

4 February 2004

BSX Announcements
Facsimile No. 03 - 5444 0033
 (3 pages)



PFA DIVERSIFIED PROPERTY TRUST ("PFD")

- **BUYBACK PRICING AT \$1.00 PER UNIT**
- **REVALUATIONS RESULT IN 7¢ PER UNIT INCREASE IN NTA**
- **NEW CAPITAL RAISING TO COMMENCE THIS MONTH**
- **CONTRACT FOR NEW ACQUISITION ANTICIPATED THIS MONTH**

1. Buyback Proposal Pricing Announced at \$1.00 per Unit

In the Merger Explanatory Memorandum dated 2 June, 2003 ("the Explanatory Memorandum") relating to the creation of the PFA Diversified Property Trust ("the Trust") mention was made of a buyback proposal which may come into effect if the Merger Proposal was implemented. Investors who were entered on the registers of the "Merging Trusts" as at 2 June, 2003 were likely to be given an opportunity to have their units bought back under "the Buyback Proposal". The Explanatory Memorandum contemplated the Buyback Proposal being implemented on either an off-market or on-market basis. In the Explanatory Memorandum no fixed amount of units to be bought back or a buyback price was stated. Property Funds Australia Limited ("PFA") as responsible entity of the Trust has now determined that it proposes to utilise both methods of buyback, the fundamental details of which are outlined below:-

(a) Off-Market Buyback Offer

PFA is now able to advise as follows in respect of an Off-Market Buyback Offer:-

1. **Off-Market Buyback Price:** The Off-Market Buyback Price will be \$1.00 per unit. The Buyback Price has been arrived at after considering a number of criteria in accordance with the relevant provisions of the Constitution;
2. **No. of Units Subject to Off-Market Buyback:** The maximum number of units that will be bought back under this Off-Market Buyback will be 5,000,000. Unitholders will be able to accept for the whole or a part of their units. If the number of acceptances under the Off-Market Buyback exceed 5,000,000 units, acceptances will be met on a pro-rata basis.
3. **Funding of Offer:** The Off-Market Buyback is to be funded by capital raised pursuant to a product disclosure statement ("PDS") which is proposed to be issued during February, 2004;
4. **Precondition to Issue of Offer:** The Off-Market Buyback Offer will not be issued until such time as \$5,000,000 has been raised under the proposed PDS;
5. **Target Date for the forwarding of formal offer documentation relating to the Off-Market Buyback:** 30 March, 2004;

6. **Eligible Unitholders:** Only unitholders entered on the registers of unitholders and owners of the "Merging Trusts" (as defined in the Explanatory Memorandum) as at 2 June, 2003 will be eligible to receive and accept the Off-Market Buyback and in respect of those units they were registered as unitholders as at the merger date of 1 July, 2003.

(b) **Interim On-Market Buyback Offer**

The Explanatory Memorandum also contemplated the Buyback Proposal proceeding by means of an on-market buyback.

The Constitution of the Trust permits PFA as the responsible entity of the Trust to purchase (on behalf of the Trust) units on the exchange and cause these units to be cancelled. Given the announcement of the contemplated Off-Market Buyback Offer, in the interim PFA proposes to also carry out on a short term basis only an On-Market Buyback program the details of which are outlined below:-

1. **Buyback Price:** \$1.00 per unit;
2. **No. of Units:** Up to a maximum number of 500,000 units;
3. **Buyback Program Daily Limit:** A daily buyback limit of 20,000 units per day will apply;
4. **Commencement of On-Market Buyback Program:** 5 February, 2004;
5. **Expiry of On-Market Buyback Program:** The earlier of:-
 - (a) the date that 500,000 units have been purchased through this program; and
 - (b) the closing date for acceptance of the Off-Market Buyback Offer;
6. **Acceptance Basis:** Normal market procedures will apply to this On-Market Buyback and acceptances will be dealt with on a first acceptance basis as with any normal exchange trading.
7. **Eligible Unitholders:** Under this On-Market Buyback, all unitholders are able to accept the On-Market Buyback Offer.
8. **Funding of On-Market Buyback:** This buyback is to be funded out of the Trust's current internal resources.
9. **Trust's Broker:** ABN Amro Morgans will act on the Trust's behalf in relation to the On-Market Buyback.

(c) **Related Persons to PFA**

The Directors of PFA, PFA itself or any persons or entities related to them who hold units in the Trust will not be participating in or accepting the Buyback Offers.

(d) **PFA not to charge Redemption Fee**

Under the constitution of the Trust, PFA may charge a redemption fee of 2% of the Redemption Price. PFA is waiving its entitlement to such a fee in respect of the Buyback Offers referred to in this announcement.

2. Portfolio Value Increases by \$6.54 Million - 7¢ per unit Increase in NTA consequence

We are pleased to advise that after seeking update valuations on a number of the Trust properties in respect of which PFA considered there may have been a material market value movement, that the value of the portfolio has increased by \$6.54M which approximately equates to an increase in NTA per unit of 7 cents. The relevant properties subject to valuation increases were the following:-

Property	Previous Value	New Value	Increase
Post Office Square	\$52M	\$54.5M	\$2.5M
Centro on James - Stage 3	\$9.76M	\$10.8M	\$1.04M
The Precinct	\$8.9M	\$10.2M	\$1.3M
544 Kessels Road	\$10.3M	\$11.0M	\$0.7M
Cairns Hypermart	\$16.8M	\$17.3M	\$0.5M
Homeworld Centre	\$28.9M	\$29.4M	\$0.5M

It has become apparent that there has been a general firming in capitalisation yields in the marketplace since the date of last valuations. These new valuations will be recognised in the 31 December, 2003 financial statements of the Trust.

3. New Acquisition Proposed

The Board of PFA is anticipating the execution within 14 days of a contract for the purchase of another property for the Trust. The relevant property is currently in the final stages of extensive due diligence. Details of that acquisition will be announced upon execution of formal contract documentation and the receipt of any necessary finance approvals.

4. Forthcoming Capital Raising and PDS

PFA is currently working towards the issue to the public during February, 2004 of a new product disclosure statement (formerly referred to as a prospectus) for a capital raising. The proceeds of the capital raising will fund the reduction of debt (which will increase should the proposed acquisition proceed), the buyback offers and forecast capital expenditure.

Existing investors in the Trust will be given the benefit of a priority period in the capital raising under this PDS.



Stephen Barnard
COMPANY SECRETARY