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PRESS RELEASE

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PROPERTY FUND MANAGERS

AUSTRALAND AND PFA ACQUIRE CIVIC TOWER, SYDNEY CBD

Australand and Queensland-based property funds manager, Property Funds Australia Limited ("PFA"), as responsible entity for The PFA Diversified Property Trust ("Trust") today announced that they have entered into an unconditional contract to acquire as tenants-in-common in equal shares Civic Tower, 66-68 Goulburn Street, Sydney for \$104.5 million.

Civic Tower is located on a very prominent corner in the Sydney mid-town sector. The property has frontage onto both Castlereagh and Goulburn Streets and is situated in close proximity to the recently completed World Square development. The property comprises a 22,932 square metre office tower over 24 floors with a small retail section of 257 square metres on the ground floor. Typical floor plates are 940m² NLA with central core configuration and column free. The property has a 4½ star SEDA green rating.

Civic Tower was completed by Grocon in late 2004 within the airspace above the existing Masonic Centre - belonging to the site's freehold owners, Masonic Investments Ltd. Masonic has granted a 125 year lease (expiring on 16 August, 2116) over the airspace in which the office tower is located.

The property's existing three major tenants include Publishing Broadcasting Limited (PBL), The Federal Department of Public Prosecutions and Keddies Litigations Lawyers. These tenants represent 67% of the property's income and are secured on 10 year leases. Floors 23 to 30 (approximately 7,800 square metres) are presently vacant. PFA and Australand are confident of leasing interest in the remaining space due to the building's recent completion, general quality and green building focus as well as the panoramic views from the remaining upper unlet floors.

PFA and Australand have also finalised an agreement with Challenger Property Asset Management Pty Limited ("CPAM"), in which CPAM provides rental and other support for the property over the next 3 years whilst the remaining vacancy is let. The vendor, a subsidiary of Grocon, was introduced to PFA and

Australand by CPAM who held a Deed of Option to acquire the property. CPAM acted as the two co-owners' agents in the acquisition and received a fee for their part. Greg Penn (Jones Lang LaSalle) acted as vendor's agent.

Property Funds Australia Managing Director, Mr Chris Morton, said "We are pleased with this new acquisition. It provides a number of diversification benefits to the Trust including our first exposure to the commercial office market in Sydney, or just Sydney (for that matter). The acquisition delivers to the Trust a fully leased acquisition yield of 7.5% with existing rental income growing at 4% per annum."

"Acquisition of an office property in Sydney has been an objective of PFA for the Trust for some time. We believe our 50% acquisition in the Civic Tower is a sound investment for the Trust particularly given it's location in a rapidly evolving part of Sydney's CBD i.e. close to the new World Square Development and the Ernst & Young building. Having 67% of it let on long term leases to tenants of the covenant quality of PBL and the Federal government is a bonus", said Mr Morton.

"The opportunity to acquire a commercial property in joint venture with Australand has enabled the Trust to gain exposure to this asset without increasing the Trust's exposure to a large single property or tenants."

The property also matches well with the acquisition assumptions contained in the Trust's recently released PDS.

PFA lodged last Thursday a PDS raising a further \$20 million with units issued at \$1.09 per unit. This delivers investors in this issue an 8.7% yield in a trust with around \$350 million of assets.

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