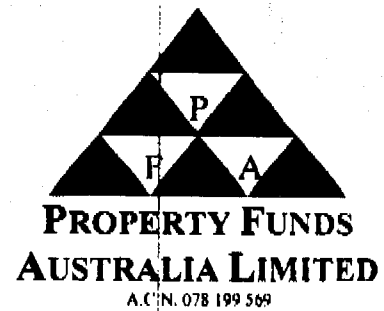


10 September 2004



PROPERTY FUND MANAGERS

PRESS RELEASE

**PFA REPORTS SOUND FINANCIAL PERFORMANCE AND SOLID NTA INCREASE
FOR THE PFA DIVERSIFIED PROPERTY TRUST**

Property Funds Australia Limited ("PFA"), the responsible entity of the PFA Diversified Property Trust ("the Trust"), today reported a solid year's performance for the Trust in its first year of operation since the merger occurred to bring about the Trust on 1 July 2003.

The Trust which is an open-ended Bendigo Stock Exchange listed property Trust with 11 properties in Queensland, New South Wales, ACT and Tasmania with a property value of \$242M. The Trust came about as a result of the merger of all of PFA's managed funds into a single entity in July last year.

PFA's managing director, Mr Chris Morton said "The financial performance of the trust has shown pleasing results particularly in relation to revenue, net profit, asset revaluations and NTA increase over the period. The performance has also justified the logic of the merger with the benefits of certain merger efficiencies coming into play."

Total revenue for the Trust was \$25.5 million, an increase of 7% above the forecasts which were provided at the time of the merger. Net Profit (before amortisations) for the year also showed an increase of 2% above the merger forecasts at approximately \$8.9M.

Seven of the Trust's eleven properties were revalued throughout the year being primarily responsible for an 11% increase in NTA per unit over the period. The property portfolio as at 30 June, 2004 was valued at \$242.6M. Significantly this has resulted in the net asset backing per unit increasing to \$1.08 per unit.

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The Trust's distribution for the year ended 30 June, 2004 was 9.48 cents per unit (annualised) in line with previous forecasts. The tax deferred portion of those distributions was 78.9% as compared against 76% in previous forecasts.

An objective of the Trust has been the growth of the portfolio through the acquisition of additional properties and increased diversification. PFA's commitment to meeting the Trust's objectives was clearly demonstrated by the acquisition of the Lands Building in Hobart during the year for \$28.92M. This acquisition contributed a high yield, attractive long term government tenant and further diversification to the investment portfolio.

One of the arguments in favour of the merger proposal was the opportunity to create greater liquidity for investors. During the year, the total liquidity provided through the BSX and off-market transactions equated to approximately 10.6% of all units. "This turnover compares favourably with small cap ASX listed property trusts. It has been pleasing to see that the BSX has been meeting the liquidity needs of our investors," Mr Morton said.

During the year, PFA has met the various objectives which it set itself as a consequence of the merger including debt restructuring (resulting in reduced financiers' margins by 0.25% per annum), buybacks and an increase in the diversity of the portfolio.

"We believe that the long term fundamentals in those markets in which the Trust holds assets remains positive. The quality and diversity of the Trust's portfolio should see it well placed to continue to deliver an attractive yield and sustained capital growth across its portfolio. Nevertheless, one or two of the existing assets may be identified for disposal in the short to medium term," said Mr Morton.

"With the recent introduction of well known property funds management specialists, James Fielding Group (JFG) as a 50% shareholder in Property Funds Australia Limited, we believe that PFA is well positioned to maximise the Trust's potential and its objectives," Mr Morton said.

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