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## **BSX Announcement/Press Release**

(2 pages)



Property Fund Managers

### **PFA DIVERSIFIED PROPERTY TRUST – BSX CODE: PFD TO ACQUIRE 706 MOWBRAY ROAD, LANE COVE**

Property Funds Australia Limited ("PFA"), the responsible entity of the PFA Diversified Property Trust ("the Trust"), announced today it has entered into an unconditional contract to purchase an industrial/office property located at 706 Mowbray Road, Lane Cove, Sydney for \$29.265M.

706 Mowbray Road, Lane Cove was constructed in 1987 and is a multi-level, hi-tech industrial complex comprising of two, three level office buildings, two warehouse levels and four levels of basement parking. The property comprises a land area of 1.756 hectares and has a net lettable area of around 17,000m<sup>2</sup>.

The property is easily accessible given its prominent location on Mowbray Road and its close proximity to the M2 Motorway and the soon to be completed Lane Cove Tunnel.

The property has six quality tenants and a strong 6.55 year weighted average lease expiry. Major tenants include Atlab Group Pty Ltd and Permail Pty Ltd.

Atlab has the largest film processing laboratory and post production facilities in the Australasian region, with operations in Sydney, Melbourne, Auckland and at the Warner Roadshow Studios in Queensland. The Group also includes Atlab Image and Sound Technology, which supplies, installs and maintains equipment in cinemas, and Filmlab Engineering, a leading manufacturer of film processing machines and other laboratory equipment. Atlab's head office is located at the Mowbray Road property. Services provided from 706 Mowbray Road include Atlab processing and digital services, bulk release printing, Atlab media logistics and group administration. The Group occupy 8,052m<sup>2</sup> (approximately 50% of the property) on a lease to 2018. Atlab is 50% owned by Amalgamated Holdings Limited with the other 50% owned by DX III Holdings and provides a strong lease covenant underpinning the property's income stream.

The property's other major tenant, Permail, have been providing mail-house services for over forty years and occupy 2,806m<sup>2</sup> until 2008.

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Subject to current lease negotiations, there is a vacancy around 15% of the property's income. Rental support for this vacancy is being provided for approximately two years whilst the vacancy is let. PFA is confident of leasing this space due to the strengthening of the leasing market that is been occurring in the area.

Property Funds Australia Limited Managing Director, Mr Chris Morton, said "We are pleased with this latest acquisition for the Trust particularly given its location within the Sydney market and also the opportunity to increase the Trust's exposure to industrial property. We have gradually been changing the Trust's property profile to enhance its diversification and particularly its weighting towards the Brisbane commercial market. We are positive about the strengthening of this particular leasing market and the continued firming of investment yields in the Lane Cove and North Ryde hi-tech property markets."

The property is being purchased at an initial yield of 8.5%.

The acquisition of this property is being funded from existing cash reserves and a further advance under the Trust's debt facilities.

The PFA Diversified Property Trust is an open-ended Bendigo Stock Exchange listed property trust. Following the completion of the acquisition of the Lane Cove property, the Trust will own a portfolio of 17 properties valued at \$437 million. The Trust's property portfolio is located in all states and territories (except South Australian and Northern Territory) and is spread across the retail, office, industrial, car park, entertainment and hotel sectors.

Property Funds Australia Limited (AFSL No. 224106) is the responsible entity of the Trust. Its directors and officers have a wide variety of background skills and experience critical to the ongoing management of the Trust. PFA is 50% owned by a wholly owned subsidiary of Mirvac Group – a leading diversified property group – listed on the Australian Stock Exchange with a market capitalisation of over \$3.5 billion.

The sale of the property was negotiated by Michael Fenton and Grant Weine of CB Richard Ellis, Sydney.

For further information, please contact Chris Morton (Managing Director of PFA) on (07) 3221-7170 or [cmorton@pfaltd.com.au](mailto:cmorton@pfaltd.com.au).