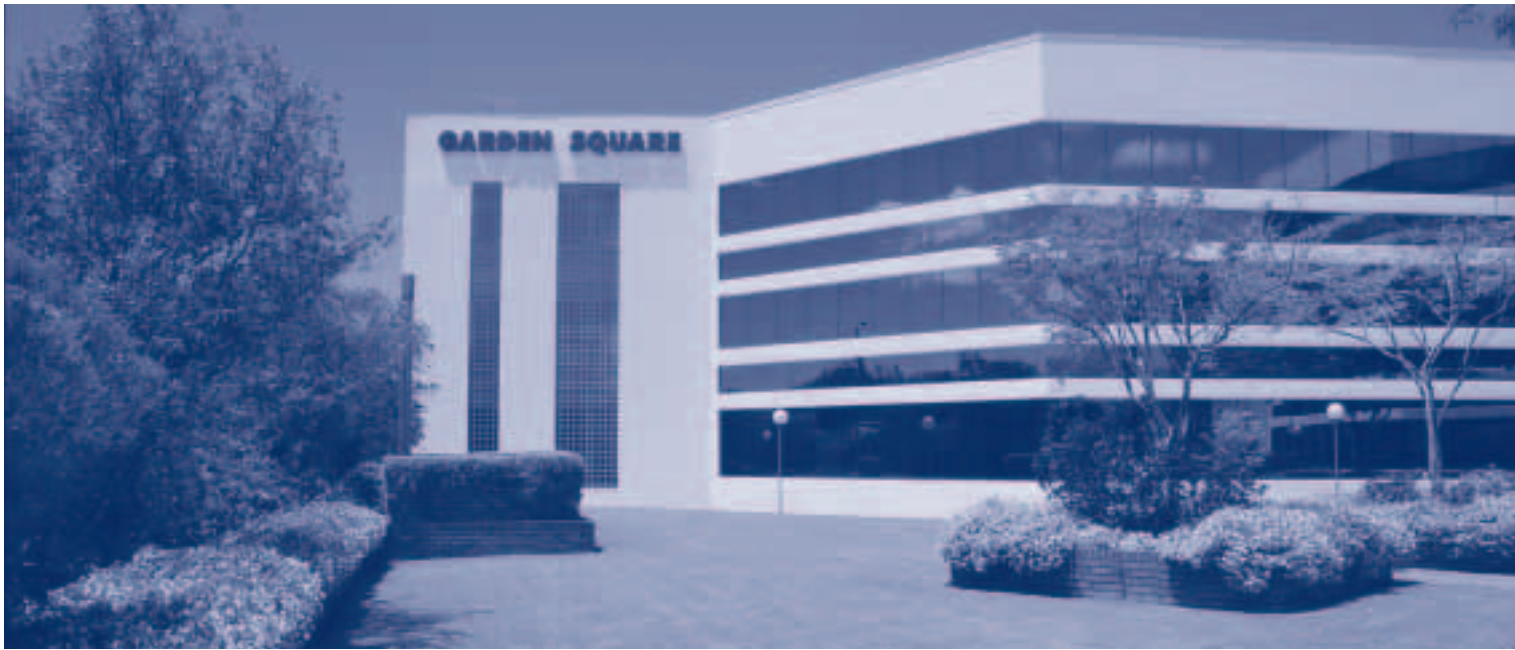


# GARDEN SQUARE *Gazette*

## Welcome to the Garden Square Gazette.

*As the Manager of the Garden Square Joint Investment, we feel it is important to keep investors up-to-date.*

*We will be sending a copy of the "Garden Square Gazette" every six months to ensure that you are aware of issues relating to your investment's performance.*



## Investor Profile

### *Who invested in Garden Square?*

The Garden Square Joint Investment has 440 investors who have exposure to the property by investing either through the Garden Square Syndicate or the Garden Square Property Trust. Investors include private individuals, corporations and superannuation funds. The average investment was \$30,000 which equates to an effective percentage of ownership at 0.25%.

## Finance

### *Citibank chosen as financier*

An integral part of being able to deliver good income returns to investors, is the selection of the appropriate finance package and financier to finance the property.

After reviewing a variety of finance submissions, PFA chose Citibank Limited as the Garden Square financier. Citibank offered an attractive interest rate and overall financial package that best met your requirements and those set out in the prospectus. There are two loan facilities provided by Citibank. The first is the initial \$11,250,000 acquisition facility used to purchase the property and fund acquisition costs.

The initial loan terms were within the

parameters outlined in the prospectus including:-

- Interest only payments during the term of the facility;
- An initial term of 5 years;
- A fixed interest rate of 7.11% per annum. Please note that an interest rate of 7.75% was used in the cashflow forecast in the prospectus. This should be extremely good news for investors.
- An establishment fee of \$10,000 in comparison with the figure of \$22,500 which was projected in the prospectus.

To ensure flexibility during the life of your investment and particularly to assist in meeting capital expenditure, tenancy incentives and to even distribution payments, a Citibank

*continued overleaf*



## Finance *continued from front*

Mortgage Power Account has been established. The Mortgage Power Account is essentially an overdraft or revolving line of credit. The current credit limit is \$1,140,000 (*subject to review up to \$1.75M with later valuations*). It has a variable rate of interest, currently at 8.45% per annum.

Both of the finance facilities are secured to Citibank by a first registered mortgage over the Garden Square property and a set-off agreement (*i.e. a right to set off*

*outstanding moneys owed under the facilities against amounts deposited in the Mortgage Power account*).

Citibank's security was limited to the assets of the Syndicate (*i.e. the property and the income from the property held in the Citibank Mortgage Power account pending its distribution to you*). As explained in the prospectus, the financier is not entitled to make a claim against any investors' other assets.

## Leasing

### *Leasing agents appointed*

Although there is little vacant space in the property to be leased by us, PRD Realty and Richard Ellis have been appointed joint leasing agents for the property.

## Acquisition Costs

### *How do the actual costs compare with forecasts?*

We are pleased to advise that the actual acquisition costs were less by (\$31,369) than those estimated in the prospectus. Listed below are the actual costs as compared against the prospectus estimates.

As the actual acquisition costs were less than projected, a small positive balance was established in the Citibank Mortgage Power account at settlement.

Expense Item	Prospectus Estimate \$	Actual \$
Property Purchase Price	20,650,000	20,650,000
Stamp Duty & Registration fees on –		
- Purchase & Option	813,877	812,627
- Mortgage	50,310	55,462
Legal Fees – Acquisition & Prospectus	70,000	70,500
Joint Acquisition Fee	1,032,500	1,032,500
Prospectus Issue & Promotional Expenses	42,600	57,230
Trustee Establishment Costs	3,000	3,000
Due diligence consultants' fee	77,780	77,879
Borrowing Costs	77,500	44,620
Contingency	32,433	14,813
<b>Total</b>	<b>22,850,000</b>	<b>22,818,631</b>

## Monthly Distributions

### *When will you receive your income?*

You have now received your first income distribution from the Property. To assist you we have sent a notice advising of the amount that has been deposited into your bank account.

All future distributions will be made not later than the 21st of each month which means that the money will be in your bank account on the 23rd of the month. We will not be sending in future monthly distribution notifications.

## Market Update

### *An office market brief*

Although no updated market figures on the Upper Mt Gravatt office market have become available since the Prospectus, it was pleasing to note the continuing strong performance by the Brisbane CBD market (*which the Upper Mt Gravatt market reflects*) with vacancy rates being announced by the Property Council of Australia as having dropped from 10.2% to 8.4% over the last 12 months.

## Tax Return Time

### *What to do*

To facilitate the completion of your tax returns, we will arrange for the preparation and lodgement of the tax returns for the Syndicate and Trust as soon as possible after the end of each financial year (*probably August*). We will then send to you a distribution summary and statement showing the details needed by you to complete your individual tax returns.

**YOU SHOULD NOT LODGE YOUR TAX RETURNS UNTIL THIS INFORMATION IS RECEIVED.**





## Investor Services Personnel

### Who to contact

If you have any queries about your investment, please contact our Manager - Investment Services, Bronwyn Risk. Bronwyn is responsible for investor liaison and also manages the maintenance of investor records and income distributions. Bronwyn has a background in financial services and the financial planning industry and understands investors' needs.

## What's Happening at Garden City

The construction of the 16 cinema Birch Carroll & Coyle cinema complex opposite the property has been proceeding at a rapid rate. The cinema is expected to commence trading in November 1998. This complex should considerably enhance the vibrancy of the area surrounding the property.

Queensland Transport formally reinforced their commitment to the \$520 million, South East Transit Project when they announced construction of the Upper Mt Gravatt Bus Station on April 29. This Bus Station, (200 metres from Garden Square) is estimated to cost \$15 million, will form the hub of public transportation in the southern corridor and will be linked to the CBD and Logan by a sole purpose two lane express Busway. The Busways are expected to increase reliability and safety, reduce travelling time and encourage workers to take public transport rather than using individual cars.

Thiess Constructors

Pty Ltd have been awarded the contract and construction is already underway on the site. It is anticipated that the current Garden City Bus Interchange will be temporarily relocated in late May, early June to accommodate construction of the new Bus Station. The Upper Mt Gravatt Bus Station is due for completion in November, 1998, with the entire Busway system expected to be operational in 2001.

# Massive upgrade in place

By Catriona Mathewson



## Big plans for Garden City

A \$15 million bus interchange is to be built at Garden City shopping centre.

Queensland Transport Minister Vaughan Johnson launched the project at Garden City last week, saying the interchange would be the major link in a \$520 million South-East Busway system which aimed to revolutionise public transport. The South East...

than 50 new shops and the... library were opened. One major...

GARDEN SQUARE



## Leases/Tenancies

### *Your tenancy renewal update*

One of Garden Square's strengths is the major tenants and the long term income stream they offer. In addition, we are pleased to advise that several of the smaller tenancies have recently been renewed and which we detail below:

Tenant	Area M <sup>2</sup>	Annual Rent \$	Renewal Date	Renewed Lease Expiry
Breakwater Island Limited	151	32,465.04	1/1/1998	30/6/1999
Queensland Government (Regional Health)	880	220,000.00	1/7/98	30/6/2000*
Kedcorp Pty Ltd	153.6	43,008.00	1/11/1998	31/10/1999

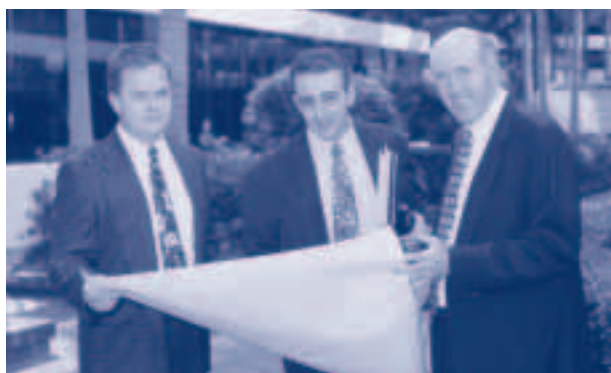
*\* This arrangement has recently been agreed and is awaiting lease execution. The tenant has the right of an earlier termination after 1 year.*

## Property Update

The handover of the Property ownership has gone smoothly and without disruption to the tenancies. Settlement was effected on 25 March, 1998.

PRD Realty has been appointed as the Property Manager and will take responsibility for overseeing the collection of rents and the estate management of the property.

The management of the Property's facilities is now the responsibility of FPD Protech. FPD Protech are responsible for ensuring that the air conditioning plant, lifts, electrical and other machinery and equipment are all maintained appropriately and that any tenant's concerns in this area are attended to promptly



*Pictured above (L to R) are Mr Bob McAlister (FPD Protech), Mr Attilio Innamorati (Asset Manager of PRD Realty) and Chris Morton (PFA's Managing Director) discussing car parking arrangements and entrance statements on site.*

## Property Strategy

Already we have commenced to give effect to a number of the items detailed in the prospectus as our strategy for the property including:-

- Commencing discussions as to a review of car park operations.
- Commencing discussions with architects to discuss improving the entrance statement to the property as the office park currently lacks a defined pedestrian point of entrance.
- Meetings with the facilities manager and consultants to give effect to the capital expenditure program provided for in the cashflow forecast contained in the prospectus so as to better improve the efficiency and life of the building's improvements and plant and to increase future lettable.
- Meetings have been held with Queensland government representatives (who are major target tenants for the property) to increase and reinforce awareness by them of the beneficial features of the property.
- Meetings with architects to discuss design concepts for the car park area site should a non-speculative opportunity of a small scale arise for the property.

**For further information contact:**



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