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Property Fund Managers

**BSX Announcements**  
**By Email: [announcements@bsx.com.au](mailto:announcements@bsx.com.au)**  
(2 pages)

### **GARDEN SQUARE SOLD WELL ABOVE ITS BOOK VALUE**

Property Funds Australia Limited ("PFA"), as responsible entity of the PFA Diversified Property Trust ("the Trust") (BSX code: PFD) announced today it has entered into a contract for the sale of Garden Square Office Park to Stockland Trust Management Limited on behalf of the Stockland Trust.

The agreed sale price is \$57 million well above its book value of \$35 million.

Under the contractual arrangements, the Trust is to bear the cost of any outstanding tenancy related incentives (e.g. rent free periods given to tenants) and provide a one year rental guarantee over a remaining vacant space which the Trust is currently finalising negotiations for letting. The contract provides for settlement on 28 February 2007.

Garden Square Office Park is located 11 kilometres south-east of the Brisbane CBD, adjacent to the Garden City Regional Centre, one of Brisbane's major regional hubs. The office park comprises two separate commercial office buildings, one of three levels and the other of four levels. The property has a high profile with frontage to the South-East Freeway. The Queensland Government has a significant presence providing around 53% of the income of the building, with private tenants such as Citibank and Trendwest also represented. The office park has approximately 12,600m<sup>2</sup> of office and is currently 93% leased, with only 1 vacancy of approximately 900m<sup>2</sup>.

The office park has been reworked by PFA in recent times and has had its leases restructured following the expiry of a long term Coles Myer lease in December 2004. The property was purchased in 1998 and is the longest held property of the Trust (and its sub Trusts). The property was bought by the Trust for a price of \$20.6 million. The sale price at \$57 million represents an initial yield of around 6.5%.

PFA's Managing Director, Mr Chris Morton, said "The Board of PFA determined, after a strategic review of the Trust's portfolio, that the sale of Garden Square Office Park was appropriate. This divestment is consistent with the ongoing diversification strategy of the Trust, particularly given the extent of the Trust's material overweight nature to Brisbane office."

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An expression of interest marketing campaign was commenced in early October 2006 by real estate agents Knight Frank and DTZ Australia. Approximately 10 expressions of interests were received and analysed. Stockland has been carrying out their due diligence over the last month or so leading up to the exchange of contracts.

"We are currently advanced in pursuing replacement assets for Garden Square. Initially, it is unlikely that these funds will be reinvested into Queensland as we remain committed to our strategy of increasing the Trust's geographic and sector diversification."

The sale of Garden Square was negotiated by Andrew King of DTZ Australia and David Fowler of Knight Frank as agents for the Trust.

For further information, please contact Chris Morton (Managing Director of PFA) on (07) 3221-7170 or 0419 302 600.