

7 September 2004



BSX Announcements
Facsimile No. (03) 5444-0033
(1 page)

**PFA DIVERSIFIED PROPERTY TRUST ("PFD")
LEASE UPDATE**

Property Funds Australia Limited ("PFA") wishes to advise of the following lease related events:-

544 Kessels Road

CCS International (Queensland) Pty Ltd has entered into a seven year lease with a three year option at a gross rental of \$339,000 (approx.) per annum in respect of the former Hudson building. The lease commences in late September, 2004. This follows the recent expiration during the course of the year of the Hudson Timber and Hardware lease over this building. The rent achieved is an increase of around 6% over the previous rent paid by Hudson. CCS operates the Petwise retail pet warehouse and the Hay You wholesale pet food businesses. The Hay You business has operated for over 25 years in a nearby suburb to the premises and is the biggest wholesaler of pet foods to independent traders in Queensland.

Garden Square

As a result of the pending expiration of the Coles Myer ("CML") head lease on 2 December, 2004, of Blocks A and B of the Garden Square Office Park, PFA have been in negotiations with CML for a further lease over 2,400m² (approx.) in Blocks A and B of this building. We have just been advised that CML has elected not to proceed with a further lease in the Garden Square premises and intend to vacate upon lease expiry.

We are in negotiations with three of the existing sub-tenants of CML for those tenants to become direct tenants of the Trust post the expiry of the CML head lease. These negotiations are in respect of 3,800m² approx.


**Stephen Barnard
COMPANY SECRETARY**