

DEVELOPMENT CONSULTANT APPOINTED

In October 2000, Queensland Property Corporation (QPC), Development Managers and Consultants were appointed as a development consultant to the Garden Square Syndicate to examine any development potential of the undeveloped land on the site. There is currently some interest created in land in the immediate vicinity of the property caused by factors such as the South East Busway. A clear analysis of this potential will only assist in adding to the property's value. We believe that this appointment will assist with providing opportunities for the positioning of the property for its eventual sale.



Mary Gallegos

Something about Mary...

In July last year, Mary Gallegos joined Property Funds Australia's Investment Services division. We welcome Mary to our team and trust that she will be able to assist you with your general investment queries.

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 or Mary Gallegos.

Address reminder

For those who may have missed our last update, we have 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 also shortened our email address to pfaltd.com.au.

For further information contact:



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Level 23, Central Plaza 2,
66 Eagle Street, Brisbane Q. 4000
PO Box 10398, Brisbane,
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Capital works program

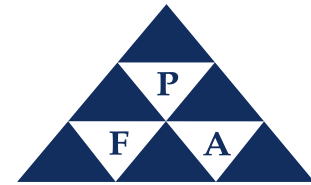


New Garden Square Office Park logo

We are pleased to advise that the construction and improvement works program has now been completed. The new "Garden Square Office Park" signage has been erected on the pedestrian entrance statement and new tenancy signage will be installed in the near future. A Garden Square logo (above) has been developed for use on marketing material promoting the property. The improved amenity created by these changes has been well received by existing tenants and

has assisted in new tenant negotiations.

Part of the capital works program has been the reconfiguration of the car park which has now been completed. Boom gates have now been introduced and car park charges for casual users is expected to commence next month to coincide with the commencement of the South East Busway. The introduction of parking fees will provide additional revenue from the property and add to the property's value.



**PROPERTY FUNDS
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Tenancy Issues

The property has a negligible vacancy factor with less than 4% of the complex currently unlet. The ground floor of Block C (where the existing unlet space exists) will be refurbished over the next few months.

As previously notified, Hanover Holdings Pty Ltd (which operated a serviced office business on the top floor of Block D) was placed into voluntary administration some two years ago. In order to protect the interests of the Syndicate we, as the Manager, have effectively been in control of the serviced office operations during this time. By ensuring the ongoing operation of the business, rental payments have continued until alternative tenancy arrangements could be finalized. We have recently negotiated a new tenant for the majority of this space with lease agreements expected to be executed in the forthcoming weeks. This will bring about the closure of the Hanover Holdings serviced office business. The new tenant is a significant financial institution.

Telecommunications Carriers Update

Since your last Investor Update, one telecommunications operator has leased rooftop space for a mobile phone antennae base station. This lease will provide additional income of \$20,000 per annum (approx) for a five year period for the Fund. We are hopeful of being able to conclude negotiations with another operator in due course.



Attilio Innamoratti (Asset Manager of PRD) in front of the new reconfigured parking area at Garden Square, with recently introduced boom gate (left). Note the new pedestrian entrance statement in the background.

Accounting under one roof

The Board of PFA has decided that the ongoing accounting for the Funds under PFA's control (including the Garden Square Joint Investment) would now be conducted 'in-house' by PFA's accounting personnel. The introduction of GST and the requirement to produce interim accounts and reports has materially increased the accounting work required for each of the Funds and subsequently increased the expense of the ongoing accounting to all of our Funds by external accountants. The net result of this decision is a cost saving to the Funds, as the fees charged by PFA are less than that charged by external accountants for performing the same duties. Taxation advice and returns and end of year financial accounts will continue to be provided by external accountants.

PAYG Unravelled

With the introduction of GST and The New Tax System we are now sending all investors a quarterly statement to assist with the determining of your PAYG instalment income.

We have received some feedback from investors who have invested via the Syndicate, that they have been advised by other fund managers of the actual amount of instalment income they should include in their quarterly Activity Statement. We do not provide the instalment income amount to include in your Activity Statement as the calculation of this figure will be determined by a formula using your last income year (ie the last tax return you have completed).

Six Monthly Reporting SIX MONTHLY REPORTING

It is now a requirement under the Corporations Law that six monthly audited accounts be completed for the Garden Square Joint Investment. Due to the additional onerous cost to the Fund, we will not be sending a copy of six monthly reports to all investors as it is not required under the Corporations Law or the Deeds for the Funds. However, audited accounts and the Interim Manager's report for the period ended 31 December, 2000 are now available upon request. Should you or your adviser require a copy please do not hesitate to contact our Investment Services Division.



Where's Ralph Now?

Since your last Investor Update, the Federal Government has made further announcements regarding "Entity Tax Reform". The controversial definition of "Collective Investment Vehicle" has not been pursued by the Government. It currently appears that the transparent/flow through tax nature of the Syndicate and the Trust will continue and that entity tax reform will not have any material effect on the Fund's entities.

APX Progress

In your last Investor Update we reported on the progress of the establishment of the Australian Property Exchange Limited ("APX"). It had been hoped that the exchange would be operating by March this year. However, this timeframe appears to have been delayed with the Exchange's approval still before the Australian Securities and Investments Commission with a commencement more likely mid-year. We will continue to keep you updated of the status of the APX and failing that, the commencement of trading of the interests in the Funds on an Australian Exempt Property Market.

What's happening at Garden City

New South East Busway interchange facility at Garden City.



From your first edition of the Garden Square Gazette we have kept you informed on the South East Freeway busway. With the busway due to open in late April, the effect upon the property's attractiveness to tenants and occupants, particularly with the new bus interchange and park'n'ride facilities at Garden City, is now eagerly anticipated.

The busway provides buses (and emergency vehicles) with an exclusive two-lane roadway which runs from the CBD through to the outer Southern suburbs of Brisbane stopping

at each of the four new bus interchange stations. Buses on local routes will also use the busway which will be linked to existing bus, rail and ferry networks. The new busway is intended to provide fast express routes for commuters, increasing the speed, reliability and comfort of bus services.

Being located nearby to one of the few bus interchanges such as Garden City, will create more focus on the property and further increase its convenience.

GARDEN SQUARE
PFA

