

▶ PROJECT SUPERINTENDENT'S UPDATE..... 2

▶ NEIGHBOURING \$880 MILLION MARINA PROJECT TO CREATE 9000 JOBS ... 3

▶ PROJECT RISKS..... 3



PRIMESPACE

property investment

PRIMESPACE PROPERTY TRUST - NO.3
BURPENGARY QUEENSLAND

Anthony's welcome

Hello everyone and welcome to the first newsletter for PrimeSpace Property Trust No. 3.

Our Burpengary project is making good progress.

We are meeting and in some cases exceeding deadlines in construction, there is encouraging news on the leasing front while the local area around Burpengary continues to enjoy major growth.

One example is the local Northeast Business Park which is just two kilometres from our site.

This new privately backed marina development, which is scheduled to complete its environmental impact study in October 2007, is expected to create 9,000 new jobs in the area over the long term.

This newsletter is the first of a series of regular communications with investors throughout the life of the project.

It is important that we keep

you informed about our progress.

If you would like to receive this newsletter in electronic format or by post, please submit your preference to Michelle Gray at PrimeSpace on 02 6247 6200 or michelle@primespaceproperty.com.au.

Thanks again for your ongoing commitment to PrimeSpace and please enjoy this latest news from Burpengary.

Anthony McDonald



Construction Talk



Construction on the Burpengary development is well advanced. We have signed a gross maximum price (GMP) contract with PBS Building (QLD) Pty Ltd.

The contract commits to a 54 week building period which will take us up to February 2008.

As we publish this update, our expectation is that we will complete construction in November 2007, some four months ahead of our completion date.

The flow on benefits from this earlier than expected finish may be considerable.

Project Superintendent's update

I am delighted to announce Harry Haralambous of Haralambous Dowse and Associates as the project superintendent for the Burpengary development.

Many of you would have either met Harry or would remember the outstanding work he completed on behalf of PrimeSpace Property Trust No. 1 at Gunghalin Square, ACT.

As at the end of April 2007, Harry has provided the following update:

- ▶ bulk earthworks – 90% complete;
- ▶ poured slab – 90% complete;
- ▶ floors cast – 60% complete;
- ▶ tilt up walls (pre-cast) – 100% poured; and
- ▶ in ground hydraulics – 60% complete.

To find out more about Haralambous Dowse and Associates please visit their website at www.haraconsult.com.au.



Offer closes 40% over subscribed

We are delighted by the response of investors to the Burpengary project.

The offer for the \$14 million Burpengary Village Shopping Centre property trust closed 40% oversubscribed.

The neighbourhood shopping centre has a post development floor plan of 2,500 sqm of retail and 1,500 sqm of medical and office facilities.

Anchor tenants include ABC Learning, IGA Supermarkets and Liquorland. Prospective tenants include cafès, video stores and hairdressers.

The Burpengary investment follows PrimeSpace's successful Gungahlin Square development in Canberra which was completed in late 2006.

It is pleasing for us to be offering commercial property investment

opportunities that are attractive to investors. Our focus is on acquiring quality commercial property in fast growing regional areas and adding value through the intellectual property that resides both inside and outside PrimeSpace.

We have a strong and experienced management team and a well tested methodology that helps us to evaluate and manage risk.

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We also benefit from drawing on the expertise of the Canberra commercial property market.

The legal, project management, quantity surveying and financial advice that we receive from Canberra based commercial property experts is as good as anywhere in Australia. The expertise and quality of their advice mitigates the risk in our investment opportunities.

We view this 'team approach' as a key part of our competitive advantage.

LEASING



I am pleased to inform you that all anchor tenants have been secured.

IGA will increase its share of the new development, from 332 sqm to 864 sqm.

We have also signed a long term leasing deal with a local medical practice with six doctors and a pharmacy group.

This mix of retail and professional tenants will increase the attractiveness of the development and assist us in signing off on the remaining leases.

A growing neighbourhood

An \$880 million marina development is being proposed two kilometres from Burpengary by Northeast Business Park Pty Ltd.

The project is currently undergoing an environmental impact study during which an extensive community consultation and engagement program will run until October 2007.

A former pine plantation site in Raby Bay on the southern banks of the Caboolture River, the proposed



development will be a 340 hectare multiuse precinct on 760 hectares of land. It will have a marine industry and business focus and provide new public access to the riverfront.

The vision for the business park is:

- ▶ a 160 hectare business and light industrial precinct;
- ▶ a marine industries precinct, marina and associated commercial, retail and service facilities;
- ▶ more than 100 hectares of mixed density residential development;
- ▶ rehabilitated environmental buffer zones along the Caboolture River;
- ▶ leisure facilities, including a golf course; and
- ▶ 365 hectares of active and passive public recreation areas including a 50 hectare Heritage Park.

In the long term it is anticipated that business park will create up to 9,000 jobs in the Caboolture region.

PROJECT RISKS



While a better than expected leasing outcome on the medical centre has provided a significant boost to the project, we have exceeded our cost provision for external roadworks.

The Caboolture Shire Council has required that we make further adjustments to one entry point to the new development.

While exceeding the original allocation, the ultimate cost is well within our tolerance for variation.

Fast Facts

- ▶ Caboolture Shire's population growth has been increasing over the last 10 years and recorded an average annual growth rate of 3.3% to 2005, well above the 2.1% state figure.
- ▶ Burpengary has the lowest unemployment rate in the Caboolture Shire at 4.1%.
- ▶ Burpengary-Narangba recorded 80 new dwelling approvals in the December 2006 quarter, up 500% from last year.
- ▶ Non-residential construction in Burpengary-Narangba grew by 597.8% to a value of \$3 million from December 2005.
- ▶ Caboolture Hospital will get a new 10-bed centre at a cost of \$68.6 million, opening this year.
- ▶ **IGA** in Queensland has over 200 stores in the region.
- ▶ Every store is 100% independently owned.
- ▶ **Liquorland** is a wholly owned subsidiary of Coles Myer Ltd.
- ▶ Coles Myer owns a network of 591 liquor outlets.
- ▶ **ABC Learning Centres** have been a leader for 18 years in early childhood services.
- ▶ They have built over 100 state-of-the-art new centres in the last 12 years.
- ▶ They are the only company continuing to build centres in all areas where need exists across the country.

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