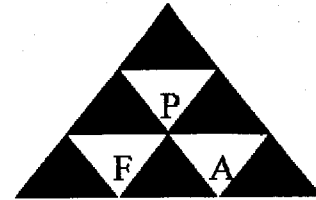


8 February 2005



**PROPERTY FUNDS
AUSTRALIA LIMITED**

A.C.N. 078 199 569

PROPERTY FUND MANAGERS

BSX Announcements

Facsimile No. 03 - 5444 0033

(2 pages)

PFA DIVERSIFIED PROPERTY TRUST ("PFD") ANNOUNCES NEW \$25M CAPITAL RAISING

Property Funds Australia Limited ("PFA") announces that it lodged a product disclosure statement for the issue of 24.78 million units in the PFA Diversified Property Trust ("the Trust") with the Australian Securities and Investments Commission late yesterday.

Recently it was announced that the Trust had entered into an unconditional contract to acquire the Sevenoaks office building located in the Perth suburb of Cannington for \$38.0M. The building is fully leased on a net lease basis to the State Government of Western Australia with 78% of it leased until 2017. This contract is due to settle on 10 February, 2005.

This new property acquisition is being funded out of the proceeds of recent placements and through short-term debt facilities. However, this short-term debt will be reduced from part of the proceeds of the new capital raising. The capital raising will also enable the funding of future property acquisitions and to fund capital expenditure.

Following completion of the Sevenoaks acquisition the value of the the PFA Diversified Property Trust's portfolio will be \$278 million. The Trust portfolio of 12 properties are located in 6 states and are spread across the retail, office, industrial, car park and entertainment sectors. Approximately 83% of the Trust's income comes from national or government tenants with a strong average lease expiry of 6.3 years.

The Trust is an open-ended Bendigo Stock Exchange listed property trust with in excess of 3,000 investors.

PFA's managing director Mr Chris Morton said, "The Trust has experienced excellent recent trading performance including a 14% increase in net tangible asset backing per unit during the last financial year and a stable distribution rate in line with forecasts published in June, 2003. The Trust's performance and strong distribution rate has attracted funds via placements from several property securities funds. This in turn has enabled us to further diversify the Trust portfolio with the acquisition of the Perth property and we seek to acquire further property for a purchase price of approximately \$40M within the next few months."

Based on the offer price of \$1.07, the offer is forecast to deliver a 8.85% per annum distribution to investors during the forecast period. In the 2004/05 financial year 63% of the forecast distributions are expected to be tax deferred and 61% in the 2005/06 financial year. The minimum application amount for this offer is \$5,000.

For the first time, unitholders who were on the Trust's register as at 31 December, 2004 are being offered a one for five entitlement under a Rights Issue at \$1.05 per unit – a 2 cent discount to the general offer price.

"On current indications, we believe this offer will be well supported by financial intermediaries throughout Australia. During these times of firming property yields and low interest rates, a diversified property trust investment made up of good investment grade property and which provides distribution yields of around 9.0%p.a. is considered very attractive." Mr Morton said.

For further information contact:

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Managing Director