

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.

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.

PROPERTY MANAGERS

After receiving a number of submissions over recent months, relating to The Capital Collection – Diverse Sector Fund and other properties within PFA's funds under management, Knight Frank have been selected as the principal property manager for The Capital Collection properties. Jones Lang LaSalle will continue to carry out local physical management of the Homeworld Centre in Canberra. Both of these organizations have strong national and international reputations in the property management profession.

FOR FURTHER INFORMATION CONTACT:

Bronwyn Risk
Manager - Investment Services
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
Email: info@pfaltd.com.au
www.pfaltd.com.au



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.

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 your 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.

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 CAPITAL *Courier* an Investor Update

ISSUE No.5

CANBERRA



Works underway at Homeworld in preparation for new ALDI tenancy

ALDI OPEN FOR TRADING

The new ALDI store located at the Homeworld property opened on 7 February, 2002. Reports to date are that the store has been trading above expectations.

The ALDI project has resulted in two small vacant tenancies located near the store entrance. Jones Lang LaSalle are currently canvassing new tenants for these areas. PFA has also appointed a specialist retail leasing consultant to oversee the leasing of these tenancies. ALDI's inclusion in Homeworld will bring long-term benefits to Homeworld and will provide an opportunity for smaller speciality retailers to trade off ALDI's seven day a week trading.

FINANCE FACILITY INCREASE

The total cost of the ALDI project at the Homeworld Centre including works completed, relocation of tenants, new leases and incentives has been approximately \$1.8M. Colonial First State have approved an increase of their first mortgage over the property by \$2.1M to accommodate the ALDI expenditure and budgeted works for a food court project and repainting of the centre. A property valuation by Colonial's valuers has justified the increase in their finance facility and the expenditures associated with the ALDI project. The property is currently being revalued for the purposes of the fund. Further details will be provided in both your annual report and next investor update.

BBC DEPARTURE

The real challenge for this property is the impending expiry of the BBC Hardware lease in May this year. It is intended that this BBC Hardware store will close following their takeover by Bunnings Building Supplies in 2001. Bunnings have an existing store at a nearby development at Tuggeranong. Negotiations have commenced with prospective tenants for this space. However, at the time of issuing this update no leasing has been finalised.



QUEEN STREET
ENTRANCE

The reletting of the space previously occupied by Suncorp Metway at the Queen Street entrance of the property has now been finalised.

This entire area has now been reconfigured for three (3) new tenants. The first of the new tenants opened for trading late last year. These were Tie Rack and Post Office Square Dry Cleaners. Tie Rack first originated in London in 1981 and now have over 400 shops in 28 countries. They specialise in ties, scarves and accessories. Tie Rack have taken a 5 year lease and the dry cleaner a 7 year lease.

The leasing and fitout negotiations for the final tenancy for this prime entrance space have now also been finalised. The existing newsagency operation previously operating near the central core of Post Office Square will now relocate to the Queen Street entrance on a new 12 year lease. Fitout for the newsagency is soon to begin with the new store due to open for trading during April. After consultation with a number of retail experts, it was resolved that a newsagency use at the Queen Street entrance would be the best for this property. We believe this new active trading use will make a far more inviting retailing statement from Queen Street.

ATM'S

The Commonwealth Bank and Credit Union Australia now have freestanding Automatic Teller Machines in the Post Office Square food court. The ATM's located within the food court provide additional revenue for the centre and a "value-adding" service for the patrons and food court operators.



The new Tie Rack tenancy

SUBWAY ARRIVES IN POST OFFICE SQUARE



The new Subway tenancy

One of the world's largest franchise operations has now opened in Post Office Square. Subway (a franchise operation with more than 16,000 outlets worldwide) opened for trading in January this year. They have taken a 10 year lease for the 55m2 shop which is located next to the pharmacy at the Queen Street entrance.

THE COFFEE CLUB

The popular and successful Coffee Club chain have now signed a 10 year lease to take over the Adelaide Street entrance coffee shop previously operated by Zaraffa's. The shop has undergone significant changes and new fitout in line with the Coffee Club's successful formula. The Post Office Square café will be the Coffee Club's 60th in Australia and its seventh location within the Brisbane CBD. The Coffee Club's founder Emmanuel

Drivas made his early business success from Post Office Square when he established Emmanuel's Carvery – one of the great traders of Post Office Square. The franchisee of this new Coffee Club is in fact the current owner and operator of Emmanuel's Carvery - Angelo Kokoris. Consequently, this tenant has no shortage of knowledge of what makes Post Office Square tick. We welcome this well known coffee chain to Post Office Square.

EXISTING TENANT
EXPANDS
OPERATION

Jane Chang who already operates Ming Court and Ichiban in Post Office Square has recently signed a further lease for 5 years for shop 32 of the Centre. Jane has successfully been operating Ichiban Sushi from this shop on a trial basis over the past 6 months with such success that she wanted to commit long term to the space.

KINGS CAR PARK

Outdated car parking equipment has now been replaced in the Post Office Square car park operated by Kings Parking. The cost of replacing the equipment was \$115,000 and is in accordance with Kings Parking lease arrangements for the car park. This capital expense was factored into the forecasts for the net property income for Post Office Square.

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.