

in certain limited circumstances. The listing of the Fund on the BSX is an additional service provided to existing and potential investors as an alternative way to exit their investment rather than waiting until the property is sold and the Fund terminated.

Trading Volume Forecasts

It is important all investors be aware that we do not initially anticipate that there will be a significant amount of trading of your Riverdale units. You therefore should not be perturbed by seeing little activity on the BSX trading screen. PFA does not believe that there will be significant liquidity or transaction volume created by merely listing the units of the Fund on the BSX. Liquidity is influenced by a number of factors including the size and number of parcels and investors and the nature of the underlying assets

Further Information

Should you require any further information please visit the Bendigo Stock Exchange website www.bsx.com.au contact your financial adviser or stockbroker or Property Funds Australia Limited.

PFA INTERNAL NEWS

It is with regret that we advise of the retirement in April of one of our founding directors, Mr Archie Douglas.

Mr Douglas has been gradually scaling back his regular business commitments in a number of areas over the last few years. Furthermore, Mr Douglas originally represented PRD Realty who for some time now have not had any financial interest in PFA.

The contribution made by Mr Douglas to PFA in its formative years has been immensely valuable. His vision and guidance has helped shape PFA into a well regarded property funds management company. We thank him for his significant contribution to the organisation. An announcement is expected later this year as to a replacement director for Mr Douglas.

INVESTOR SERVICES

Who to contact?

If you have any queries about your investment, please contact our Manager – Investment Services, Bronwyn Risk or Mary Gallegos.

CHANGING YOUR BANK DETAILS OR MOVING

Don't forget to let us know

To ensure that you keep receiving your monthly income distributions don't forget to advise us if you change your bank account details in order that the electronic credit distribution system does not reject the transfer. Likewise, if you are changing your mailing address (as shown on the Trust Register) we need to be notified.

Any changes need to be notified to us in writing and signed by the applicant/s.



CHANGE OF PREMISES FOR PFA

We're On The Move

Due to the expiry of our existing lease PFA are relocating to new premises at Level 3, Anzac Square, 200 Adelaide Street, Brisbane. This move will be effective from Monday, 12 May, 2003. Please note that all of our other contact details (including telephone numbers) will remain unchanged.

For further information contact:

Bronwyn Risk
Level 3, 200 Adelaide Street
Anzac Street Commercial, Brisbane Q. 4000
PO Box 10398, Brisbane, Adelaide St. Q. 4000
AFSL No: 224106

Tenancy Update

Since your last Investor Update, there have been two changes to tenancies at the Riverdale Centre. The tenants of shop 6 and 17 both prematurely terminated their leases and vacated their premises. A new 5 year lease has been executed for shop 6 and the new tenant, Riverdale Smart Cuts, commenced trading in March. A new tenant is currently being sought for shop 17. The effect that these unanticipated vacancies have on next year's distributions is currently being assessed as part of the yearly budgeting process and determining of that financial year's most appropriate distribution policy.

Jewellery By Paul

Paul New has been trading from Riverdale since 2000, designing and manufacturing jewellery under his trading name Jewellery By Paul. Paul operates from his 41.6m² retail outlet and has five year lease term until July 2005.

Paul's business has been created on award winning jewellery designs and customer service. Paul caters for the more expensive, original design and quality jewellery market. Paul is often commissioned to design and make jewellery for customers from the

The Riverdale Review

AN INVESTOR UPDATE ISSUE NO.2



Paul New, one of the Orana region's leading jewellery designers.

Orana region and also by other local jewellery retailers. Paul employs two part-time retail sales staff.

Riverdale Smart Cuts

Riverdale Smart Cuts is owned and operated by Mrs Deanne Sultana. Deanne has previously owned and operated two

hairdressing salons in Sydney and Kurrajong (in the Blue Mountains). She and her husband recently moved to Dubbo and started looking around for business opportunities and subsequently made a decision to take up the lease at Riverdale. Smart Cuts opened for trading on March 24. Along with the owner, the salon also employs two qualified staff.



Deanne Sultana (R), owner of the new Riverdale Smart Cuts tenancy.



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DUBBO DEVELOPMENTS

Prison Site Announced

In the Prospectus, we reported future potential development projects for Dubbo. One such development included the new Central West prison. Seven sites had been short-listed for the \$100M prison. The location of these sites included Dubbo, Forbes, Gilgandra and Wellington.

The location of the prison has now been finalised with Wellington being chosen as the preferred site. Wellington is located approximately 50km south-east of Dubbo on the Mitchell Highway. Whilst the prison will not be located in Dubbo itself, the new prison will still be positive for the local economy. There is a reasonable likelihood that some of those employed may elect to live in Dubbo. Many of the goods and services required by the prison are expected to be provided out of Dubbo

Former RAAF Depot Sold

During 2002, consideration was being given to uses of the former Dubbo RAAF Stores Depot prior to its disposal by the Department of Defence. A master plan was developed in consultation with the local community to give potential buyers a guide for future development and its suitability by the local Planning Authority.

The former RAAF depot is located on the corner of Palmer and Cobra Streets in

Dubbo and covers an area of approximately 38 hectares. The RAAF depot has been a presence in South Dubbo since work to build the storage sheds first began in 1940. Since RAAF operations on the site ceased in 1995 various parts of the site have been used for different purposes with a number of hangars being leased by local businesses and the community.

The RAAF Stores Depot has now been sold to a developer who plans to spend \$7.5M converting the site to a bulky goods retail centre, industrial park and residential subdivision. At the time of this Investor Update, preliminary meetings have been held with the local council however a Development Application has not yet been lodged.

Macquarie Street Site Sold

A former motel site on Macquarie Street has recently been sold for \$750,000. The 4,300m² vacant block is likely to be redeveloped for retail and office use although no plans have been finalised to date.

The sale of both the RAAF Stores Depot and Macquarie Street site for redevelopment are seen as positive indicators for Dubbo and a sign of confidence in the regional centre.

NEW PROPERTY RESEARCH

The Australian Direct Property Association, of which Property Funds Australia is a member, recently commissioned a report on the long-

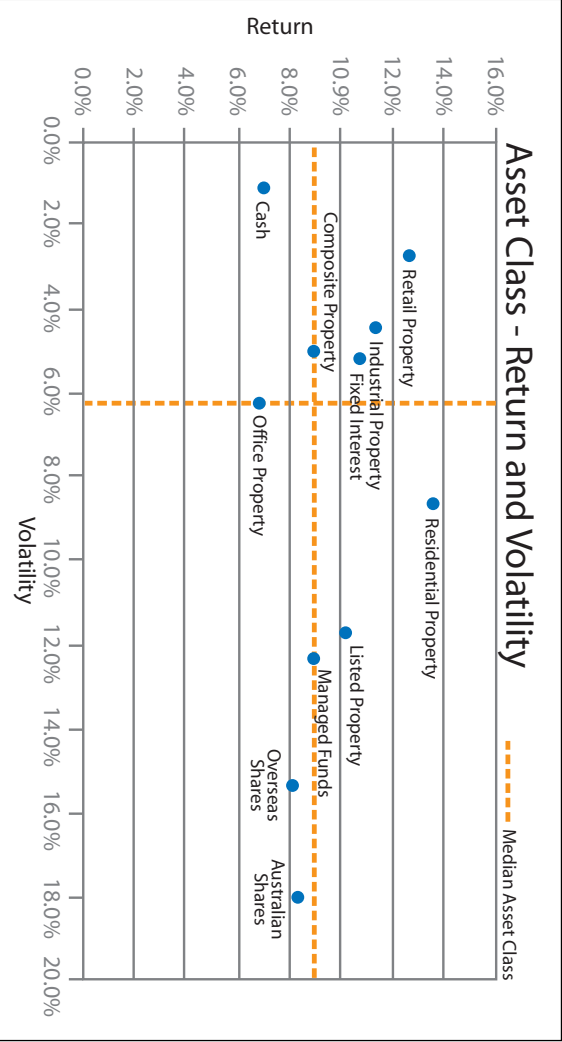
term investment performance of property, ADPIA, the peak industry body representing direct property investment and the property

syndication industry, engaged actuarial consultants Atchison Consultants to produce the long-term research on the performance of different asset classes. The research

spans a 15 year time period to 30 June 2002 and closely approximates the ASX-sponsored Towers Perrin research.

Whilst the entire report is quite lengthy, we felt investors may be interested in the graph below which shows asset classes as a combination of volatilities and returns at index levels.

One of the key outcomes of the report is that direct property provides good returns with low volatility.



THE RIVERDALE FIXED TERM PROPERTY TRUST LISTS ON THE BSX

For some time we have been investigating listing all PFA managed funds on the Australian Property Exchange (APX). It had been hoped that the APX would be operational quite some time ago. Unfortunately, this has not been the case. We also previously stated that failing the commencement of the APX, we would investigate trading opportunities on a Australian Exempt Property Market. Following our investigation of alternative markets we have made a decision to list The Riverdale Fixed Term Property Trust on the Bendigo Stock Exchange.

About the Bendigo Stock Exchange

BSX is a fully licensed Stock Exchange and began trading in 2001. The Bendigo Stock Exchange's origins date back to Victoria's gold era. Today, the BSX is an initiative that provides a structure for the establishment of niche trading platforms for markets such as property related managed investment schemes. To this end, in February 2003 the BSX announced the establishment of a specialist property market within its exchange.

BSX is not aligned to any single industry interests group and its structure encourages

open participation by traditional financial services distribution channels. Its major shareholders and strategic supporters are Bendigo Bank and Computershare. BSX can be contacted through its web site www.bsx.com.au.



The Benefits of Listing

Property Funds Australia believes the key benefits of listing on the BSX include:-

- **An Alternative Exit:** The BSX listing will provide existing investors with an alternative exit mechanism rather than have to hold your investment until the property is sold and the Fund terminated.
- **Some Liquidity:** Greater ability to transfer and exchange your investment. However, PFA does not believe that there will be significant liquidity or transaction volume created by merely listing the units of the Fund on the BSX. Liquidity is influenced by a number of factors including the size and number of parcels and investors and the nature of the underlying assets.
- **Enhanced Market Information and Disclosure:** This increases and is more regularly communicated to the exchange than was previously the case. This should result in growth in the confidence and ability of retail and professional investors to participate in this sector of the property industry.
- **Valuation:** BSX listing provides investors with the ability to obtain an indicative valuation of their investment by reference to the most recent trading data. Care should however be taken as the trading price may not represent the net tangible assets or net realisable value of the Fund.
- **No Transfer Stamp Duty:** The transfer of units on a recognised stock exchange like the BSX incurs no stamp duty whilst if not listed stamp duty would be incurred.

How can you Buy or Sell on the market?

To place an order to buy or sell, PFA recommends you speak directly to your Financial Advisor regarding your investment. You or your advisor will then need to instruct an accredited BSX Broker to place an order. Each order will incur brokerage fees charged by the broker, but will not incur stamp duty.

How will the units be priced?

The BSX markets, including the Property Board within it, openly reflect current bids and offers together with details of recently completed transactions. The market will ultimately determine market prices based on a range of factors such as supply and demand of buyers and sellers at any given time. Logically, the trading price should reflect investors anticipated valuation of assets and future income or yield from the investment.

Where can I find BSX price information?

Initially, PFA Funds may not be listed in the market pages of publications such as the Australian Financial Review. However, at all times, you will be able to ascertain market prices for bid and offer by logging onto www.bsx.com.au where trading information is available. By becoming a BSX member (which is currently free) you will gain complete access to the full suite of BSX trading market services and receive the BSX monthly e-newsletter.

Distributions

Your distributions will continue to be paid on a monthly basis by electronic funds transfer. Your distributions will not be affected by the listing on the BSX. As has previously occurred, we will continue to monitor distributions levels throughout each financial year.

Investment Term

The listing of The Riverdale Fixed Term Property Trust on the BSX does not change the original term of your investment. You can still hold your investment until the property is sold. As stated in the original prospectus, the property may not be held later than September 2009 except



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