

GARDEN SQUARE *Gazette*

100% LET

We are pleased to report that 100% letting has been achieved in Garden Square as a consequence of some recent leasing transactions that have been completed. This is an excellent overall achievement in respect of any office property and it stands as testimony to our focus on the property. However, we at PFA are very conscious of the ongoing challenges that all properties present. There are still many challenges to be met over the next year or two as we work towards the positioning of the property for sale.



New Citibank premises in Garden Square

Welcome **CITIBANK**

In the last edition of the Garden Square Gazette, we referred to a new leasing transaction which was in the process of being finalised with a significant financial institution. That institution is Citibank Limited, part of Citigroup, the largest of the world's financial services companies. The premises will be trading under Citigroup's recently released "oneport" brand and will conduct the traditional Citibank services for Brisbane and the Gold Coast region.

Citibank were previously located in the Brisbane CBD. However, the location of Garden Square provides Citibank with easy access and convenience for both its staff and clients.

The Citibank lease being 580m² on level 2 of Block D is most of the space formerly occupied by Hanover Holdings. In accordance with Citibank's world leasing policy for such branch office facilities, the lease term is only three years. However, we are

hopeful of a longer term presence of Citibank in the property given the extent of expenditure on their fitout and facilities.

We are particularly pleased to have Citibank as a tenant of the property given that it is also the financier of the Garden Square Joint Investment.





New external signage at Garden Square

REFURBISHMENT UPDATE

The finishing touches are now being made to the refurbishment of the ground floor of Block C. This space had a long unwelcoming corridor passing through the middle of it to the facilities at the end of the Block. The carpets had become worn with inappropriate partitioning layouts.

This space has now been reconfigured, thereby reducing the common area, and increasing the lettable area and rent earning capacity of the premises. To enable this, we have expanded and refurbished the toilet facilities in the core of the building.

Two existing tenants have been relocated:-

- Kedcorp Constructions Pty Ltd has moved into new space and signed a five year lease for 190m²;
- Wilson Chan (Accountants) has relocated and signed a lease for one year for 165m².

Davies Knox Maynards, Chartered Accountants have leased 449m² in this refurbished space for seven years

commencing on 1 October 2001. This progressive accounting firm, which has 12 partners and 75 staff in offices from Brisbane to Coffs Harbour, has taken up the balance of the remaining space in the refurbished area and has increased the private tenant presence in the property.

We will provide you with images of the refurbished space and these new tenancies in our next investor update.



Reception area of new Citibank tenancy

QUEENSLAND GOVERNMENT RENEW LEASE

As part of the ongoing leasing activity, negotiations were also concluded with the Queensland State Government Department of Industrial Relations for a six year lease and a four year option over 873m² being all of level 2 of Block C, and 326m² of Block D (1,199m² in total). As part of this transaction, a fitout incentive of \$350,000 is being provided.

We take heart from this renewed commitment by the Queensland Government to its presence at Garden Square, particularly as we have other State Government tenancies within the property.



BOARD CHANGES

We are pleased to advise of the recent appointment of Elizabeth Pidgeon and Matthew Madsen to the Board of Directors of PFA.



Elizabeth Pidgeon

Matthew has been previously profiled in the August, 1998 edition of the Garden Square Gazette. He has assumed the role as Director in charge of the funds management operations of PFA.

Liz has been involved in the property industry for 15 years culminating in her gaining industry recognition as President of the Property Council of Australia (Qld), the industry's peak body.

Liz's property career started in agency with Richard Ellis before she became a director of F.A. Pidgeon & Son Pty Ltd, one of Queensland's major construction and development companies in the 1980's and 1990's.

Her professional time is now principally spent as executive director of Cornerstone Properties Limited and on a number of boards and charitable committees.

Liz brings to us property development experience and broad industry contacts.

As pleased as we are to announce these appointments, we are conversely disappointed to advise of the retirement of Mr Rod Keown as a Director of PFA. Rod's contribution to PFA and the funds under its management have indeed been significant. Rod's involvement in his other business interests have become considerable in the last year.

His guidance and input will be missed. We are sure that he will continue as a friend of PFA and provide occasional guidance where necessary.

VARIATION OF FINANCE FACILITIES

As you may be aware from the prospectus, at the settlement of the purchase of Garden Square, a revolving line of credit (i.e. an overdraft facility) was established with a limit of \$1.75M. As advised at the time, the fundamental purpose of the facility was to meet future capital expenditures, tenancy incentives and to assist in the evening of distribution payments. After the recent refurbishments and leasing transactions, this line of credit is now approaching \$1.5M. We have therefore agreed with our financiers that this will be converted to a term debt arrangement bringing the total term debt to \$12.75M with a reduction in the overdraft facility to \$450,000.

The increased term debt repays the outstanding indebtedness under the original revolving line of credit facility with the balance being used for lessor's works and tenant incentives for the recent leasing of the property.

The cost of interest on the term debt will be approximately 2% less than what was previously being paid under the overdraft facility thereby reducing the cost of funds.

CAR PARKING RE-ARRANGEMENTS SUCCESSFUL

We are constantly looking for methods to maximise returns out of this property. As alluded to in previous Gazettes, we implemented earlier in the year, car parking reconfigurations and boom gates which enabled us to charge for car parking that was not previously able to be done. The implementation of the new car parking configuration and boom gates has now resulted in 45 car parks being

taken up on a casual basis by occupants of the property paying the moderate rate of \$50 per calendar month. We are confident that a further 10 car parks will be taken up in the near future. Whilst this may not sound like a lot of money, it should be appreciated that this simple initiative could reasonably be expected to add an extra \$200,000 to the value of the property.

GARDEN SQUARE PFA



TAX RETURN TIME

You should now be in receipt of your Distribution Summary which contains all the necessary information 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.

Want to know more about us?

Why not visit us on our website www.pfaltd.com.au and discover amongst other things:-

- recent property news and our views on it;
- a history of your fund and latest investor updates;
- our current offers;
- the services that we provide.

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.

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.

Our Latest Fund Just Released

Our new fund – “The Trilogy Trust – Diverse Sector Fund” has just been launched. The Trilogy Trust is a diversified fund of three properties offering participation in six different property sectors in two cities. It has forecast distributions commencing at 10%p.a. If you would like further information about The Trilogy Trust please contact your financial adviser.



For further information contact:



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