY SYNDICATE
ARSN 097 445 700**

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**WRF V3 PROPERTY SYNDICATE
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REVIEW OF OPERATIONS

The WRF V3 Property Syndicate commenced on the 3rd of December 2004 after the acquisition of a commercial office building in Blacktown, New South Wales, Parkinson Shopping Centre in Queensland and a commercial office building at 11 Queens Road, Melbourne Victoria.

The Syndicate has realised an increase in the combined value of the properties to \$58.90m as at June 2007 which represents a 16.36% increase on the purchase price of the properties of \$50.62m. The distribution to investors for the year ended 30 June 2007 was 10.20 cents per unit.

The performance of the WRF V3 Property Syndicate is largely attributed to the high level of occupancy throughout the properties in the syndicate achieved through proactive leasing negotiations more particularly at Parkinson Shopping Centre QLD (100% occupancy) and 11 Queens Road Melbourne.

Highviews Building, Blacktown NSW

During the year unitholders voted to accept a resolution to pursue the sale of the building.

A national marketing campaign for the sale of Blacktown was performed by joint real estate agents Colliers International and CB Richard Ellis by way of public Expression of Interest (EOI) which closed on the 17th May 2007.

A level of interest was received in the property. This was mostly from developers and purchasers seeking a passive investment. Consequently, the EOI campaign closed on the 17th May 2007 and despite the level of interest no written offers were received.

Accordingly, a re-positioning strategy for the building has been implemented. Leasing agents have been appointed with a primary focus to source and secure new tenants for the premises. Given the demand for office accommodation in Blacktown, our leasing strategy will be to secure multiple local service orientated business and/or government tenants.

We have also appointed the Smith Madden Group (SMG) to project manage the "make good" of the premises after the RTA vacate on 30 September 2007. This will be to a standard commensurate with the original condition of the premises prior to the RTA taking occupation. We have negotiated a cash settlement with the RTA in Lieu of them actually performing the works. The settlement sum will be allocated to works which will now be performed by SMG.

Our immediate objective is to perform make good works to the common areas and refurbish a display suite. This will provide for leasing inspections aimed at securing as much interest and commitment, prior to the RTA lease expiring 30th September 2007.

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DIRECTORS' REPORT

Report by Directors of the Responsible Entity

The Directors of WRF Property Limited (ABN 51 095 920 648), the Responsible Entity of WRF V3 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 WRF V3 Property Syndicate is WRF Property Limited ("the Responsible Entity"), which has been the responsible entity since registration of the Syndicate on 3 December 2004.

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 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 Parkinson Shopping Centre in QLD, 11 Queens Rd Commercial Office Building in Melbourne, VIC and Blacktown Commercial Office Building in NSW. The investors in the Syndicate receive distributions quarterly from the income earned from the three properties.

The Syndicate has no employees.

Operating Results

The profit from continuing operations of the Syndicate for the year ended 30 June 2007 was \$4,200,560 (2006: \$344,678). This includes unrealised gains/(losses) on investment property of \$2,043,401 (2006: (\$1,794,574)).

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

	2007		2006	
	\$	Cents per unit	\$	Cents per unit
Interim distributions paid	1,892,538	7.53	1,864,459	7.43
Final distribution payable	<u>672,762</u>	<u>2.67</u>	<u>622,462</u>	<u>2.47</u>
	<u><u>2,565,300</u></u>	10.20	<u><u>2,486,921</u></u>	9.90

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	10.60	10.27
Total return	10.60	10.27
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.

* *The 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	25,150,000	25,150,000
	\$	\$
Value of the Syndicate's net assets attributable to unitholders – liability as at 30 June	25,478,588	23,843,328
Net tangible asset backing per unit	1.01	0.95

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

Interests of the Responsible Entity and Associates

Interests of the Responsible Entity and its associates have been disclosed in Note 15 to the financial statements.

Fees paid to 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	356,844	381,103
Reimbursable expenses paid or payable	14,376	18,239
	371,220	399,342

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DIRECTORS' REPORT (cont.)

Fees Paid to the Responsible Entity (cont.)

	2007	2006
	\$	\$
WRF Securities Limited		
Accounting and registry fees	42,000	39,000
	<u>413,220</u>	<u>438,342</u>

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 WRF V3 Property Syndicate was created by a deed dated 19 July 2004 ('the Constitution').

The Syndicate was formed to purchase Parkinson Shopping Centre in QLD, 11 Queens Rd Commercial Office Building in Melbourne, VIC and Blacktown Commercial Office Building in NSW. The funding for the Syndicate consisted of 25,150,000 \$1.00 units. The Syndicate commenced operations on 3 December 2004, the day after the properties were purchased.

The Syndicate had total assets with a book value of \$59,945,062 at 30 June 2007 (2006: \$57,977,642). The basis of valuation of the Syndicate's principal asset, investment property is detailed in note 1 (a) to the financial statements.

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.

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DIRECTORS' REPORT (Cont.)

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 three properties for the investment term until 2 December 2010.

The Constitution, states that the properties will be sold as soon as possible after 2 December 2010, 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.

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.

DIRECTORS' REPORT (Cont.)

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 28 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	6,550,473	6,377,428
Interest	2	22,074	57,416
Changes in fair value of investment property	2	<u>3,755,446</u>	<u>1,611,281</u>
<i>Total Investment Income</i>		10,327,993	8,046,125
<i>Expenses</i>			
Direct property expenses	2	(1,541,610)	(1,370,400)
Administration expenses	2	(446,802)	(499,174)
Changes in fair value of investment property	4	(1,712,045)	(3,405,855)
Borrowings costs	2	<u>(2,426,976)</u>	<u>(2,426,018)</u>
<i>Total Expenses</i>		<u>(6,127,433)</u>	<u>(7,701,447)</u>
<i>Profit from Continuing operations</i>		<u>4,200,560</u>	<u>344,678</u>
<i>Finance Costs</i>			
Distribution to unitholders	8	(2,565,300)	(2,486,921)
<i>Total Finance Costs</i>		<u>(2,565,300)</u>	<u>(2,486,921)</u>
Changes in net assets attributable to unitholders - liability	7	<u>(1,635,260)</u>	<u>2,142,243</u>
<i>Net Profit</i>		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

**WRF V3 PROPERTY SYNDICATE
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**BALANCE SHEET
AS AT 30 JUNE 2007**

	Notes	2007 \$	2006 \$
<i>Current Assets</i>			
Cash and cash equivalents	10(a)	344,381	640,357
Trade and other receivables	3	<u>423,633</u>	<u>383,018</u>
<i>Total Current Assets</i>		<u>768,014</u>	<u>1,023,375</u>
<i>Non-Current Assets</i>			
Trade and other receivables	3	277,048	254,267
Investment property	4	<u>58,900,000</u>	<u>56,700,000</u>
<i>Total Non-Current Assets</i>		<u>59,177,048</u>	<u>56,954,267</u>
<i>Total Assets</i>		<u>59,945,062</u>	<u>57,977,642</u>
<i>Current Liabilities</i>			
Trade and other payables	5	1,416,502	1,297,428
Short-term borrowings	6	<u>38,918</u>	<u>17,394</u>
<i>Total Current Liabilities</i>		<u>1,455,420</u>	<u>1,314,822</u>
<i>Non-Current Liabilities</i>			
Long-term borrowings	6	<u>33,011,054</u>	<u>32,819,492</u>
<i>Total Non-current Liabilities</i>		<u>33,011,054</u>	<u>32,819,492</u>
<i>Total Liabilities Excluding Net Assets Attributable to Unitholders</i>		<u>34,466,474</u>	<u>34,134,314</u>
Net assets attributable to unitholders – liability	7	<u>25,478,588</u>	<u>23,843,328</u>
<i>Net Assets</i>		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form part of these financial statements.

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**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>		23,843,328	25,985,571
Change in net assets attributable to unitholders - liability		<u>1,635,260</u>	<u>(2,142,243)</u>
<i>Total Net Assets Attributable to Unitholders - Liability at the End of the Year</i>	7	<u><u>25,478,588</u></u>	<u><u>23,843,328</u></u>

The accompanying notes form part of these financial statements.

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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		7,353,837	6,899,152
Payments to suppliers		(2,788,571)	(2,903,229)
Interest received		22,074	57,416
Borrowings costs		<u>(2,213,891)</u>	<u>(2,225,890)</u>
<i>Net Cash Provided by Operating Activities</i>	10(b)	<u>2,373,449</u>	<u>1,827,449</u>
<i>Cash Flows from Investing Activities</i>			
Payment of capitalised expenses for investment properties		<u>(156,599)</u>	<u>(533,491)</u>
<i>Net Cash Used in Investing Activities</i>		<u>(156,599)</u>	<u>(533,491)</u>
<i>Cash Flows from Financing Activities</i>			
Finance costs – distribution to unitholders		<u>(2,512,826)</u>	<u>(2,463,063)</u>
<i>Net Cash Used in Financing Activities</i>		<u>(2,512,826)</u>	<u>(2,463,063)</u>
Net (decrease)/increase in cash and cash equivalents		(295,976)	(1,169,105)
Cash and cash equivalents at the beginning of the year		<u>640,357</u>	<u>1,809,462</u>
<i>Cash and Cash Equivalents at the End of the Year</i>	10(a)	<u><u>344,381</u></u>	<u><u>640,357</u></u>

The accompanying notes form part of these financial statements.

**WRF V3 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 WRF V3 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 expensed 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.

**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 transactions 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 any 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 0.5% per annum of the gross assets of the Syndicate and 2.0% of the net income, and is payable quarterly in arrears.

The Responsible Entity may defer up to 45% of the annual fee, if needed, to support income returns to the 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.

**WRF V3 PROPERTY SYNDICATE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	2007	2006
	\$	\$
2 Investment Income and Expenses		
Investment Income		
Rental income	6,550,473	6,377,428
Interest	22,074	57,416
Increase in fair value of investment property	3,755,446	1,611,281
Total Investment Income	<u>10,327,993</u>	<u>8,046,125</u>
Expenses		
Direct property expenses	1,541,610	1,370,400
Custodian fees	20,000	20,000
Managers fees	331,844	357,103
Compliance fees	25,000	24,000
Other administration expenses	69,958	98,071
Decrease in fair value of investment property	1,712,045	3,405,855
Borrowing Costs		
Other persons	2,235,415	2,234,456
Impairment of loan establishment costs	191,561	191,562
Total expenses	<u>6,127,433</u>	<u>7,701,447</u>
3 Trade and Other Receivables		
Current		
Rental debtors	38,221	242,453
Prepayments	61,090	25,161
Accrued income	21,611	2,471
Other debtors	113,854	-
Capitalised lease fees and incentives	188,857	112,933
	<u>423,633</u>	<u>383,018</u>
Non-Current		
Capitalised lease fees and incentives	277,048	254,267
	<u>277,048</u>	<u>254,267</u>

**WRF V3 PROPERTY SYNDICATE
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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						
Blacktown, NSW	21,700,000	12,045	Savills	20,000,000	(1,712,045)	20,000,000
11 Queens Rd, Melbourne VIC	21,500,000	141,951	Savills	25,000,000	3,358,049	25,000,000
Parkinson, QLD	13,500,000	2,603	M3 Property	13,900,000	397,397	13,900,000
	<u>56,700,000</u>				<u>2,043,401</u>	<u>58,900,000</u>
	Cost of Acquisition \$	Acquisition costs \$	Source of valuation / appraisal	Valuation / Appraisal \$	Revaluation amount \$	Fair value 30 June \$
2006						
Blacktown, NSW	24,979,968	125,887	M3 Property	21,700,000	(3,405,855)	21,700,000
11 Queens Rd, Melbourne VIC	19,545,118	407,604	Savills	21,500,000	1,547,278	21,500,000
Parkinson, QLD	13,435,997	-	M3 Property	13,500,000	64,003	13,500,000
	<u>57,961,083</u>				<u>(1,794,574)</u>	<u>56,700,000</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 mainly based on the present values of net future cash flows and the capitalisation of future rental income, rather than market evidence because of the nature of the properties and lack of comparable market data. The independent valuations (as indicated above), which conform to Australian Valuation Standards, were based on assessments made by an independent valuer who is a member of the Australian Property Institute. 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**

	2007	2006
	\$	\$
5 Trade and Other Payables		
Current		
Accounts payable	30,228	10,360
Other creditors and accruals	403,879	464,445
Unearned income	181,824	94,480
Distributions payable	674,937	622,463
GST payable	125,634	105,680
	<u>1,416,502</u>	<u>1,297,428</u>
6 Interest Bearing Liabilities		
Current		
<i>Short-term borrowings</i>		
Unsecured loans - other (i)	<u>38,918</u>	<u>17,394</u>
Non Current		
<i>Long-term borrowings</i>		
Secured loan (ii)	33,475,000	33,475,000
Less: borrowings costs	(463,946)	(655,508)
Bank loan	<u>33,011,054</u>	<u>32,819,492</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 investment properties have been used as security for a loan provided by National Mutual Funds Management Ltd. The proceeds of the loan were used to help fund the acquisition of the investment properties on behalf of the Syndicate. The loan is for a period of 6 years from 1 December 2004. Interest is forward fixed effective from 1 December 2004 until 30 November 2010 at a rate of 6.675% p.a. inclusive of a margin of 1.075% p.a.

7 Unit Holders' Funds

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

Opening balance	23,843,328	25,985,571
Profit from continuing operations	4,200,560	344,678
Distributions	(2,565,300)	(2,486,921)
	<u>25,478,588</u>	<u>23,843,328</u>
Closing balance	<u>25,478,588</u>	<u>23,843,328</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
25,150,000 units issued on 3 December 2004 at \$1.00 each	25,150,000	25,150,000

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	641,325	2.55	619,534	2.48
December	616,175	2.45	622,462	2.47
March	635,038	2.53	622,463	2.48
Final distribution payable	672,762	2.67	622,462	2.47
	<u>2,565,300</u>	<u>10.20</u>	<u>2,486,921</u>	<u>9.90</u>

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	344,381	640,357

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**NOTES TO THE FINANCIAL STATEMENTS
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	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	4,200,560	344,678
Non-Cash Flows in Profit from Continuing Operations		
Impairment of Borrowing costs	191,561	191,562
Impairment of Lease incentives	166,699	-
Changes in Fair Value of Investment Property	(2,043,401)	1,794,574
Changes in Assets and Liabilities:		
Decrease/(increase) in receivables	90,380	(139,994)
Decrease/(increase) in prepaid expenses	(35,929)	8,410
Decrease/(increase) in other assets	(240,839)	(318,224)
(Decrease)/increase in trade creditors	19,868	(25,414)
Increase/(Decrease) in other creditors and accruals	24,550	(28,143)
Cash Flows from Operations	2,373,449	1,827,449
c) Loan Facilities		
Loan facilities	33,805,000	33,475,000
Amount utilised	(33,475,000)	(33,475,000)
Unused Loan Facilities	330,000	-
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	6.00%	344,381	-	-	-	-	344,381
Receivables	-	-	-	-	-	700,681	700,681
		344,381	-	-	-	700,681	1,045,062
Financial Liabilities:							
Payables	-	-	-	-	-	(1,416,502)	(1,416,502)
Short term borrowings	6.58%	-	(38,918)	-	-	-	(38,918)
Long term borrowings	6.67%	-	-	(33,475,000)	-	-	(33,475,000)
		-	(38,918)	(33,475,000)	-	(1,416,502)	(34,930,420)
Net financial assets/(liabilities)		344,381	(38,918)	(33,475,000)	-	(715,821)	(33,885,358)

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**NOTES TO THE FINANCIAL STATEMENTS
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11 Financial Instruments (cont.)

	Weighted Average Effective Interest Rate %pa	Floating Interest Rate \$	Fixed interest maturing in or repriced at Within Year \$	1 to 5 Years \$	Over 5 Years \$	Non- Interest Bearing \$	Total \$
2006							
Financial Assets:							
Cash	6.00%	640,357	-	-	-	-	640,357
Receivables	-	-	-	-	-	637,285	637,285
		<u>640,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>637,285</u>	<u>1,277,642</u>
Financial Liabilities:							
Payables	-	-	-	-	-	(1,297,428)	(1,297,428)
Short term borrowings	5.92%	-	(17,394)	-	-	-	(17,394)
Long term borrowings	6.675%	-	-	(33,475,000)	-	-	(33,475,000)
		<u>-</u>	<u>(17,394)</u>	<u>(33,475,000)</u>	<u>-</u>	<u>(1,297,428)</u>	<u>(34,789,822)</u>
Net financial assets/(liabilities)		<u>640,357</u>	<u>(17,394)</u>	<u>(33,475,000)</u>	<u>-</u>	<u>(660,143)</u>	<u>(33,512,180)</u>

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

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				
Blacktown, NSW	738,675	303,871	-	1,042,546
11 Queens Rd, Melbourne VIC	1,547,352	1,325,725	-	2,873,077
Parkinson, QLD	1,245,274	3,391,675	3,408,891	8,045,840
	<u>3,531,301</u>	<u>5,021,271</u>	<u>3,408,891</u>	<u>11,961,463</u>
2006				
Blacktown, NSW	2,475,499	1,007,563	-	3,483,062
11 Queens Rd, Melbourne VIC	1,709,407	2,219,505	-	3,928,912
Parkinson, QLD	1,316,688	3,660,422	4,177,171	9,154,281
	<u>5,501,594</u>	<u>6,887,490</u>	<u>4,177,171</u>	<u>16,566,255</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

Remuneration of the auditor of the Syndicate for:

- Audit and review of the financial reports	10,300	7,270
- Compliance plan audit	<u>3,200</u>	<u>2,600</u>
	<u>13,500</u>	<u>9,870</u>

15 Related Party Disclosures

The Responsible Entity of the WRF V3 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
FOR THE YEAR ENDED 30 JUNE 2007**

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	Chairman and Executive Director
Mr O S Lennie	Managing 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 fees paid or payable	356,844	381,103
Reimbursable expenses paid or payable	14,376	18,239
	<hr/> 371,220	<hr/> 399,342
WRF Securities Limited		
Accounting and registry fees	42,000	39,000
	<hr/> 413,220	<hr/> 438,342

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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

Details of holdings in the Syndicate by Related Parties is set out below. No other related parties held units in the Syndicate during the year.

Entity	Relationship	Unit holding \$	Interest held %	Units issued	Units redeemed	Distribution paid / payable \$
30 June 2007						
Mr R C Nichevich	Director of Responsible Entity	300,000	1.19	-	-	30,600
Ms S A Barrett	Director of Responsible Company Secretary of Responsible Entity	150,000	0.60	-	-	15,300
Mr C J Carey	Responsible Entity	20,000	0.08	-	-	2,040
		470,000		-	-	47,940
30 June 2006						
Mr R C Nichevich	Director of Responsible Entity	300,000	1.19	-	-	29,700
Ms S A Barrett	Director of Responsible Company Secretary of Responsible Entity	150,000	0.60	-	-	14,850
Mr C J Carey	Responsible Entity	20,000	0.08	-	-	1,980
		470,000		-	-	46,530

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

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: 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 WRF V3 Property Syndicate, declare that:

1. The financial statements and notes, as set out on pages 9 to 26 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 WRF V3 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 WRF V3 PROPERTY SYNDICATE

We have audited the accompanying financial report of WRF V3 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 WRF V3 Property Syndicate are in the same terms as this auditor's report.

Auditor's Opinion

In our opinion, the financial report of WRF V3 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

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