



Penrith Property Syndicate

2007/08 Annual Report



AUSTGROWTH PROPERTY SYNDICATES LIMITED

Penrith Property Syndicate

Financial Report
For the Financial Year Ended
30 June 2008

Penrith Property Syndicate

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

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Penrith Property Syndicate

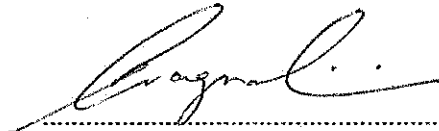
DIRECTORS' DECLARATION

The directors of Austgrowth Property Syndicates Limited as the Responsible Entity of the Fund declare that:

1. The financial statements and notes, as set out on pages 6 to 16, are in accordance with the Corporations Act 2001:
 - (a) in the opinion of the directors, the Fund is a non-reporting entity and the report complies with the relevant accounting standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the Fund;
2. In the directors' opinion there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Austgrowth Property Syndicates Limited made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors,



.....
Adriano Cragolini,
Director, Austgrowth Property Syndicates Limited
Brisbane, 22nd September 2008

Penrith Property Syndicate



Auditor's Independence Declaration

As the auditor of Penrith Property Syndicate for the year ended 30 June 2008, 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.

This declaration is in respect of Penrith Property Syndicate during the period.

WHK Horwath Sydney

WHK HORWATH SYDNEY

Roger Wong

ROGER WONG
Principal

Dated this 22nd day of September 2008.

Total Financial Solutions



Horwath refers to Horwath International Association, a Swiss Verein. Each member of the Association is a separate and independent legal entity.



Liability limited by a scheme approved under Professional Standards Legislation

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A WHK Group Firm

INDEPENDENT AUDIT REPORT TO THE INVESTORS OF PENRITH PROPERTY SYNDICATE

Scope

We have audited the accompanying financial report of Penrith Property Syndicate (the Fund), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense 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 of the Fund for the year ended 30 June 2008.

Directors' responsibility for the financial report

The directors of APGF Management Limited (the Responsible Entity) 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 of the Responsible Entity 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 of the Responsible Entity, 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.

**INDEPENDENT AUDIT REPORT TO THE INVESTORS
OF PENRITH PROPERTY SYNDICATE**

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

- a. the financial report of Penrith Property Syndicate is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Fund's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the 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 Sydney

WHK HORWATH SYDNEY

Roger Wong

ROGER WONG
Principal

Dated this 22nd day of September 2008.

Penrith Property Syndicate

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

| | Note | 30 June 2008 \$ | 30 June 2007 \$ |
|--|------|--------------------|--------------------|
| Income | | | |
| Net rental income | | 777,343 | 665,112 |
| Interest income | | 4,146 | 3,693 |
| Total Income | | 781,490 | 668,805 |
| Expenses | | | |
| Auditors' remuneration | | 2,925 | 2,720 |
| Bank Fees | | 754 | 891 |
| Finance costs (<i>excluding finance costs attributable to unitholders</i>) | | 296,827 | 262,860 |
| Professional Fees | | 10,076 | - |
| Marketing and advertising | | 14,022 | - |
| Valuation Fees | | 5,500 | - |
| Management fees paid to Responsible Entity | | 16,628 | 16,629 |
| Property Management fees | | 5,087 | - |
| Other | | 2,521 | - |
| Total Expenses | | 354,340 | 283,100 |
| Profit Attributable to Unitholders | | 427,150 | 385,705 |
| Finance Costs Attributable to Unitholders | | | |
| Distributions to unitholders | 9 | 365,971 | 365,850 |
| Change in Net Assets Attributable to Unitholders | | 61,180 | 19,855 |

STATEMENT OF RECOGNISED INCOME AND EXPENSE

Under AIFRS, net assets attributable to unitholders are classified as a liability rather than equity. As the Fund has no equity, the Fund has not included any items of recognised income and expense for the current or comparative period.

Notes to the financial statements are included on pages 9 to 16.

Penrith Property Syndicate

BALANCE SHEET AS AT 30 JUNE 2008

| | Note | 30 June 2008 \$ | 30 June 2007 \$ |
|--|------|--------------------|--------------------|
| Current assets | | | |
| Cash and cash equivalents | 2 | 54,473 | 170,926 |
| Other current assets | 3 | 60,399 | 20,394 |
| Total current assets | | 114,872 | 191,320 |
| Non-current assets | | | |
| Investment property | 4 | 7,679,893 | 7,677,634 |
| Total non-current assets | | 7,679,893 | 7,677,634 |
| Total Assets | | 7,794,765 | 7,868,954 |
| Current liabilities (excluding liabilities attributable to unitholders) | | | |
| Trade and other payables | 5 | 49,196 | 116,823 |
| Other current liabilities | 6 | 90 | 67,830 |
| Total current liabilities (excluding liabilities attributable to unitholders) | | 49,286 | 184,653 |
| Non-Current liabilities (excluding liabilities attributable to unitholders) | | | |
| Interest bearing liabilities | 7 | 3,725,000 | 3,725,000 |
| Total non-current liabilities (excluding liabilities attributable to unitholders) | | 3,725,000 | 3,725,000 |
| Total liabilities (excluding liabilities attributable to unitholders) | | 3,774,286 | 3,909,653 |
| Net assets attributable to unitholders | | 4,020,479 | 3,959,301 |
| Liabilities attributable to unitholders | 8 | (4,020,479) | (3,955,301) |
| Net Assets | | - | - |

Notes to the financial statements are included on pages 9 to 16.

Penrith Property Syndicate

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

| | Note | 30 June 2008 \$ | 30 June 2007 \$ |
|---|------|--------------------|--------------------|
| <i>Cash flows from operating activities</i> | | | |
| Gross Rent income | | 819,772 | 745,848 |
| Interest received | | 4,146 | 3,693 |
| Payments to suppliers (including property outgoings) | | (233,205) | (79,743) |
| Interest and other costs of finance paid | | (338,937) | (262,865) |
| Net Cash Provided by Operating Activities | 10 | 251,776 | 406,934 |
| <i>Cash flows from investing activities</i> | | | |
| Payment for property improvements | | (2,259) | - |
| Net Cash Used in Investing Activities | | (2,259) | - |
| <i>Cash flows from financing activities</i> | | | |
| Distributions made to unitholders | | (365,971) | (365,850) |
| Net Cash Used in Financing Activities | | (365,971) | (365,850) |
| Net increase/(decrease) in cash and cash equivalents | | (116,453) | 41,084 |
| Cash and cash equivalents at beginning of the financial year | | 170,926 | 129,842 |
| Cash and cash equivalents at end of the financial year | 2 | 54,473 | 170,926 |

Notes to the financial statements are included on pages 9 to 16.

Penrith Property Syndicate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. Summary of significant accounting policies

The financial report is a special purpose financial report which has been prepared for use by directors and investors of the Fund. The Directors have determined that the Fund is not a reporting entity.

(a) Basis of preparation

The financial report has been prepared in accordance with the requirements of the following applicable Australian Accounting Standards.:

AASB 101: Presentation of financial statements
AASB 107: Cash Flow Statements
AASB 108: Accounting policies, changes in accounting estimates and errors
AASB 110: Events after the balance sheet date
AASB 1031: Materiality
AASB 1048: Interpretation and application of standards

Further, in accordance with ASIC Class Order CO 05/639, the Fund applies the recognition and measurement criteria of all the Accounting Standards as if it were an eligible reporting entity. This ensures that the information presented in this report reflects a true and fair representation of the financial performance and position of the Fund.

The financial report has been prepared on the basis of fair value, except for investment properties which have been presented at cost. Cost is based on the fair values of the consideration given in exchange for assets.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following is a summary of the material accounting policies adopted by the Syndicate in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008 and the comparative information presented in these financial statements.

(b) Cash and cash equivalents

Cash and cash equivalents in the balance sheet consist of cash at hand, cash at bank and short-term deposits that are readily convertible into cash. The Fund considers a short-term deposit to have a maturity of three months or less and be subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand and at bank, short-term deposits (as outlined above) net of any bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in current liabilities.

Penrith Property Syndicate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (Continued)

1. Summary of significant accounting policies (continued)

(c) Trade and other receivables

Trade receivables, which generally have a 14-28 day term, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Syndicate will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(d) Financial assets and liabilities

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on the trade date ie the date that the Fund commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Penrith Property Syndicate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (Continued)

1. Summary of significant accounting policies (continued)

(e) Property, plant and equipment

Investment properties under development/construction are classified as property, plant and equipment until practical completion. Properties under development are measured at the accumulated historical cost of construction plus other directly attributable costs but do not include start-up costs, initial operating losses or abnormal amounts of wasted material or labour on construction.

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Land and buildings, except for investment property, are measured at fair value, based on periodic but at least triennial valuations by external independent valuers who apply the International Valuations Standards Committee International Valuation Standards, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

(f) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost, which is based on the original cost of the asset less accumulated depreciation on the building. The fair value of investment properties are disclosed separately in the notes with evaluations of fair value being conducted periodically but at least triennially by external independent valuers who apply the International Valuations Standards Committee International Valuation Standards.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

(g) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Penrith Property Syndicate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (Continued)

1. Summary of significant accounting policies (continued)

(i) Fund as lessor

Leases in which the Fund retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Income from operating leases is recognised on a straight line basis over the term of the lease, unless another more systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished.

(ii) Lease incentives

Incentives such as cash, rent free periods or contributions towards lessee or lessor owned fit outs, may be provided to lessees to enter into an operating lease. These incentives are capitalised and amortised over the term of the lease as a reduction in rental income.

(h) Trade and other payables

Trade and other payables are carried at amortised cost, due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid and arise when the Fund becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs

Borrowing costs are recognised as an expense when incurred, except to the extent that they are incurred in the acquisition or construction of qualifying assets. Borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

(j) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Fund expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Penrith Property Syndicate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (Continued)

1. Summary of significant accounting policies (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(k) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ii) Dividends/Distributions

Revenue is recognised when the Fund's right to receive the payment is established.

(iii) Rental revenue

Rental revenue from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

(l) Income tax and other taxes

(i) Income Taxes

Under current income tax legislation the Fund is not liable to pay income tax provided that the taxable income and taxable realised gains are fully distributed to unitholders each year.

(ii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Penrith Property Syndicate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (Continued)

| | | 30-Jun-2008 | 30-Jun-2007 |
|-----------|---|-------------|-------------|
| 2. | Cash and Cash Equivalents | | |
| | Cash at bank | \$ 54,473 | \$ 170,926 |
| | | 54,473 | 170,926 |
| 3. | Other current assets | | |
| | Prepaid interest | 50,282 | 12,222 |
| | Prepaid other | 10,117 | 8,172 |
| | | 60,399 | 20,394 |
| 4. | Investment property | | |
| | Investment Property at cost ⁽ⁱ⁾ | 7,677,634 | 7,677,634 |
| | Capital additions | 2,259 | - |
| | Carrying Value | 7,679,893 | 7,677,634 |
| | Fair Value of Investment Property ⁽ⁱⁱ⁾ | | |
| | 60 Fulton Drive, Derrimut | 9,000,000 | 7,800,000 |
| | | 9,000,000 | 7,800,000 |
| | <p>(i) Book value is recorded at cost, being original cost plus capital expenditure less accumulated depreciation. The directors have assessed the recoverable amount of the investment property in accordance with accounting policies set out in note 1.</p> <p>(ii) The valuation of investment properties at fair value is based on the amount which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.</p> <p>In assessing the value of the investment properties, the independent valuers have considered two basis of valuation being:</p> <ol style="list-style-type: none"> 1. discounted cash flow; and 2. capitalisation approach. <p>The latest evaluation was conducted by Colliers International on 19th September 2007.</p> | | |
| 5. | Trade and other payables | | |
| | Trade and other payables | 46,341 | 114,103 |
| | Accruals | 2,855 | 2,720 |
| | | 49,196 | 116,823 |
| 6. | Other current liabilities | | |
| | Income in advance | 90 | 67,830 |
| | | 90 | 67,830 |
| 7. | Interest bearing liabilities | | |
| | St. George Facility | | |
| | Fully drawn Facility – St George | 3,725,000 | 3,725,000 |
| | Borrowing costs | - | - |
| | Total Secured Loans | 3,725,000 | 3,725,000 |

Penrith Property Syndicate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (Continued)

| | 30-Jun-2008 | 30-Jun-2007 |
|--|------------------|------------------|
| 8. Unitholders' Balances | \$ | \$ |
| Movement in unitholders' balances during the financial year were as follows: | | |
| Balance at the beginning of period | 3,959,301 | 3,939,446 |
| Profit / (loss) attributable to unitholders for the year | 427,149 | 385,705 |
| Distributions paid | <u>(365,971)</u> | <u>(365,850)</u> |
| Balance at the end of period | <u>4,020,479</u> | <u>3,959,301</u> |

| | 30-Jun-2008 | 30-Jun-2007 |
|---|----------------|----------------|
| 9. Finance Costs/Distributions to Unitholders | \$ | \$ |
| <i>Finance costs/distributions to unitholders were paid as follows:</i> | | |
| Total finance costs/distributions to unitholders | <u>365,971</u> | <u>365,850</u> |

10. Notes to the Cash Flow Statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash in banks.

Cash and cash equivalents at the end of financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

| | | |
|---------------------------|---------------|----------------|
| Cash and cash equivalents | <u>54,473</u> | <u>170,926</u> |
|---------------------------|---------------|----------------|

(b) Reconciliation of profit for the period to net cash flows provided by operating activities

| | | |
|--|----------------|----------------|
| Net profit / (loss) attributable to unit holders | <u>427,150</u> | <u>385,705</u> |
|--|----------------|----------------|

Changes in net assets and liabilities:

(Increase)/decrease in assets

| | | |
|----------------------|----------|---------|
| Current receivables | - | - |
| Other current assets | (40,004) | (8,168) |

Increase/(decrease) in liabilities

| | | |
|-------------------------------|----------|--------|
| Current payables and accruals | (67,764) | 29,957 |
| Other current liabilities | (67,606) | (560) |

| | | |
|------------------------------------|----------------|----------------|
| Net cash from operating activities | <u>251,776</u> | <u>406,934</u> |
|------------------------------------|----------------|----------------|

11. Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Fund, the results of the Fund, or the state of affairs of the Fund in future financial years.

Penrith Property Syndicate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008 (Continued)

12. Additional Information

Contact Information:

Austgrowth Property Syndicates Limited
A.C.N. 080 456 542

Austgrowth Property Syndicates Limited, an unlisted public company incorporated and operating in Australia is the Responsible Entity of the Fund. Austgrowth Property Syndicates Limited is a wholly owned member of the Australian Property Growth Fund.

Funds Branch Office:

Suite 902, Level 9
50 Berry Street
North Sydney NSW 2060

Ph: 1800 332 852 Fax: 02 9525 0488

www.apgf.com.au