



20 June 2003

Listings Manager
Bendigo Stock Exchange
Level 1
257 Collins Street
MELBOURNE VIC 3000

Fax: (03) 9664 0011

Dear Sir

GARDEN SQUARE TRUST ARSN 104-858-264

Property Funds Australia Ltd ('PFA') hereby requests a trading halt in respect of the units in Garden Square Trust. This halt is requested pending an announcement to be made to the market in response to an offer to acquire all of the units in Garden Square Trust by a third party.

A copy of the proposal which has been announced today is annexed.

Yours faithfully

Chris Morton
COMPANY SECRETARY

GRANT SAMUEL

ANNOUNCEMENT

20 June 2003

GS PROPERTY FUND NO. 9 TO BID FOR UNITS IN THE GARDEN SQUARE TRUST

Grant Samuel No. 9 Pty Ltd as trustee for the GS Property Fund No. 9, an Australian property investment fund (the "Fund"), today announced a takeover bid for all of the units in The Garden Square Trust ARSN 104 858 284 ("Garden Square Trust").

The Garden Square Trust is a managed investment scheme which owns an approximate 33% interest in the Garden Square Syndicate ARSN 104 858 219 ("Garden Square Syndicate"). The Garden Square Syndicate is the registered proprietor and owner of the Garden Square Office Park, a commercial office complex located approximately 11km south east of the Brisbane CBD in Queensland. The responsible entity of the Garden Square Trust and the Garden Square Syndicate is Property Funds Australia Limited ("PFA"). The units of the Garden Square Trust and the Garden Square Syndicate are listed on the Bendigo Stock Exchange.

The investors in the Fund comprise persons and parties associated with Grant Samuel and MFS Group Limited ("MFS Group"). Grant Samuel is an investment bank that is involved in a range of property related investment activities. The MFS Group is a Queensland based fund manager that specialises in the management of a number of listed and unlisted property related managed investment schemes in Australia and New Zealand. The MFS Group currently has more than \$600 million of assets under management and has agreed to guarantee the provision of funding for the takeover bid.

The Fund proposes to make a takeover offer for all of the Garden Square Trust units currently on issue for a consideration of \$1.03 cash per unit ("Offer"). It is presently proposed that the bidder's statement for the Offer will be lodged with the Australian Securities and Investments Commission and served on PFA as responsible entity for the Garden Square Trust on or before 3 July 2003. The Offer period is expected to commence by 19 July 2003.

WHY UNITHOLDERS SHOULD ACCEPT THE OFFER

The Offer provides significant benefits to unitholders in the Garden Square Trust and represents a superior alternative to the current merger proposal before unitholders. Key reasons to accept the Offer include:

- The Offer provides unitholders with an opportunity to exit their investment as an alternative to the current merger proposal.
- The Offer price of \$1.03 cash per unit is:
 - in excess of the APN Takeout Offer of \$0.95 per unit for Phase 1 as described in the merger documents;
 - is significantly above the estimated fair market value of existing units of \$0.80-0.85 per unit, as assessed by Ernst & Young in its report dated 2 June 2003 contained in the merger documents;
 - is significantly above the estimated fair market value of the new units to be issued in the PFA Diversified Property Trust under the merger proposal, equivalent to \$0.82-0.88 per existing unit in the Garden Square Trust, as assessed by Ernst & Young in its report dated 2 June 2003 contained in the merger documents; and
 - is equivalent to the estimated net asset value of \$1.03 per unit as at 30 June 2003 as disclosed in the merger documents.

- The Offer provides an opportunity for all unitholders to participate equally and fully in an exit opportunity. The APN Takeout Offer is only a conditional partial offer not available to all unitholders.
- Investors can avoid the risk of materially reduced distributions over the next year or two through factors such as a failure to relet the previous QBuild space, the risk that the Coles Myer tenancy may not be renewed or renewed on significantly less favourable terms, or the risk that performance conditions relating to loan facility covenants may not be met which may result in the financier placing restrictions on distributions to investors.
- The Fund is a financial investor and has an interest in increasing the value of the Garden Square Trust units. As a result, its interests will be closely aligned to the interests of all investors in the Garden Square Trust who wish to retain their investment and all lot holders in the Garden Square Syndicate.

CONDITIONS OF THE OFFER

The Offer will be subject to a number of conditions which are summarised as follows:

- The Fund receiving sufficient acceptances under its Offer to entitle it to acquire 51% or more of the total number of units of the Garden Square Trust.
- Unitholders in the Garden Square Trust and owners of lots in the Garden Square Syndicate not passing the special resolutions presently scheduled for voting on Friday 27 June 2003.
- Garden Square Trust retaining its present ownership interest in the Garden Square Syndicate, no other person acquiring more than a 20% interest in the Garden Square Syndicate and the Garden Square Syndicate retaining its present property interests.
- Any distributions made by the Garden Square Trust or the Garden Square Syndicate should be no more regularly nor at any materially greater amount than has occurred since 1 January 2003 and there being no distributions of capital.
- There being no material adverse change occurring in relation to the Garden Square Trust or the Garden Square Syndicate, or the underlying assets or prospects of the Garden Square Syndicate, as represented in the merger documents, or the Fund becoming aware of any material inaccuracy in the merger documents.
- There being no regulatory actions in relation to the Offer which impedes the making of the Offer.
- There being no prescribed occurrences in relation to the Garden Square Trust or the Garden Square Syndicate.

ADDITIONAL INFORMATION

The Fund intends to acquire a majority unit holding in the Garden Square Trust under the Offer. As a majority unit holder in the Garden Square Trust, the Fund will seek to explore options to enhance the value of its investment through its strategic stake in the Garden Square Syndicate.

Based on current information, the Fund is unlikely to support the continuation of PFA as responsible entity for the Garden Square Trust and the Garden Square Syndicate. However, the Fund has been advised that independently and separately the MFS Group has made an approach to the shareholders of PFA in relation to a proposal to acquire PFA. While this approach is independent of the Offer, it is likely that the Fund would support the continuation of PFA as responsible entity for the Garden Square Trust and the Garden Square Syndicate if PFA was to be acquired by the MFS Group.

END