

8 June 2007



Property Fund Managers

## **Press Release/BSX Announcement**

(2 pages)

### **PFA DIVERSIFIED PROPERTY TRUST (BSX CODE: PFD) PFA TO ACQUIRE PERTH HOTEL PROPERTY**

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 a hotel property located at 707 Wellington Street, Perth for \$52.0M.

The property is a four star hotel, comprising 276 guest rooms, a restaurant, bar and 7 conference rooms. The hotel is located on Wellington Street, approximately 1 kilometre west of the Perth CBD.

Wellington Street is a major east-west thoroughfare through the Perth CBD and is close to public transport. The precinct surrounding the hotel is being upgraded and is on the boundary of the proposed Northbridge Link, a significant proposed redevelopment to link the Perth CBD and the suburb of Northbridge, a lively cultural, restaurant and nightlife hub. Part of the redevelopment includes the construction of the 14,000 seat indoor Perth arena and car park located opposite the hotel.

The hotel was opened in 1985 and is currently operating as the Hotel Grand Chancellor, Perth. However, following the acquisition by the Trust, the hotel will be leased to Citigate Perth Pty Ltd for 10 years and managed for that company by Mirvac Hotels Pty Limited under its Citigate brand.

Mirvac currently manages over 35 hotels and resorts throughout Australia and New Zealand. Some of Mirvac's hotel brands include Sebel, Quay Grand, The Como, Quay West, Sea Temple and Citigate.

Property Funds Australia Limited Managing Director, Mr Chris Morton, said "We are continuing our growth and diversification strategy for the Trust. We are very positive about the prospects for the Australian hotel market and the increased demand for rooms and room rates in the 4 star hotel market. This hotel is well located within the Perth CBD particularly given the proposed redevelopment that is occurring in the immediate surrounds to it. The property

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offers opportunities for extensive improvement through re-branding, intensive management and marketing."

"The Perth hotel market is showing positive signs for growth, with an increase in domestic visitors to the region and analysis of data from the Australian Bureau of Statistics for the Perth region suggesting occupancy has shown continual growth from 2002 to 2006. The market is displaying strong occupancies, with room rate growth increasing at high levels due to the demand."

"The Trust will now have 2 hotel properties within its portfolio, with the hotel sector currently representing approximately 14% of the Trust's portfolio. We are very comfortable with this level of exposure to the hotel market. However, it is not our current intention to further increase the hotel sector weighting above this percentage."

The property has been purchased at a price of approximately \$190,000 per room.

The acquisition of this property is being funded from existing cash reserves and a further advance under the Trust's debt facilities. The Trust is lodging a new product disclosure statement (PDS No. 5) to raise a further \$25M for future property acquisitions and overall expansion of the Trust.

The PFA Diversified Property Trust is an open-ended Bendigo Stock Exchange listed property trust. Following the completion of the acquisition of the Melbourne hotel property, the Trust will own a portfolio of 18 properties valued at \$493 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, entertainment and hotel sectors.

The sale of the hotel was negotiated by Mark Durran, Senior Vice President Investment Sales, Jones Lang LaSalle, 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).