



Perpetual Trust

CRAWFORD PROPERTY FUND

ANNUAL REPORT 31 MARCH 2007





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Directory

Trustee, Manager, Secondary Market Facilitator and Securities Registrar

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PricewaterhouseCoopers Centre
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Christchurch

Valuer

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5th Floor
Burns House
10 George Street
Dunedin

Property Manager

Presbury Project Management
Radio Otago House
248 Cumberland Street
Dunedin



Manager's Report

We are pleased to provide you with the Annual Report of the Crawford Property Fund for the year ended 31 March 2007.

Financial Summary

During the year unitholders received an average distribution of 9.80% p.a. (before tax and after fees)¹. The average distributions for the past three years have been 10.46% (2006), 12.40% (2005), 11.61% (2004) and 11.82% p.a. (2003). Yields have reduced this year as a result of the provisioning necessary for the new roof membrane.

Dunedin based Macpherson Valuation Limited prepared the annual valuation. In their opinion, the current market value of the lessees interest in the property as at 31 March 2007 was \$9,000,000. This figure is \$860,000 higher than the 2006 valuation and is reflective of the reduced market capitalisation rates currently being used to value quality commercial properties. As a result, the net tangible asset backing per unit has increased from \$1.46 to \$1.67 per unit.

The land is owned by Capri Enterprises Limited under seven perpetually renewable leases with 21 year terms. Rent reviews are carried out at 21 year intervals to coincide with the renewal dates with the next reviews due between 2015 and 2020. The current ground rental is \$45,115 per year. The net rental received (after deduction of the ground rent) is \$811,000 in addition to which the Fund receives an additional \$10,000 from a car parking licence.

Term Loan

At the time the Fund was established, a term loan of \$2,550,000 was provided by Westpac to assist with the acquisition of the property. The interest rates payable (as at 31 March 2007) are 9.05% for \$1,000,000, and 8.75% for the other \$1,550,000. Interest rates are reviewed quarterly. The Westpac facility has been extended until December 2008. Security for the loan is a registered first mortgage over the investment property.

The Future

We believe that the Crawford Property Fund will continue to perform well for its unitholders. New tax laws coming into force from October 2007 may provide additional benefits to unitholders and we will be exploring opportunities that could result from adopting a "PIE" regime. Unitholders will be advised of any proposals or opportunities in due course.

Secondary Market

Perpetual Trust has continued to facilitate a secondary market for units in the Fund, although the number of units made available for sale has not been large. We assume that this is due to unitholders wishing to hold their units for the long term given the attractive returns. We currently hold a waiting list of investors interested in purchasing units.

¹ based on the unit issue price of \$1.00



We also continue to liaise with Forsyth Barr on a regular basis, as they have clients who hold units in the Fund who at times wish to make them available for sale.

People wishing to buy or sell units are asked to specify the price for which they wish to buy or sell units. We are conscious that given the informal nature of the secondary market, people may have some difficulty in specifying an appropriate price. Given this, a fact sheet has been prepared that will be provided to people wanting to transact units. This fact sheet provides lease details, recent sales information and the underlying value of the property.

Building Condition

Car Park Membrane

As reported last year the roof-top car park deck has a synthetic membrane that acts as a protective and water-proofing barrier. The membrane was due to be replaced during 2007 but we believe that this can be extended to early 2008 to occur at a time that will be the least disruptive to the tenants. Provisioning for this work was commenced last year and to date we have set aside \$120,000.

The approximate cost of the replacement will be \$275,000 + GST. Any shortfall in the cost may be met from either additional borrowing or the issue of additional units depending on prevailing circumstances at the time.

Other than the car park membrane, the building is in good condition and the tenants are happy with the building.

Property Manager

We continue to retain Presbury Project Management to provide day-to-day property management services. This locally based company has been involved with the building since its construction and has developed strong working relationships with our three nationally recognised tenants. It has an excellent working knowledge of the building. The manager of Presbury Project Management continues to visit the site fortnightly at which time he liaises with the tenants as well as checking on the condition of the building. Any required maintenance issues are brought to our attention immediately, and are dealt with appropriately.

For Perpetual Trust Limited

Tony Mason
Property Manager

June 2007



Financial Statements

Perpetual Trust

Statement of Financial Performance

FOR THE YEAR ENDED 31 MARCH 2007

	Note	2007	2006
		\$	\$
Revenue			
Interest received		9,447	8,570
Rent received		858,374	811,086
Total revenue		867,821	819,656
Expenses			
Audit fees		1,650	1,650
Administration expenses		6,000	5,573
Property expenses		54,920	84,764
Interest expenses		214,456	209,379
Total expenses		277,026	301,366
Net surplus before tax		590,795	518,290
Taxation	3	169,086	146,304
Net surplus after tax		421,709	371,986

Statement of Movements in Unitholders' Funds

FOR THE YEAR ENDED 31 MARCH 2007

Unitholders' funds at beginning of period		5,621,431	4,704,262
Surplus and revaluations:			
Net surplus		421,709	371,986
Revaluation of property	6	860,000	890,000
Total recognised revenues and expenses for the period		6,903,140	5,966,248
Other movements:			
Distributions to investors		(334,528)	(344,817)
Unitholders' funds at end of period		6,568,612	5,621,431

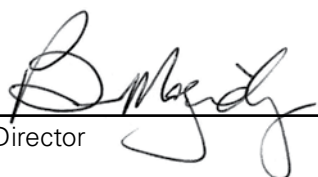


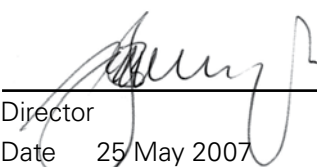
Statement of Financial Position

AS AT 31 MARCH 2007

	Note	2007 \$	2006 \$
Unitholders' funds			
Investor units	5	3,609,850	3,609,850
Reserves	6	2,958,762	2,011,581
Total unitholders' funds		6,568,612	5,621,431
Current liabilities			
Distributions payable		60,426	64,877
Sundry creditors		58,584	39,167
		119,010	104,044
Non-current liabilities			
Term loan	7	2,550,000	2,550,000
Total unitholders' funds and liabilities		9,237,622	8,275,475
Current assets			
Bank balances		234,385	88,624
Sundry debtors		-	23,950
Tax refund due	3	3,237	22,901
		237,622	135,475
Non-current assets			
Investment property	8	9,000,000	8,140,000
Total assets		9,237,622	8,275,475

Signed for and on behalf of Perpetual Trust Limited as Trustee


Director


Director
Date 25 May 2007



Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2007

	2007	2006
	\$	\$
Cash flows from operating activities		
Cash was provided from:		
Interest received	9,447	8,570
Rent received	882,324	787,136
	<hr/> 891,771	<hr/> 795,706
Cash was applied to:		
Fees and expenses	33,677	86,166
Interest paid	214,456	209,379
Taxation paid	149,422	156,981
Net GST paid	9,476	1,424
	<hr/> 407,031	<hr/> 453,950
Net cash flow from operating activities	<hr/> 484,740	<hr/> 341,756
Cash flows from financing activities		
Cash was applied to:		
Distributions made	338,979	362,623
Net cash flow from financing activities	<hr/> (338,979)	<hr/> (362,623)
Net increase/(decrease) in cash held	145,761	(20,867)
Opening cash balance	88,624	109,491
Closing cash balance	<hr/> <hr/> 234,385	<hr/> <hr/> 88,624

Reconciliation of Net Surplus After Tax to
Net Cash Flows from Operating Activities

FOR THE YEAR ENDED 31 MARCH 2007

	Note	2007	2006
		\$	\$
Net surplus after tax		421,709	371,986
		421,709	371,986
Add/(less) movements in working capital items:			
Sundry debtors		23,950	(23,950)
Sundry creditors		19,417	4,397
Provision for taxation		19,664	(10,677)
		63,031	(30,230)
Net cash flows from operating activities		484,740	341,756



Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2007

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements presented are for the reporting entity Crawford Property Fund. This is a Group Investment Fund (numbered 30) established under the Trustee Companies Act 1967 and constituted under a trust deed dated 30 September 1999.

The financial statements have been prepared in accordance with the Financial Reporting Act 1993. The reporting entity is an issuer for the purposes of the Financial Reporting Act 1993.

The financial statements have been prepared on the basis of historical cost unless stated otherwise.

Investment property

The investment property is recorded at fair value as determined by an independent registered valuer in accordance with NZ IAS 40 on an annual basis. Depreciation is not charged on the investment property. The net change in value of the investment property is transferred directly to the asset revaluation reserve.

Taxation

The taxation charged against profit for the period is the estimated total liability in respect of that profit after allowing for permanent differences. This is the liability method applied on a comprehensive basis.

Goods and services tax

The financial statements have been prepared on a GST exclusive basis as the Fund is required to be registered for GST.

Changes in accounting policies

There have been no significant changes in accounting policies during the year. All policies have been applied on bases consistent with those used in previous years.

2. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Whilst there are no formal capital commitments or contingent liabilities (31 March 2006 - nil) due to wear and tear the Fund does have a present obligation to replace the roof membrane on the premises. It is anticipated that this obligation will be formalised in August 2007 and the work done in January 2008.

3. TAXATION

	2007	2006
	\$	\$
Net surplus before tax	590,795	518,290
Prima facie taxation at 33%	194,960	171,036
Less taxation effect of:		
Other deductible items	(25,874)	(24,732)
Adjustment in respect of previous year	-	-
Taxation charge for the year	169,086	146,304
Tax paid	172,323	169,205
Adjustment in respect of previous year	-	-
Tax payable/(refund due)	(3,237)	(22,901)



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2007

	2007	2006
	\$	\$
Imputation credits		
Opening balance	45,624	8,745
Income tax paid	146,304	154,677
Income tax transferred from prior year	22,901	12,224
RWT on interest received	3,118	2,304
	172,323	169,205
Credits attached to distributions	124,522	132,326
Income tax refunded	-	-
	124,522	132,326
Closing Balance	93,425	45,624

4. MANAGEMENT FEES

Under the terms of the governing trust deed, Perpetual Trust Limited is entitled to receive a fee for managing the Fund. A fee of 1% per annum of investors' current unit value in the Fund is deducted from income distributed to investors.

5. UNITHOLDERS' FUNDS

Unitholders' funds are made up of 3,850,000 units, each of \$1.00. The net tangible asset backing per unit at 31 March 2007 was \$1.39 (31 March 2006 \$1.46). All units share equally in the income and assets of the Fund.

6. RESERVES

	2007	2006
	\$	\$
Reserves comprise:		
Undistributed income		
Balance brought forward	31,431	4,262
Movement for the year	87,181	27,169
Balance carried forward	118,612	31,431
Asset revaluation reserve		
Balance brought forward	1,980,150	1,090,150
Movement arising from revaluation of property	860,000	890,000
Balance carried forward	2,840,150	1,980,150
Balance at end of year	2,958,762	2,011,581



Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 31 MARCH 2007

7. TERM LOAN

The interest rates at 31 March 2007 were 9.05% for the first portion of the loan (\$1,000,000), and 8.75% for the second portion (\$1,550,000). Security for the loan from Westpac is a registered first mortgage over the investment property. All loans mature during December 2008.

8. INVESTMENT PROPERTY

The investment property is located at 165 - 179 Crawford Street, Dunedin. It is recorded in the financial statements at fair value based upon a valuation undertaken by an independent registered valuer, Darren Bezett B.Com (VPM) MPINZ of the firm MacPherson Valuation as at 31 March 2007.

The investment property is held on behalf of the Fund by a special purpose company (as nominee) pursuant to the terms of the trust deed dated 30 September 1999.

The leases with Rebel Sport, Briscoes and Noel Leeming are held by the special purpose company as nominee for the Fund. The leases are for a term of nine years from 1 December 1999 and contain a right of renewal for three further terms of three years each.

9. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In December 2002 the New Zealand Accounting Standards Review Board announced that New Zealand International Reporting Standards ("NZ IFRS") will apply to all New Zealand reporting entities for the periods commencing on or after 1 January 2007.

Entities have the option to adopt NZ IFRS for periods beginning on or after 1 January 2005. The Fund intends to implement NZ IFRS from 1 April 2007. Accordingly, the adoption of NZ IFRS will be first reflected in the Fund's financial statements for the year ending 31 March 2008.

Change in accounting policies on Transition to NZ IFRS

Based on the project work completed thus far, with the transition to NZ IFRS, the following standards are the areas in which accounting policies and operational procedures will be most affected:

* NZ IFRS 1 (First-time Adoption of NZ Equivalents to International Financial Reporting Standards).

The Trustee will provide an opening NZ equivalents to IFRS balance sheet at the date of transition. This may result in presentation changes from prior year financial statements.

* NZ IAS 24 (Related Party Disclosures), for the inclusion of all related party investors of the Fund.

* NZ IAS 40 (Accounting for Investment Properties), Gains or losses in the fair value of the investment property will be recognised in the profit or loss for the period in which it arises. The tax impact of this movement will be reflected in the balance sheet as a deferred tax liability.

The impact of adopting NZ IFRS whilst significant from a disclosure point of view (particularly for NZ IAS 40) are not anticipated to be material as far as distributions are concerned.

10. SEGMENT REPORTING

Segment accounts have not been prepared as the Fund operates solely as a group investment fund, investing directly in property via a special purpose company (as nominee).

Auditors' Report

To the members of Crawford Property Fund

We have audited the financial statements on pages 1 to 7. The financial statements provide information about the past financial performance and cash flows of the Fund for the year ended 31 March 2007 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on page 4.

Trustee's Responsibilities

The Fund's Trustee is responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Fund as at 31 March 2007 and its financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Trustee and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Trustee in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Fund, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Fund other than in our capacity as auditors.

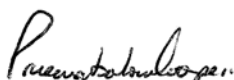
Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Fund as far as appears from our examination of those records; and
- (b) the financial statements on pages 1 to 7:
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (ii) give a true and fair view of the financial position of the Fund as at 31 March 2007 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on 25 May 2007 and our unqualified opinion is expressed as at that date.



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