

(BSX Listing Continued)

Distributions

Your distributions will continue to be paid on a monthly basis by electronic funds transfer. Your distributions will not be affected by the listing on the BSX. As has previously occurred, we will continue to monitor distributions levels throughout each financial year.

Investment Term

The listing of The Capital Collection Syndicate and Trust on the BSX does not change the original term of your investment. You can still hold your investment until the properties are sold. As stated in the original prospectus, the properties may not be held later than December 2007 except in certain limited circumstances. The listing of the Fund on the BSX is an additional service provided to existing and potential investors as an alternative way to exit their investment rather than waiting until the properties are sold and the Fund terminated.

Trading Volume Forecasts

It is important all investors be aware that we do not initially anticipate that there will be a significant amount of trading of your Capital Collection lots or units. You therefore should not be perturbed by seeing little activity on the BSX trading screen. PFA does not believe that there will be significant liquidity or transaction volume created by merely listing the lots/units of the Fund on the BSX. Liquidity is influenced by a number of factors including the size and number of parcels and investors and the nature of the underlying assets

Further Information

Should you require any further information please visit the Bendigo Stock Exchange website www.bsx.com.au, contact your financial adviser or stockbroker or Property Funds Australia Limited.

PFA INTERNAL NEWS

Director Retires

It is with regret that we advise of the retirement in April of one of our founding directors, Mr Archie Douglas.

Mr Douglas has been gradually scaling back his regular business commitments in a number of areas over the last few years. Furthermore, Mr Douglas originally represented PRD Realty who for some time now have not had any financial interest in PFA.

The contribution made by Mr Douglas to PFA in its formative years has been immensely valuable. His vision and guidance has helped shape PFA

into a well regarded property funds management company. We thank him for his significant contribution to the organisation. An announcement is expected later this year as to a replacement director for Mr Douglas.

We're on the move

Due to the expiry of our existing lease PFA are relocating to new premises at Level 3, Anzac Square, 200 Adelaide Street, Brisbane. This move will be effective from Monday, 12 May, 2003. Please note that all of our other contact details (including telephone numbers) will remain unchanged.

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.

FOR FURTHER INFORMATION CONTACT:

Bronwyn Risk – Manager - Investment Services
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WANT TO KNOW MORE ABOUT US?

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

CHANGING YOUR BANK DETAILS OR MOVING

Don't forget to let us know

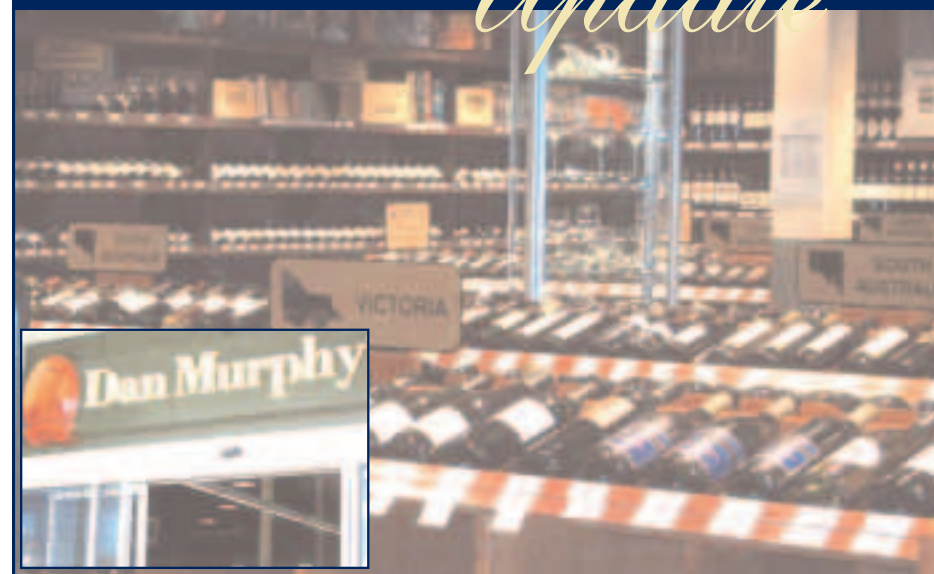
To ensure that you keep receiving your monthly income distributions don't forget to advise us if you change your bank account details in order that the electronic credit distribution system does not reject the transfer. Likewise, if you are changing your mailing address (as shown on the Syndicate or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

THE CAPITAL *Courier* AN INVESTOR UPDATE

ISSUE No.7

CANBERRA Update



Dan Murphy's liquor outlet at the Homeworld Centre

DAN MURPHY'S OPEN FOR TRADING

In your last Investor Update, we reported on the new lease agreement with Woolworth's Limited to trade as a Dan Murphy's liquor outlet at the Homeworld Centre. We are pleased to report that Dan Murphy's commenced trading from the property in December, 2002. Dan Murphy's is an excellent anchor tenant for the Centre and this has been positively

reflected in the further revaluation of Homeworld. As previously reported, the lease agreement with Woolworth's cost the Fund approximately \$550,000 for tenancy fitout capital expenditure and leasing incentives. The Fund does however enjoy the benefits of depreciation through the ownership of part of the tenant's fitout.

ANOTHER VALUATION INCREASE

Since your last Investor Update a further valuation of the Homeworld Centre has been completed for the purposes of the Fund. We are pleased to advise that the new valuation for Homeworld as at March 2003 was \$28.9M. This new valuation reflects a 8.6% increase in the value of the property since the last valuation was completed in March last year and an increase of 22% since the original valuation in September 1999 at the time of the purchase of the property.

DEBT UPDATE

The Fund is in the process of securing an additional \$1.0M in long term debt, secured against both Homeworld and Post Office Square. This advance will be used to reduce the overdraft facility which is a more expensive source of funding.

HOMEWORLD HOME TO THE ACT'S TOP JAPANESE RESTAURANT

Washoku Japanese restaurant had been one of Canberra's best kept dining secrets. This changed however when Washoku was named the top Japanese restaurant in the ACT in 2002. The restaurant's Head Chef, Boon started cooking traditional Japanese cuisine in 1978 and spent many years working in various countries before arriving in Canberra. Boon was the head chef at another leading Japanese restaurant from 1991 until he sold in 1999, and in 2000, opened Washoku.



Washoku's Head Chef, Boon

LEASING UPDATE

A number of lease expiries have been successfully renegotiated with new lease terms agreed. These include Dick Smith Electronics, Jenny Craig and Civic Video. Details of the new lease agreements will be provided in your next Investor Update.

In addition to the leasing efforts of the Centre Manager, Knight Frank, LJ Hooker Commercial have been appointed to intensify the focus on leasing the current vacancies at the Centre. Due to some hard work by our personnel and our on-site managers, the vacancy rate at this property is now 4% with a reasonable prospect of further improvement.



SURROUNDING DEVELOPMENTS

Rowes Arcade Refurbishment

Rowes Arcade which adjoins Post Office Square is currently under refurbishment. The Arcade is accessible from Post Office Square and has frontages on Adelaide and Edward Streets. The refurbishment is to include new access to the arcade via an escalator from the open park/piazza above Post Office Square, further retail shops and improved sight lines from all entry points. The refurbishment is due to be completed in June this year. We view improvement in Rowes Arcade and its food court as a positive for Post Office Square. Both properties essentially operate as one working together to compete against other retail precincts.

MACARTHUR CENTRAL NOW OPEN

We previously reported on the development of a new retail centre located diagonally opposite Post Office Square. Macarthur Central was completed late last year and opened for trading in December. Macarthur Central fronts Queen, Edward and Elizabeth Streets. The Centre includes 40 specialty stores, major retailers Big W, Woolworths, Crazy Clarks and a first level food court. The centre has also incorporated high fashion retailers including Polo by Ralph Lauren, Orotan and Morrissey on the Edward Street frontage. As a result of this new development, there has been a noticeable increase in pedestrian traffic at this end of Queen Street.

Overall, this new centre is creating a positive retail focus for the northern end of Queen Street where Post Office Square is located. At this stage, Macarthur Central does not seem to have been detrimental to Post Office Square or its food operators. Further details are provided later in this Update.

Interior of the new Macarthur Central

To ensure that Post Office Square maintains and subsequently grows its market share a marketing/advertising campaign is in place. The marketing program has been prepared and implemented by an experienced retail consultant and is funded by marketing levies paid by the tenants of Post Office Square. The current program has been designed to concentrate on the occupiers of the surrounding office buildings and incorporates the new slogan "It Quick, It's Close, It's Post Office Square!".

The marketing campaign has been of particular importance to ensure that Post Office Square does not lose market share following the opening of the Macarthur

Central food court. We are pleased to advise however, that a recent survey of traffic passing through the centre, shows that there has been no impact by the opening of Macarthur Central. The survey results indicate that the property still averages approximately 22,000 visitors per trading day.



Post Office Square winners enjoying lunch with Channel 9's Jamie Durie



VALUATION INCREASE

We are pleased to report that a revaluation of Post Office Square was completed this month. The valuation has now been adopted in the accounts of the Fund. The valuation as at March 2003 was \$52.0M. The valuation of Post Office Square as at 1 November 1999 was \$49.6M.

THE CAPITAL COLLECTION SYNDICATE AND TRUST LIST ON THE BENDIGO STOCK EXCHANGE



In previous Investor Updates we have reported on the establishment of the Australian Property Exchange (APX). It had been hoped that the APX would be operational quite some time ago. Unfortunately, this has not been the case. We also previously stated that failing the commencement of the APX, we would investigate trading opportunities on a Australian Exempt Property Market. Following our investigation of alternative markets we have made a decision to list The Capital Collection Syndicate and Trust on the Bendigo Stock Exchange.

About the Bendigo Stock Exchange

BSX is a fully licensed Stock Exchange and began trading in 2001. The Bendigo Stock Exchange's origins date back to Victoria's gold era. Today, the BSX is an initiative that provides a structure for the establishment of niche trading platforms for markets such as property related managed investment schemes. To this end in February, 2003 the BSX announced the establishment of a specialist property market within its exchange.

BSX is not aligned to any single industry interests group and its structure encourages open participation by traditional financial services distribution channels. Its major shareholders and strategic supporters are Bendigo Bank and Computershare.

BSX can be contacted through its web site www.bsx.com.au.

The Benefits of Listing

Property Funds Australia believes the key benefits of listing on the BSX include:-

- **An Alternative Exit:** The BSX listing will provide existing investors with an alternative exit mechanism rather than have to hold your investment until the properties are sold and the Fund terminated.
- **Some Liquidity:** Greater ability to transfer and exchange your investment. However, PFA does not believe that there will be significant liquidity or transaction volume created by merely listing the lots/units of the Funds on the BSX. Liquidity is influenced by a number of factors including the size and number of parcels and investors and the nature of the underlying assets.

• **Enhanced Market Information and Disclosure:** This increases and is more regularly communicated to the exchange than was previously the case. This should result in growth in the confidence and ability of retail and professional investors to participate in this sector of the property industry.

• **Valuation** – BSX listing provides investors with the ability to obtain an indicative valuation of their investment by reference to the most recent trading data. Care should however be taken as the trading price may not represent the net tangible assets or net realisable value of the Fund.

• **No Transfer Stamp Duty:** The transfer of lots/units on a recognised stock exchange like the BSX incurs no stamp duty whilst if not listed stamp duty would be incurred.

How can you Buy or Sell on the market?

To place an order to buy or sell, PFA recommends you speak directly to your Financial Advisor regarding your investment. You or your advisor will then need to instruct an accredited BSX Broker to place an order. Each order will incur brokerage fees charged by the broker, but will not incur stamp duty.

How will the lots/units be priced?

The BSX markets, including the Property Board within it, openly reflect current bids and offers together with details of recently completed transactions. The market will ultimately determine market prices based on a range of factors such as supply and demand of buyers and sellers at any given time. Logically, the trading price should reflect investors anticipated valuation of assets and future income or yield from the investment.

Where can I find BSX price information?

Initially, PFA Funds may not be listed in the market pages of publications such as the Australian Financial Review. However, at all times, you will be able to ascertain market prices for bid and offer by logging onto www.bsx.com.au where trading information is available. By becoming a BSX member (which is currently free) you will gain complete access to the full suite of BSX trading market services and receive the BSX monthly e-newsletter.

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