

15 June 2006

Property Fund Managers

Mr J & Mrs M Citizen
atf Citizen Superannuation Fund
123 ABC Street
BRISBANE QLD 4001

Dear Mr & Mrs Citizen,

**PFA DIVERSIFIED PROPERTY TRUST
SPECIAL 1 FOR 7 RIGHTS ISSUE ENTITLEMENT – CLOSES 25 JULY 2006**

I am pleased to offer you the opportunity to take up a special entitlement for further Units in the PFA Diversified Property Trust ("the Trust") under a Rights Issue to Current Unitholders.

I enclose the 2006 Product Disclosure Statement No. 4 ("the PDS") for the Trust, under which Property Funds Australia Limited ("PFA") seeks to issue up to 23,963,317 Units in the Trust. The purpose of the capital raising is to enable the Trust to continue to acquire further quality investment grade property or properties.

I have also enclosed an Investor Update which gives you a 'snapshot' of the recent events for the Trust and in particular an introduction to the new hotel property the Trust has contracted to purchase located in Melbourne.

From initial indications, we anticipate that the response to the Rights Issue and General Offer contained in the PDS will be strong.

As a special offer to Current Unitholders, PFA as responsible entity of the Trust is offering those Unitholders registered as at 14 June 2006, a Rights Issue entitlement to acquire additional Units on a one for seven basis, at a discounted issue price of \$1.09 per Unit.

The Rights Issue entitlement should be attractive to you for the following reasons:-

- A **discount of 2¢ per Unit** when compared with new investors who will pay \$1.11 per Unit under the PDS;
- An attractive annualised **forecast distribution of 8.99% per annum*** during the Forecast Period based on the Rights Issue price of \$1.09 per Unit;
- **Good tax benefits** with approximately 68%** of the forecast distribution expected to be tax deferred in the 2005/06 financial year and 57%** in the 2006/07 financial year;
- The **strong recent trading performance** of the Trust (e.g. investors who held units throughout the 2005/2006 financial year received 16.24 cents per unit during that financial year due to a special distribution);
- The **sound investment** qualities of the Trust including its property portfolio which offers diversity, balance and tenant quality.

Key details of the Rights Issue are set out below with acceptance procedures contained on the Entitlement and Acceptance Form which accompanies this letter.

Key details of the Rights Issue Entitlement
<ul style="list-style-type: none"> Current Unitholders can accept in respect of one Unit for every seven Units for which they were registered as at 14 June 2006.
<ul style="list-style-type: none"> You do not need to accept in respect of all of your Units, partial acceptances can occur providing that the number accepted is in multiples of 1,000 Units.
<ul style="list-style-type: none"> Should you wish to acquire more Units over and above your entitlement under the Rights Issue, then you can do so on the accompanying Entitlement and Acceptance Form. You will however have to pay \$1.11 per Unit for those additional Units and not \$1.09 per Unit. The first allotment of units under the General Offer (i.e. other than Rights Issue entitlements and to the extent of any shortfall) will occur on or soon after 1 August 2006. There is no guarantee that all or any additional Units that you apply for under the General Offer will be allotted.
<ul style="list-style-type: none"> The closing date for our receipt of completed Entitlement and Acceptance Forms and the accompanying cheques is 5.00p.m. (AEST) on 25 July 2006.

Should you wish to accept in whole or in part for your entitlement under Rights Issue, then you must complete the enclosed Entitlement and Acceptance Form and forward or deliver it to us with the necessary cheque by the closing date. You should also read the accompanying product disclosure statement prior to making any decision as to your Rights Issue Entitlement.

On behalf of the Directors, I thank you for your past support and ask that you consider increasing your investment in the Trust. Should you have a financial adviser, we would encourage you to consult with them prior to increasing your investment.

If you have any queries relating to any of the enclosed material, please do not hesitate to contact our Investment Services team on (07) 3221-7170 or Freecall 1800 687 170.

Yours faithfully,
PROPERTY FUNDS AUSTRALIA LIMITED



Chris Morton
 Managing Director

* *The forecast distribution and related assumptions are set out in section 6.2 of the PDS.*

** *For further information on the tax deferred percentage please see section 6.2 Note 12 of the PDS.*

Disclaimer: Property Funds Australia Limited (ABN 58 078 199 569) (AFSL No 224106) ("PFA") is the responsible entity of the PFA Diversified Property Trust (ARSN 097 860 690). PFA is the issuer of the product disclosure statement (PDS) dated 5 June 2006 relating to the PFA Diversified Property Trust. You should consider the PDS in deciding whether to acquire, or to continue to hold, the product. PFA does not provide investment advice. This document and any accompanying documentation does not constitute financial product advice. Should you require advice, and in particular a personal securities recommendation then, we recommend that you contact a stockbroker or licensed financial adviser.

Sample Only



ARSN 097 860 690

Rights Issue Entitlement and Acceptance Form

This is an important document. If you are in doubt as to whether to complete this form, then please consult your financial or professional adviser.

This form is for a 1 for 7 Rights Issue entitlement to Current Unitholders in the PFA Diversified Property Trust at a Rights Issue Price of \$1.09 per Unit payable on acceptance. Current Unitholders may also apply for additional Units in addition to their Rights Issue entitlement.

Mr J & Mrs M Citizen
atf Citizen Superannuation Fund
123 ABC Street
BRISBANE QLD 4001

B. ADVISER DETAILS	
AFSL Stamp or Number	Name
	Tel
	Email
	Fax

Holder Number	PFD009999
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Class of Units	Units held by you as at 14 June 2006	Your Rights Issue entitlement to further Units on a 1 for 7 basis	Amount payable if all of your Rights Issue entitlement is accepted by you
Ordinary	10,000	1,429	\$1,557.61

I/We accept/apply for the number of Units set out below and enclose a cheque in favour of 'Trust Company of Australia Limited - PFADPT' for the total amount enclosed referred to below.

PLEASE COMPLETE:

A

ACCEPTANCE INSTRUCTIONS (For further instruction see back of this form)		No. of Units	Application money per Unit	Amount payable
1.	To accept your FULL ENTITLEMENT	<input type="text"/>	\$1.09	\$ <input type="text"/>
2.	To accept PART of your entitlement (multiples of 1,000)	<input type="text"/>	\$1.09	\$ <input type="text"/>
3.	To APPLY for ADDITIONAL UNITS	<input type="text"/>	\$1.11	\$ <input type="text"/>
4. TOTAL AMOUNT ENCLOSED				\$ <input type="text"/>

By accepting for all or part of my/our Rights Issue entitlement, I/we declare and agree that:

- I/We have received a complete and unaltered copy of the Product Disclosure Statement No. 4 dated 5 June 2006 relating to the PFA Diversified Property Trust;
- I/We have read and understood that Product Disclosure Statement;
- I/We cannot withdraw my/our acceptance except where I/we have such a right under the Corporations Act or if the Manager consents.

DATE OF ACCEPTANCE: / /06 (please complete)
D M Y

NO SIGNATURE IS REQUIRED.

PAYMENT INSTRUCTIONS

Please mail this form together with the cheque for the total amount payable (see panel A4 above) in Australian dollars and made payable to 'Trust Company of Australia Limited - PFADPT' to reach Property Funds Australia Limited at PO Box 10398, Brisbane Adelaide Street, Queensland 4000 by 5.00 p.m. Brisbane time on 25 July 2006 ("the Closure Time"). A reply paid envelope is enclosed for your convenience.

If this completed form and accompanying payment is not received by the Closure Time, your Rights Issue entitlement will be lost.

PLEASE SEE OVER FOR LODGEMENT INSTRUCTIONS AND OTHER IMPORTANT INFORMATION.

IF YOU HAVE ANY QUERIES RELATING TO THIS FORM, PLEASE CONTACT PROPERTY FUNDS AUSTRALIA LIMITED'S INVESTMENT SERVICES DIVISION ON FREECALL 1800 687 170.

OFFICE USE ONLY: Received / /06 Units Allotted

Lodgement Instructions and Important Information

A. YOUR CHOICES

You can deal with your Rights Issue entitlement in any of the following ways:

1. Accept your Rights Issue entitlement in full

If you wish to accept ALL of your Rights Issue entitlement then complete the panel overleaf labelled A1 by inserting the maximum number of Units for which you can accept and complete the adjacent total amount payable box.

2. Accept part of your Rights Issue entitlement and allow the balance to lapse

If you wish to accept in respect of part of your Rights Issue entitlement then complete the panel overleaf labelled A2 by inserting the number of Units in respect of which you wish to accept and the related total amount payable box. Please note that partial acceptances should be in multiples of 1,000 Units.

3. Apply for additional Units over and above your Rights Issue entitlement

You may apply for further Units in addition to your Rights Issue entitlement. In addition to completing panel A1, you should complete the panel A3 overleaf on this Form to specify the exact number of additional Units for which you wish to apply. The number should be in multiples of 1,000 Units. Please note that these additional Units will attract a higher Offer Price of \$1.11 per Unit. **The first allotment of units under the General Offer (i.e. additional Units) will occur on or about 1 August 2006.**

For example, if an Current Unitholder owns 10,000 Units, they will have a Rights Issue entitlement for 1,429 new Units under the Rights Issue entitlement at the discounted offer price of \$1.09 per Unit. That Current Unitholder may wish to apply for 5,000 additional new Units at \$1.11 per Unit beyond their Rights Issue entitlement of 1,429 new Units and thereby increase their total Unitholding to 16,429 Units.

4. No Rights Issue entitlement taken up

If you do not wish to take up any part of your Rights Issue entitlement you need not take any action.

B. GENERAL INFORMATION

1. This form does not require signing.
2. Rights Issue entitlement acceptances can only be accepted on this form.
3. If this form duly completed is not received by Property Funds Australia Limited by the Closure Time, namely **5:00 pm AEST on 25 July 2006**, your entitlements under the Rights Issue will lapse.
4. All times referred to in this form are Brisbane times.
5. Payment must be made in Australian currency by **cheque drawn on an Australian bank and be made payable to 'Trust Company of Australia Limited – PFADPT'** and crossed "not negotiable".
6. If no date of acceptance is completed on this form then the date of acceptance will be assumed to be that date which is one day prior to the Manager's receipt of this form and the related cheque payment.

C. ALLOTMENT OF UNITS PROCEDURES

Additional Units applied for over and above your Rights Issue entitlement will be dealt with in the same manner as other Units applied for via the General Offer under the Product Disclosure Statement which accompanied this form ("the PDS"). In particular, you should see section 10.4 of the PDS in relation to such matters.

In respect of acceptances of Rights Issue entitlements (either in full or in part) please be aware of the following:

1. Monies accompanying this form will be banked within two (2) business days of their receipt;
2. Pending the issue of Units pursuant to the Rights Issue, acceptance monies will be held in a special trust account in the name of the Custodian. Interest that accrues on those acceptance monies received will form part of the income of the Trust. Interest earned on acceptance monies from the time of their banking pending allotment of the related units is not paid to Unitholders individually.
3. Units to be allotted pursuant to an acceptance of Rights Issue entitlement on this form will be allotted on:
 - 1 July 2006 if received by Property Funds Australia Limited on or prior to 5:00 p.m. AEST on 23 June 2006;
 - 1 August 2006 if received by Property Funds Australia Limited on or prior to 5:00 p.m. AEST on 25 July 2006 but after 5.00 p.m. on 23 June 2006.

The first distribution in respect of those newly allotted Units will be made on or about 21 days after the end of the first full month after the allotment of Units (e.g. completed form received on or by 25 July 2006, results in the first distribution on 21 September 2006).

4. Fractions of Units will be rounded up.

D. CONFIRMATION OF YOUR UNIT ALLOTMENT

Following an allotment of Units to you, you will receive a new holding statement that sets out the revised number of Units for which you are then registered. Units allotted pursuant to an acceptance/application under this form will be combined with your existing Unitholding. Should you trade in Units prior to receiving the revised holding statement you do so at your own risk.

E. NO COOLING OFF

There are no cooling off periods in relation to any acceptances or applications made pursuant to this form.

F. HANDLING FEE

The Manager will pay a 2% Handling Fee to your nominated financial adviser/stockbroker (if any) as recorded on the Manager's investor database. This fee is paid by the Manager and is not paid from the assets of Trust or a Unitholder's own application monies. This fee is only payable to a broker/adviser who holds an Australian Financial Services Licence (AFSL) or is otherwise permitted at law to receive such payments. If you are unsure as to who your nominated adviser would be on the Manager's investor database, please do not hesitate to telephone Freecall 1800 687 170. Alternatively, should you wish the handling fee to be paid to another broker/adviser you or your broker/adviser should indicate this by completing the box marked "B" overleaf (including your broker/adviser's AFSL No.) at the top right hand corner of this form.

IF YOU HAVE ANY ENQUIRIES CONCERNING YOUR RIGHTS ISSUE ENTITLEMENT, PLEASE CONTACT PROPERTY FUNDS AUSTRALIA LIMITED'S INVESTMENT SERVICES DIVISION ON FREECALL 1800 687 170, OR YOUR STOCKBROKER OR FINANCIAL ADVISER WITHOUT DELAY.