

PROPERTY MANAGERS

After receiving a number of submissions over recent months, relating to The Metropolitan Collection and other properties within PFA's funds under management, Knight Frank have been selected as the principal property manager for The Metropolitan Collection portfolio.

Knight Frank has a strong national and international reputation in the property management profession.

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. Otherwise, the electronic credit distribution system rejects the funds 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.

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
www.pfaltd.com.au

PROTECTING YOUR PRIVACY

On 21 December, 2001 new privacy legislation known as the Privacy Amendment (Private Sector) Act 2000 came into effect. This new legislation sets a national standard which will regulate the way businesses collect, use, disclose and transfer "personal" information. Enclosed with your newsletter is a notice which we believe should help you to understand how we handle your personal information. We encourage you to read this information.

SIX MONTHLY REPORTING

As advised in a previous investor update, it is now a requirement under the Corporations Law that six monthly audited accounts be completed for the Capital Collection - Diverse Sector Fund. Audited accounts and interim manager's report for the period ended 31 December, 2001 are now available upon request. Should you or your adviser require a copy please do not hesitate to contact us.

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.

WANT TO KNOW MORE ABOUT US?

Why not visit us on our website
www.pfaltd.com.au.

THE METROPOLITAN

an Investor Update

ISSUE No.6

ANZAC SQUARE UPDATE

HERITAGE CORRIDOR

After several reports about the use of this space the 'Golden Espresso' opened its doors in December last year. The owner of the new café, Elvis Soiza, has signed a 7 year lease for this unique space. Elvis has spent the last 27 years in hospitality having worked front and back of house for 4 and 5 star hotels. The café has a distinctive European style and has a growing regular clientele including tenants from the Anzac Square commercial offices and residents from the adjoining apartments. Elvis reports to date that "the feedback we're receiving is just fantastic". "We give five star food, five star service, without the five star price".

It is anticipated that the conversion of this storage space to 60m2 of retail has added approximately \$300,000 to the valuation of the Anzac Square office component.

Energex Consolidates & Extends Lease Term

We are pleased to confirm that Energex have now signed lease documentation to extend their lease of three floors (levels 4,5 and 6) to June 2008. As reported in your September 2001 update, a consequence of this lease extension was the surrender of their lease of one floor (level 3).

MacGillivrays (Solicitors) have expanded their tenancy and have signed a lease for approximately 50% of the space previously occupied by Energex on level 3. This lease will run concurrently to MacGillivrays



Elvis Soiza at the entrance to Golden Espresso

existing leasing term for level 2 and expire in four years (April 2006).

Agents have been appointed to lease the 577m2 balance of level 3 with a reasonable level of enquiry and inspection occurring to date.

Building Evacuation

On Wednesday, 23 January this property received media attention after workers were evacuated from the building. The evacuation was

reportedly caused by toxic fumes from a chemical being used in an adjoining building and which drifted into the Anzac Square offices. At the time of this update, no correspondence or claims alleging any responsibility of the Anzac Square office owners have been made in relation to the incident. Based upon the facts and the applicable law as we understand them, there should be no liability to be borne by the owners of this building.



The JB Hi-Fi section of the refurbished Chandlers building.



In your last investor update, we advised that a conclusion regarding the redevelopment of for this site involving the demolition of the Chandlers building was close. We also advised that we would not proceed until all agreements for lease were finalised. Unfortunately, immediately following on from the tragic events of September 11, some key tenants were no longer prepared to commit to the development.

Around this time, attractive offers were received from prospective tenants JB Hi-Fi and Furniture Direct to lease the former Chandlers building for 10 years. The offers made by these tenants justified the retention and refurbishment of the existing building. Refurbishment works to accommodate the

needs of the two tenants have been carried out at a cost of approximately \$480,000. The refurbishment works and the introduction of JB Hi-Fi and Furniture Direct has had a positive impact on the presentation and appeal of the former Chandlers building and entrance to the property generally.

Who are JB Hi-Fi

JB Hi-Fi were established in 1975 in Victoria and now have 20 stores throughout Australia. JB is Australia's leading independent retailer of home entertainment and recorded music. JB offers leading brands of hi-fi, speakers, televisions, VCRs, car sound, home theatre and portable audio as well as recorded music.

BOARD CHANGES

It is with regret that we announce the resignation of Clive Schultz from the Board of Property Funds Australia effective 28 February, 2002. Clive's own increasing business commitments have not enabled him to continue to give his desired level of contribution and commitment to PFA. Clive's contribution to the organisation particularly in the finance and banking area will be missed. We expect to be able to announce Clive's replacement on the Board in the near future.

APX/EXEMPT MARKET UPDATE

In keeping with our previous updates, we are pleased to advise the latest progress on the Australian Property Exchange (APX).

On 7 January this year after many months of ASIC negotiation, comment and input, the Australian Securities and Investments Commission (ASIC) released the APX Application for a Stock Exchange licence for public consultation to enable the public the opportunity to provide written submissions in relation to the APX application.

The consultation process closed on 21 February and several submissions were received. These submissions are now under review. However, a number of the issues that have been raised are expected to be resolved quickly such that ASIC will be able to make its final recommendation to the Minister.

THE PRECINCT – COORPAROO

Two shops at The Precinct still remain vacant. Both tenancies remain under rental guarantee by the Vendor until April 2004 with the Vendor having leasing responsibility. There is therefore no cost to your fund of the vacancy. We have become concerned by the Vendor's lack of success in this area and are now proposing to take over the primary responsibility for this activity.

PROPERTY REVALUATIONS

As you may be aware, the three properties which comprise the Metropolitan Collection are required to be revalued not less than every three years. Property valuations are currently underway for each of the properties. Further details will be provided in both your annual report and next investor update.