

23 August 2006



Property Fund Managers

BSX Announcements

By Email: announcements@bsx.com.au

**PROPERTY FUNDS AUSTRALIA LIMITED
PFA DIVERSIFIED PROPERTY TRUST (ARSN 097 860 690)
BSX CODE – PFD
BACKGROUND TO AMENDMENT TO CONSTITUTION**

The Board of Property Funds Australia Limited ("PFA"), the responsible entity of the PFA Diversified Property Trust ("the Trust") has recently been requested by the Trust's auditors to rectify some inconsistencies and typographical errors in the Constitution of the Trust and amend the Constitution accordingly.

In particular, the existing clause 25.1(a) dealing with the calculation of the management fee was inconsistent and illogical in its reference to "deductions to Scheme Value necessary due to the purchase of Scheme Property". Purchases of Scheme Property logically result in increases in Scheme Property and not deductions in Scheme Value against which management fees are calculated.

Fundamentally, the only words that have changed between the old clause 25.1(a) and new clause 25.1(a) is the deletion of the words "less any adjustments" and insertion of the words "taking into consideration any adjustments" relating to Scheme Property purchases and sales.

The intention of clause 25.1(a) is (as represented in the product disclosure statements issued in respect of the Trust) clear in that the management fee must be adjusted down where Scheme Property is sold and adjusted up when Scheme Property is purchased so that the management fee during the financial year (on a month to month basis) attracts the 0.6% of the Scheme Value from time to time. If it was the intention that the management fee was only to be adjusted down during a financial year, then the clause would have excluded the reference to the purchase of property as purchases will always have a positive impact on Scheme Value and therefore on the management fee.

Furthermore, there was an inconsistency between differing provisions in the Constitution relating to the rounding up or rounding down of fractions of units. This has also been amended to achieve logic and consistency.

Each of the amendments to the Constitution have been considered by the Trust's solicitors who have advised the responsible entity can reasonably form the view the amendments to the Trust's Constitution "...do not adversely affect member's rights."

The amended Constitution has received the relevant necessary consents of the Trust's financiers and the Bendigo Stock Exchange.

Yours faithfully

PROPERTY FUNDS AUSTRALIA LIMITED

A handwritten signature in black ink, appearing to read 'Chris Morton', written over a horizontal line.

Chris Morton

Managing Director

cmorton@pfaltd.com.au

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l a w y e r s

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DEED POLL

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DEED POLL

Made on

23 August, 2006

BY

PROPERTY FUNDS AUSTRALIA LIMITED ACN 078 199 569 of Level 3, 200
Adelaide Street Brisbane in the State of Queensland

(**'Responsible Entity'**)

BACKGROUND

- A. The Responsible Entity is the trustee and responsible entity of the Trust known as PFA Diversified Property Trust ARSN 097 860 690 ('the Scheme') constituted by a deed poll dated 30 June 2003 as amended from time to time ('Constitution').
- B. Clause 35 of the Constitution provides that the Responsible Entity may amend the Constitution by deed.
- C. Section 601GC(1)(d) of the *Corporations Act* provides that the constitution of a registered managed investment scheme may be modified, or repealed and replaced with a new constitution by the responsible entity, if the responsible entity reasonably considers the change will not adversely affect members' rights.
- D. The Responsible Entity is satisfied that the changes contemplated by this deed do not adversely affect Unit Holders' rights and are in accordance with the requirements of the Constitution.

OPERATIVE PROVISIONS

1. INTERPRETATION

- 1.1 Words and phrases used throughout this deed have the same meaning as detailed in the Constitution.

2. NEW CLAUSE 5.7

- 2.1 Existing clause 5.7 is removed and replaced with the following:

'5.7 Rounding'

Where any calculation done in accordance with this Deed or the Corporations Act¹ would otherwise result in the issue or redemption of a fraction of a Unit or an Option:

- (a) the number of Units or Options to be issued or redeemed must be rounded up or down to the nearest whole number as determined by the Responsible Entity and disclosed in the relevant Offer; and

¹ Refer to section 601KD

- (b) the excess Application Money or other property which results from rounding becomes Scheme Property.

3. NEW CLAUSE 25.1(A)

3.1 Existing clause 25.1(a) is removed and replaced with the following:

- (a) A management fee equal to 0.6% per annum of the Scheme Value calculated monthly and payable monthly in advance, from the Effective Date to the date of final distribution under clause 30.2. For the purposes of this sub-clause only, Scheme Value shall be that amount calculated in accordance with the last audited financial statements of the Scheme, taking into consideration any adjustments necessary due to the purchase or sale of Scheme Property since the balance date of those last audited financial statements. During the period from the Effective Date until audited financial statements are next issued, the proforma financial statements of the Scheme may be used as the basis for the calculation of this management fee.

EXECUTED as a deed poll in Queensland.

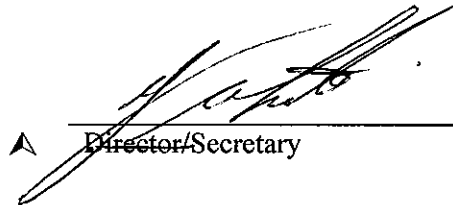
SIGNED SEALED AND DELIVERED)
for and on behalf of)
PROPERTY FUNDS AUSTRALIA LIMITED)
ACN 078 199 569 by authority of the directors in)
the presence of:)



▲ Director

CHRISTOPHER ARTHUR MORTON

▲ Full name of director



▲ Director/Secretary

MICHAEL FRANCIS WHITE

▲ Full name of director/secretary