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**Press Release**  
(2 pages)



Property Fund Managers

**PFA DIVERSIFIED PROPERTY TRUST TO ACQUIRE 390 ST KILDA ROAD, MELBOURNE**

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 commercial office building located at 390 St Kilda Road, Melbourne for \$63.225M.

390 St Kilda Road is prominently located on the corner of Bowen Lane towards the northern end the St Kilda Road office precinct, which connects with the Melbourne CBD. It is the tallest office building in this famous boulevard of Melbourne.

The property was constructed in 1976 and comprises 23 levels of office accommodation and 5 levels of basement carparking. The property has a net lettable area of 16,229m<sup>2</sup>.

The property provides quality office accommodation with good natural light and views from the building. The typical floor plates are 740m<sup>2</sup> in size and subdivide easily to accommodate the typical smaller St Kilda Road tenancy.

The property is fully let and has a weighted average lease expiry of 3.4 years. The property's main tenants include the Mayne Group, which presently occupies 3 floors, Australian Training Products, WT Partnership and 'switched on knowledge'. The balance of the property is occupied by 35 smaller tenancies ranging in size from 85m<sup>2</sup> to 502m<sup>2</sup>.

PFA's Managing Director, Mr Chris Morton, said "The acquisition of 390 St Kilda Road is the Trust's first significant office property acquisition in Melbourne, although it already has Melbourne exposure through the recently purchased Foxtel Call Centre as well as the AAPT Centre in Richmond and the Citigate Hotel in Flinders Street. We see the opportunity to acquire this property as good value within the St Kilda Road office market. The property is well located at the CBD end of St Kilda Road. Historically it has had a very low vacancy rate and a high level of tenant retention. It is also well suited to the typical St Kilda Road tenant in terms of flexibility and affordability."

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"We believe the outlook for the St Kilda market is positive, with limited new office space being added over the past 5 to 6 years. Vacancy rates for the precinct have been decreasing. We believe there is potential for the firming of investment yields in this market."

"This acquisition continues our strategy for the Trust by increasing its geographical diversification and seeking opportunities to value-add in markets in which the Trust has had limited exposure."

Settlement of the 390 St Kilda Road property is to occur late August 2007.

The property is being purchased at an initial yield of 7.3%.

The acquisition is being funded from a combination of equity (which is currently being raised under a recently released product disclosure statement) as well as debt from the Trust's financiers.

The PFA Diversified Property Trust is an open-ended Bendigo Stock Exchange listed property trust. Following the completion of the acquisition of 390 St Kilda Road, the Trust will own a portfolio of 19 properties currently valued at \$566 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.

Property Funds Australia Limited (AFSL No. 224106) is the responsible entity of the Trust. PFA is 50% owned by a wholly owned subsidiary of Mirvac Group – a leading diversified property group – listed on the Australian Stock Exchange.

The sale of the property was negotiated by Andrew Stern and Anthony Ott of DTZ Australia.

For further information, please contact Chris Morton (Managing Director of PFA) on 0419 302 600.