



2005 SPECIAL DISTRIBUTION REINVESTMENT PLAN Guidelines and Rules

This booklet contains important information.
Should you have any doubt about how to deal with it,
please consult a suitably qualified adviser.

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BACKGROUND TO AND HIGHLIGHTS OF THE DRP

As a consequence of the anticipated sale of Post Office Square, it is the intention of Property Funds Australia Limited (“**the Responsible Entity**”) to make a Special Distribution of 6.76 cents per Unit, only to those Unitholders on the register of the PFA Diversified Property Trust (“**the Trust**”) as at 30 June 2005.

This special distribution is conditional upon the settlement of the sale of Post Office Square pursuant to existing contractual arrangements. The settlement is expected to occur on or about 23 November 2005.

To assist those Unitholders who wish to reinvest all or part of the Special Distribution, the Responsible Entity has established the 2005 Special Distribution Reinvestment Plan (“**the DRP**”).

The DRP is an easy and convenient way for Unitholders to increase their holding in the Trust by reinvesting all or some of their Special Distribution in additional Units.

This DRP is open only to those Unitholders who were on the Unitholder Register as at 30 June 2005, and who will consequently receive the Special Distribution by the Trust, expected to occur in mid-December 2005.

The DRP

Under the DRP, you may elect to have some or all of your Special Distribution automatically reinvested in additional Units.

Increase your holding

The DRP is a convenient way of increasing your holding of Units in the Trust.

Units rank equally

Units issued under the DRP rank equally with existing Units at the time of issue.

Optional participation

Participation in the DRP is optional. If a Unitholder does not participate in the DRP, the Special Distribution will be paid in the usual manner.

QUESTIONS AND ANSWERS

Who can participate?

Only those **Unitholders** who were recorded **on the Unitholder Register as at 30 June 2005**, and who consequently receive a Special Distribution by the Trust, may participate in the DRP.

Is participation optional?

Yes. The decision is entirely yours.

Can I participate partially in the DRP?

Yes, by nominating a specific number of your Units, part of your Special Distribution may be reinvested in additional Units.

Your distribution entitlement on any Units not participating in the DRP will be paid by electronic funds transfer.

How do I participate in the DRP?

Complete the accompanying yellow Notice of Election (‘NOE’) form and return it to our Unitholder Registry at the address shown on page 2 using the accompanying reply-paid envelope.

When will my participation begin?

Participation will begin in December 2005 after the allotment of your additional Units pursuant to the DRP with the first monthly distribution based on the allotted units occurring on or about 21 January, 2006.

Is there a deadline date for my ability to participate in the DRP?

Yes. To participate in the DRP your completed NOE form must be received by Property Funds Australia Limited by **5.00 pm Australian Eastern Time on 6 December 2005**.

What happens if I have more than one Unitholding?

You will need to lodge a separate NOE form for each Unitholding registered under different names.

At what price will the Units be allotted?

Units will be allotted at \$1.09 each.

What fees will be charged?

You will not personally be charged any fees in relation to your participation in the DRP.

However, in consideration for coordinating, managing and promoting the DRP, the Responsible Entity will charge to the Trust itself a capital raising fee of 3% (plus GST) of the funds reinvested under this DRP, payable upon allotment of the relevant units. From this fee, the Responsible Entity may pay a 2% handling fee to advisers and brokers.

There is no stamp duty or other brokerage fees or commissions payable in respect of any Units allotted under the DRP.

Are there any taxation issues I should consider?

There are some special taxation issues for Unitholders who elect to participate in the DRP.

The following are general comments and are intended only as a guide for Australian resident taxpayers who hold their units as investments. The following comments are not intended to be fully comprehensive on taxation issues. The comments do not apply to non-resident Unitholders, or those who carry on activities as share and unit traders. The comments are based on current taxation law.

Australian taxation laws are complex and are constantly changing. All Unitholders are recommended to seek independent taxation advice in respect of the DRP and their particular taxation affairs.

What are the taxation issues to consider before electing to participate in the DRP?

When deciding whether or not to participate in the DRP, Unitholders should consider the fact that they will be required to pay tax on the Special Distribution even if they do not receive some or all of their entitlement in cash i.e. if they elect to participate in the DRP. Unitholders should consider the source from which they will access cash to pay such a tax liability (when it falls due) should they elect to reinvest some or all of their entitlement.

The Special Distribution represents each Unitholder's share of part of the Trust's capital gain made upon disposal of the Post Office Square property. Certain types of Unitholders will be entitled to a CGT discount on the distribution of the capital gain. Unitholders who are individuals or trustees of trusts (other than superannuation funds) are entitled to a 50% discount. Unitholders that are the trustees of superannuation funds are entitled to a one third discount. Other classes of Unitholders will not be entitled to any discount. The following table shows an approximate calculation of the assessable portion of the Special Distribution for each type of Unitholder.

Type of Unitholder	Total Special Distribution per Unit	Taxable Component of the Special Distribution per Unit	Non-Taxable Component of the Special Distribution per Unit
Individual or trust	\$0.0676	\$0.0338	\$0.0338
Superannuation fund	\$0.0676	\$0.0450	\$0.0226
Company or other entity	\$0.0676	\$0.0676	Nil

The receipt of the non-taxable component will not affect a Unitholder's cost base in their existing Units. The CGT discount amount is specifically excluded from the terms of CGT Event E4.

It is important to be aware that Unitholders will be required to pay tax on the taxable component of the Special Distribution outlined above even if they do not receive the distribution in cash (e.g. if they elect to participate in the DRP). As indicated above, when deciding whether or not to participate in the DRP, Unitholders should consider the source from which they will access cash to pay such a tax liability when it falls due.

What are some of the taxation consequences that flow from electing to participate in the DRP?

Receipt of Units pursuant to the DRP

The receipt of Units pursuant to the DRP has the same taxation consequence as the receipt of a cash distribution. Australian taxation laws provide that where property is received in lieu of cash, the market value of the property received is deemed to be the consideration received for the transaction.

In the particular instance of this Special Distribution, the value of each unit received is nominated to be \$1.09. This represents the market value of the units.

Therefore, Unitholders who elect to participate in the DRP will be taxed in the same manner as those who receive their Special Distribution in cash.

Cost base of Units acquired pursuant to the DRP

For the purposes of calculating future capital gains in relation to the Units received under the DRP, the Unitholder will be deemed to have paid an amount equivalent to the market value of the Units received pursuant to the DRP.

In practice, in relation to the Special Distribution, this means that the Unitholder's cost base per Unit acquired under the DRP will be equal to the amount of the Special Distribution deemed to have been received by the Unitholder, divided by the number of Units issued to the Unitholder. This will be an amount of \$1.09 per Unit received pursuant to the DRP.

Unitholders will be deemed to have acquired the Units under the DRP on the day that the Units are allotted to them.

Unitholders should duly record the acquisition date of the Units and their value in their capital gains tax records.

When will I receive a unitholder statement?

After the issue of Units under the DRP, an updated unitholder statement will be forwarded to you showing:-

- the number of Units allotted under the DRP from the Special Distribution; and
- the new total holding of Units in the Trust you will have.

Can the DRP be modified, suspended or cancelled?

This DRP is intended to operate only in relation to the Special Distribution made to those Unitholders noted on the Unitholder Register as at 30 June 2005. The DRP will terminate after the reinvestment of the Special Distribution and subsequent allotment of Units.

Enquiries

If you have further enquiries (other than taxation) about how the DRP operates and how you can participate, please contact:-

Registry

Property Funds Australia Limited
 PO Box 10398
 BRISBANE ADELAIDE STREET QLD 4000
 Phone: 1800 687 170
 (toll free in Australia)
 (07) 3221 7170
 Facsimile: (07) 3221 6729
 Email: info@pfaltd.com.au
 Website: www.pfaltd.com.au

PFA DIVERSIFIED PROPERTY TRUST

2005 SPECIAL DISTRIBUTION REINVESTMENT PLAN RULES

1. DEFINITIONS AND INTERPRETATION

1.1 In these Rules, unless the context otherwise requires:-

BSX means the stock exchange conducted by Bendigo Stock Exchange Limited;

Business Day means a day that is not a Saturday, Sunday or a public holiday in Queensland;

Constitution means the constitution of the Trust, as amended from time to time;

DRP means the PFA Diversified Property Trust 2005 Special Distribution Reinvestment Plan to which these Rules apply, as varied from time to time;

Eligible Unitholder has the meaning given in Rule 3.3;

Listing Rules means the BSX Listing Rules;

Notice of Election means a written notice, signed by a Unitholder, to apply for participation in the DRP, in a form approved by the Responsible Entity from time to time;

Participant means a Unitholder participating in the DRP for the time being;

Participating Units means those Units held by the Unitholder as at 30 June 2005 in respect of which a Unitholder is participating in the DRP;

Responsible Entity means the responsible entity for the time being of the Trust;

Rules means these rules as varied from time to time;

Special Distribution means the special distribution of income or capital from the Trust, intended to be made on or around December 2005 (arising from settlement of the sale of the property known as Post Office Square), payable to those Unitholders noted on the Unitholder Register on 30 June 2005 in respect of their Units;

Tax includes without limitation all kinds of taxes, duties, levies, imposts, deductions and charges imposed by a government or governmental body, department, agency or instrumentality together with interest, fines and penalties;

Trust means the PFA Diversified Property Trust ARSN 097 860 690 established pursuant to the Constitution;

Unit means a Unit in the Trust;

Unitholder means the person registered as the holder of a Unit (including persons jointly registered);

Unitholder Register means the register of Unitholders for the time being.

1.2 Interpretation:-

(a) words importing any gender include all genders;

(b) words denoting an individual include a corporation and vice versa;

(c) the singular includes the plural and vice versa;

(d) headings are for convenience only and do not affect the construction of these Rules.

1.3 For the purposes of this DRP, any act (including, without limitation, the exercise of any power or discretion, the making of any decision or determination or the giving of any consent or approval) which is authorised by the Responsible Entity in accordance with the Constitution, will be deemed to be an act of the Responsible Entity.

2. THE DRP GENERALLY

2.1 Eligible Unitholders who elect to participate in the DRP will be issued additional Units in substitution for the Special Distribution payable in respect of Participating Units.

2.2 Participation may be either full or partial.

2.3 Under full participation, the DRP will apply to all Units held by the Eligible Unitholder as at 30 June 2005 in respect of the Special Distribution payable in respect of those Units.

- 2.4 Under partial participation, the DRP will apply to:-
- (a) the number of Units nominated by the Participant in the Notice of Election; and
 - (b) the Special Distribution payable in respect of those Units.
- 3. ELIGIBILITY TO PARTICIPATE**
- 3.1 Participation is subject to these Rules.
- 3.2 Participation in the DRP by Eligible Unitholders:-
- (a) is optional and voluntary;
 - (b) is not transferable; and
 - (c) may be varied or terminated at any time in accordance with Rules 10 and 15.
- 3.3 Subject to Rule 3.4, an Eligible Unitholder is a person who was recorded in the Unitholder Register on 30 June 2005, and who consequently receives a Special Distribution by the Trust.
- 3.4 The Responsible Entity is entitled to make a final determination as to whether or not any particular Unitholder is an Eligible Unitholder within the terms of these Rules and to change any such determination, as and when it sees fit. In making this determination, the Responsible Entity may consider, among other things, whether participation would or may be impracticable, impossible or illegal and any actual or anticipated inconvenience or expense in allowing, or investigating the possibility of allowing, such participation.
- 4. APPLICATION TO PARTICIPATE**
- 4.1 An application to participate in the DRP must be made on a Notice of Election.
- 4.2 The Notice of Election must indicate whether participation is full or partial. If an election is:-
- (a) partial, the Unitholder must nominate the number of Participating Units to be subject to the DRP; and
 - (b) full, all Units held by the Participant at 30 June 2005 will be deemed to be Participating Units, unless the Participant elects otherwise.
- 4.3 Applications which:-
- (a) do not indicate the degree of participation selected; or
 - (b) nominate a number of Units equal to or greater than the number held by the applicant; will be deemed to be applications for full participation.
- 5. RESTRICTIONS ON PARTICIPATION**
- 5.1 There is no minimum or maximum level of Participation by Eligible Unitholders.
- 6. ISSUE OF UNITS UNDER THE DRP**
- 6.1 The Special Distribution which is payable in respect of Participating Units is applied on the due date of payment of the Special Distribution to subscribe for the maximum whole number of additional Units that may be acquired at the issue price determined in accordance with this Rule 6.
- 6.2 The price of the Units to be issued under the DRP in respect of the Special Distribution, is \$1.09 per Unit.
- 6.3 The Responsible Entity will determine:-
- (a) a Participant's entitlements to the Special Distribution in respect of their Participating Units;
 - (b) any Tax or other amount which is to be withheld, deducted or retained from the Special Distribution; and
 - (c) the number of Units to be issued to Participants under the DRP priced in accordance with Rule 6.1.
- 7. BALANCES**
- 7.1 Where:-
- (a) there is an amount of the Special Distribution payable in respect of Participating Units which is not applied to subscribe for additional Units ('**shortfall**'); and
 - (b) the shortfall is not enough to cover the price of one whole Unit, the fraction of a Unit covered by the shortfall will be rounded up to one Unit.

8. ISSUE OF UNITS

- 8.1 Units to be issued under the DRP will be issued during December 2005, and will be allotted in accordance with the BSX Listing Rules.
- 8.2 Subject to the Constitution, Units issued under the DRP rank equally in all respects with the existing issued Units and will participate in all distributions subsequently declared or paid.
- 8.3 Units issued under the DRP will be registered on the Unitholder Register.
- 8.4 Participants agree to be bound by the Constitution in respect of the Units issued to them under the DRP.

9. STATEMENTS

- 9.1 On, or as soon as practicable after the issue of Units under the DRP, the Responsible Entity must forward to each Participant an updated unitholder statement detailing:-
 - (a) the number of the Units allotted under the DRP from the Special Distribution;
 - (b) the number of Units held by the Participant following the allotment under the DRP; and
 - (c) such other information as the Responsible Entity may determine from time to time.

10. DEEMED TERMINATION

- 10.1 The DRP will terminate following the distribution of the Special Distribution and the allocation of Units to Participants.

11. TAXATION

- 11.1 Neither the Trust nor the Responsible Entity, its directors, officer, employees, representatives or agents accept any responsibility or assume any liability for any taxation liabilities incurred by or imposed upon any Participant as a consequence of participating in the DRP.
- 11.2 As individual circumstances and laws vary considerably, specific taxation advice from professional advisers should be obtained by a Unitholder prior to participating in the DRP.

12. NOTICES

- 12.1 Any notice, form or other document to be given to a Unitholder under these terms may be given in the same manner that notices may be given to Unitholders under the Constitution.
- 12.2 Any notice, form or other document to be given by a Unitholder to the Responsible Entity under these terms is not be valid until it is received by the Responsible Entity at the Unitholder Register for the time being or such other place as the Responsible Entity may nominate from time to time for the service of notices under these terms.
- 12.3 Where Units are held jointly, all joint Unitholders must sign the Notice.
- 12.4 A Participant which is a corporation must execute a Notice in accordance with its constitution and in compliance with the Corporations Act, under power of attorney or in such other manner as the Trust may from time to time determine (either generally or in particular instances).
- 12.5 If a Notice is completed by an individual or a corporation under a power of attorney that power:-
 - (a) must be duly stamped (if necessary); and
 - (b) accompany the completed Notice, unless such power has been previously noted by the Trust.

13. STOCK EXCHANGE LISTING

The Trust will apply, promptly after an allotment, for the Units allotted under the DRP to be listed for quotation on the official lists of the BSX and any other stock exchanges on which Units are listed (as applicable).

14. AMENDMENTS

- 14.1 The Responsible Entity may from time to time amend these terms by notice in writing to the Unitholders.
- 14.2 Any amendment to these Rules will take effect from the date of the notice or such other date as the Responsible Entity may determine.

15. SUSPENSION AND TERMINATION OF THE DRP OR THESE RULES

- 15.1 The DRP or these Rules may be suspended or terminated by the Responsible Entity at any time by written notification to Unitholders.
- 15.2 The suspension or termination takes effect upon the date specified by the Responsible Entity and the suspension or termination does not give rise to any liability on the part of, or right or action against the Responsible Entity or its directors, officers, employees or agents.
- 15.3 If the DRP is suspended, an election as to participation in the DRP will also be suspended and all Units are deemed to be non-Participating Units for the purpose of any Distribution paid while the DRP is suspended. Upon reinstatement of the DRP, all prior elections are reinstated.

16. POWERS OF THE RESPONSIBLE ENTITY

- 16.1 Subject to the Constitution and these Rules, the Responsible Entity may implement and administer the DRP in such manner as it thinks fit.
- 16.2 Without limiting Rule 16.1 or the general powers of the Responsible Entity, the Responsible Entity may settle in such manner as it thinks expedient any difficulties, anomalies or disputes which may arise in connection with, or by reason of the operation of the DRP, whether generally or in relation to any Participation or any Units and the determination of the Responsible Entity will be conclusive and binding on all Participants.

17. LIABILITY

- 17.1 Neither the Trust, the Responsible Entity or any of its directors, officers, employees or agents will be liable or responsible for:-
 - (a) any direct or indirect loss suffered by a Participant due to any amendment to the terms of the DRP or any suspension or termination of the operation of the DRP effected in accordance with these terms; or
 - (b) any liability of a Participant in respect of any Tax arising due to or in connection with his or her participation in the DRP.

18. TRANSACTION COSTS

- 18.1 Subject to Rule 18.2 no brokerage, commission, stamp duty or other transaction costs will be payable by a Participant in respect of any issue of Units under the DRP.
- 18.2 Where due to any change in the law, stamp duty becomes payable in respect of an issue of Units to a Participant under the DRP, it will be payable by the Participant and the Responsible Entity may in its discretion deduct the amount of the stamp duty from the Special Distribution payable to the Participant and apply the amount so deducted to pay the stamp duty.

19. GOVERNING LAW

- 19.1 These Rules are governed by and shall be construed in accordance with the laws in force in Queensland for the time being.