

Commonwealth Bank

Commonwealth Bank of Australia

ABN 48 123 123 124

Corporate Communication

GPO Box 2719

Sydney NSW 2001

Australia

Telephone: (02) 9378 2663

Telephone: (02) 9378 2662

Facsimile: (02) 9378 2395

www.commbank.com.au



COMMONWEALTH BANK AND ROTHSCHILD LAUNCH HIGHER GEARING 'SINGLE DOCUMENT' COMMERCIAL PROPERTY LOANS

SYDNEY, 6 April 2004 - The Commonwealth Bank has teamed up with international investment bank Rothschild to launch a new commercial property loan offering higher gearing levels through a single loan structure.

"We have been aware for some time that investors are seeking greater leverage to property markets returns through higher gearing," said Commonwealth Bank's Executive General Manager, Corporate Banking, Karen McGregor.

The new product, Real Estate Advantage, is aimed at commercial property investors and consortiums investing for income generation. It offers increased loan to value ratios (LVRs) from 65% to 75% traditionally offered to these clients by the Commonwealth Bank.

"This loan product allows us to deliver a customised loan with higher gearing and the simplicity of one single loan document and financing structure," said Ms McGregor.

The single loan structure effectively eliminates the need for subordinated and mezzanine debt and reduces the costs of loan establishment and legal fees.

"There is a strong interest in geared property at the moment. This new product fills a market niche for interest only loans over three to five year timeframes and is competitively priced," said Ms McGregor.

Rothschild's Head of Property Banking, Mr Stuart Nisbett, said the joint initiative with the Commonwealth Bank extended Rothschild's reach in the local market.

"Rothschild has over the past two years established a strong presence and reputation in the provision of development finance to all sectors of the Australian market. This joint venture gives Rothschild access to the commercial property investment market as well."

He added that Rothschild offered a similar product in the United Kingdom, a market where it has long been a provider of finance to commercial property investors.

Commonwealth Bank's Ms MaGregor said: "By partnering with a respected and specialist commercial property player like Rothschild we are able to offer our client base significant new advantages for gearing into commercial property without additional risk."

Real Estate Advantage provides interest only loans from \$3 million to \$15 million for approved commercial office, industrial and retail properties.

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Media Contact

Dawn Willis

Media Relations

02 9378 2662 or 0416 293 349