

Capital works program



Soon to be completed entrance statement at Garden Square.

The construction and improvement works program that has been ongoing during the year is soon to be completed. Works nearing completion include the construction of the covered pedestrian walkway, car park reorganisation and landscaping. The upgrade to lift foyers and interiors in Blocks C and D have been completed

with Coles Myer (the tenant of Blocks A and B) requesting that the lift foyers and interiors not be refurbished. Remaining items to be completed include the new Garden Square logo and building signage. To date, the works program has been received favourably from tenants and visitors alike.

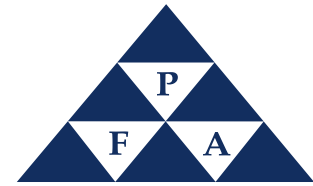
Property revaluation

As you may be aware the purchase price for the Garden Square was \$20.4M. Garden Square has recently been revalued and as at 30 June, 2000 the property was valued at \$22M. This reflects an 8% (approx) growth in the property's value since it was purchased in March 1998. These figures indicate that your investment in Garden Square has been keeping ahead of inflation for the period invested.

Coles Myer Limited – Completed rent review

At the time of issuing the last Garden Square Gazette, we indicated that the Coles Myer rent review was under determination. After several months of negotiations it was determined by an independent expert valuer that effective

3 December, 1999, the Coles Myer rent be set at \$1,510,000 per annum (exclusive of GST which is not expected to apply until the next market review). This is an increase of 8.52% and is above the prospectus forecast.



**PROPERTY FUNDS
AUSTRALIA LIMITED**

Distributions

We are pleased to advise that the Board of PFA has confirmed that distributions should continue in line with prospectus forecasts. The Board continues to monitor distribution levels throughout the year and carries out a mid-financial year review to confirm that forecast distribution levels can continue to be met.

Keeping in line with the prospectus forecasts, your monthly distributions have now been increased to 11.3% for the Syndicate (0.1% share prospectus forecast) and 11.2% for the Trust for the year ending 30 June 2001. Your July payment (paid 21 August) reflects the new rate.

What the financial planner of the year says about us

Peter Dunn, Money Management's 1999 Financial Planner of the Year and supporter of PFA products including Garden Square says "PFA provides investors with a good and competitive tax effective income stream backed by strong management".

New tenant – Trend West Resorts South Pacific Pty Ltd



Interior of the Trendwest premises.

We are pleased to advise that the international sales, marketing and resort company, Trend West South Pacific has leased the 880m² tenancy previously leased to The Department of Regional Health. Trendwest is a US based company, with offices and resorts worldwide. Trendwest has a market capitalisation of over US\$300 million.

Our MD becomes Industry President

In April, 2000, Chris Morton the Managing Director of PFA was elected the national president of the Australian Direct Property Investment Association which is the industry body that represents the interests of investors, managers and others taking part in property syndicates and direct property investments.

We at PFA consider this due recognition of the role that PFA plays in the industry and the regard that its staff are held by participants in the industry.

In this constantly changing political environment, Chris has a busy agenda of issues to be dealt with on your behalf.

GST – We were ready!

We are pleased to report that based on currently available legislation, our analysis to date reveals that no material affect on distributions to investors is expected to flow from GST. An analysis of existing leases was carried out with the assistance of the services of BDO Kendalls, Chartered Accountants, the general financial adviser to your investment.

Considerable time was spent in assessing outgoings and operating expense estimates which are provided to tenants. This was indeed a difficult area given the uncertainties that existed in the lead up to the implementation of GST from 1 July, 2000.

Strong Leasing Interest

Plans are currently in place to reconfigure the ground floor of one the Garden Square office blocks. This reconfiguration will increase the lettable area to provide office accommodation for smaller corporate tenancies and increase future lettable. There is already strong interest in this space.



Where's **Ralph?**

As mentioned in the last Investor Update, the Review of Business Taxation was continuing.

Subsequent to that update, certain aspects of the Ralph Committee report and the Government response (such as those aspects relating to capital gains tax and accelerated depreciation changes) have been given effect to by the passing of legislation. The accelerated depreciation changes do not affect original investors in Garden Square due to the timing of the acquisition of that interest. Other aspects such as entity tax reform and wasted assets regime proposals are still outstanding and have not been tabled in Federal Parliament.

The controversial definition of "Collective Investment Scheme" is currently being discussed between representatives of the managed funds industry and government.

Telecommunications carriers focussed on Garden Square

There is a strong and increasing demand for mobile phone antenna and base station networks. Mobile phone carriers are leasing rooftop space on strategically located buildings to accommodate these facilities.

We have received several enquiries from prospective carriers to utilise the rooftops of both office blocks in the Garden Square complex. Whilst there are several issues to be considered for both the tenants and carriers this a potential additional revenue source for the property and further enhances its value.

What's happening at Garden City



Busway construction, with Garden Square above left.

We are pleased to advise that the first section of the South East Freeway busway, from South Brisbane to Woolloongabba, was opened on the last weekend in August. As this project is a part of major

infrastructure development for Brisbane we will continue to keep you up-to-date on its progress. Substantial work continues to happen on the busway and underground bus station adjacent to Garden Square.

GARDEN PFA SQUARE

NEW DIRECTOR APPOINTED



PFA are pleased to announce the appointment of Mr David Conquest as National Marketing Director.

David has over 16 years experience in the financial services and property industries and has held senior roles with Lend Lease, Suncorp Metway and Deutsche Bank and is a former property lecturer at the Securities Institute of Australia.

David has a high profile within the financial services industry and has significant experience working with financial intermediaries, dealer principals, research analysts and superannuation trustees. David's expertise within the financial services industry will assist the organisation with investment product development, distribution and delivery.

Tax return time

You are now in receipt of the Distribution Summary you need to complete your tax return.

Please read this notice carefully prior to completing your tax return or pass it onto your accountant or tax agent.

Changing your bank details or moving

Don't forget to let us know

To ensure that you keep receiving your monthly income distributions don't forget to advise us if you change your bank account details in order that the electronic credit distribution system does not reject the transfer. Likewise, if you are changing your mailing address (as shown on the Syndicate or Trust Registers) we need to be notified.

Any changes need to be notified to us in writing and signed by the applicant/s who signed the original application form.

Investor Services Personnel

Who to contact?

If you have any queries about your investment, please contact our Manager - Investment Services, Bronwyn Risk.

We've moved

To accommodate our growing team, we have recently relocated to new premises located at level 23, Central Plaza 2, 66 Eagle Street, Brisbane. All of our other contact details remain unchanged.

CHANGE OF EMAIL ADDRESS

We have recently shortened our email address to pfaltd.com.au.

For further information contact:



Bronwyn Risk

Level 23, Central Plaza 2,
66 Eagle Street, Brisbane Q. 4000
PO Box 10398, Brisbane,
Adelaide St. Q. 4000

Tel: (07) 3221 7170 • Fax: (07) 3221 6729

info@pfaltd.com.au

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