

21 August 2006



Property Fund Managers

Mr J Citizen & Mrs M Citizen  
atf J & M Citizen Superannuation Fund  
123 ABC Street  
BRISBANE QLD 4000

Dear Mr & Mrs Citizen,

**DISTRIBUTION RATE INCREASE  
ANNUAL TAXATION STATEMENT & DISTRIBUTION SUMMARY**

We are pleased to advise that your distribution rate for the **PFA Diversified Property Trust** has **been increased to 9.80 cents per unit per annum** up from that previously paid of 9.48 cents per unit per annum.

Your first distribution calculated at the new rate (\$78.31\*) was electronically transferred to your nominated bank account on **21 August 2006**. Your distribution should be easily identified on your bank statement by the credit coding of "PFA Prop Trust".

Until further notice, it is our intention to make regular distributions at the rate of 9.80 cents per unit per annum as was forecast in the product disclosure statement dated 5 June 2006 (PDS No. 4). Your distributions will continue to be electronically transferred to your bank account on or about the 21st of each month.

A monthly distribution policy and proposed calendar for distributions is announced to the Bendigo Stock Exchange ([www.bsx.com.au](http://www.bsx.com.au)) on a quarterly basis. Distribution policies are subject to review at all times and may change for any reason.

A personal notification will be sent to you when there is any variation to your distribution rate.

**Your Annual Taxation Statement & Distribution Summary for the year ended 30 June, 2006 is also enclosed.** The Trust statement is issued for taxation purposes and includes explanatory notes to assist you with the completion of your 2006 income tax return. Please read this notice carefully prior to completing your tax return or pass it onto your accountant or tax agent.

If you have any queries about your distributions or your investment generally, please do not hesitate to contact myself or Mary Goodwin on (07) 3221 7170 or 1800 687 170.

Yours faithfully,  
**PROPERTY FUNDS AUSTRALIA LIMITED**

A handwritten signature in black ink, appearing to read 'Brisk'.

**Bronwyn Risk**  
Manager – Investment Services

[brisk@pfaltd.com.au](mailto:brisk@pfaltd.com.au)

*\* This figure may vary slightly due to calculation rounding*

**ANNUAL TAXATION STATEMENT  
& DISTRIBUTION SUMMARY  
FOR THE YEAR ENDED 30 JUNE, 2006**

*Please retain this notice for taxation purposes*

MR J CITIZEN & MRS M CITIZEN  
ATF J & M CITIZEN SUPERANNUATION FUND  
123 ABC STREET  
BRISBANE QLD 4000

Property Fund Managers

Holder Number: PFD999999

Units Held as at 30 June 2006: 6,248

**TAX RETURN DETAILS**

<b>TAXABLE AUSTRALIAN INCOME</b> (To be included in Income Tax Return)	\$152.65
This figure is to be included in your tax return. Please refer to Note 1 overleaf.	
<b>CREDIT FOR TFN AMOUNT WITHHELD</b> (To be included in Income Tax Return)	\$0.16
This figure is to be included in your tax return. Please refer to Note 1 overleaf.	
<b>NON-TAXABLE INCOME</b> (Do not include in Income Tax Return)	\$425.27
This figure does not need to be included in your income tax return. Please refer to Note 2 overleaf.	
<b>TAX DEFERRED %</b>	73.5861%
This is the percentage of the total regular monthly distributions (not including the special distribution) during the year ended 30 June, 2006 that is non-taxable.	
<b>DISCOUNT CAPITAL GAIN</b> (To be included in Income Tax Return after discount (if eligible))	\$691.86
This is your portion of the capital gain derived by the trust <b>before</b> any discount percentage is applied. Please refer to Note 3 overleaf for information regarding your eligibility for a CGT discount and the discount percentage that may apply to you.	

**DISTRIBUTION PAYMENT DATES AND AMOUNTS**

Payment Dates	Amount
21 July 2006	\$49.36
21 June 2006	\$49.36
19 May 2006	\$49.36
21 April 2006	\$49.36
21 March 2006	\$49.36
21 February 2006	\$49.36
20 January 2006	\$49.36
21 December 2005	\$46.48
8 December 2005 (Special Distribution)	DRP
21 November 2005	\$46.48
21 October 2005	\$46.48
21 September 2005	\$46.48
19 August 2005	\$46.48
<b>TOTAL DISTRIBUTIONS FOR THE YEAR</b> <b>1 JULY, 2005 – 30 JUNE, 2006</b>	<b>\$577.92</b>

**DISTRIBUTION REINVESTMENT PLAN (DRP) – Please refer to Note 4 overleaf**

Special Distribution Reinvested	\$397.69
Market Value Per Unit Reinvested	\$1.09
No. of Reinvested Units in Lieu of Cash	365

*Please see over for further information & notes*

## NOTES TO ANNUAL TAXATION STATEMENT & DISTRIBUTION SUMMARY

**Disclaimer:** Information contained below is not taxation advice. The comments are made only by way of general assistance and should not be considered a substitute to obtaining detailed and considered taxation advice. They only relate to your investment in The PFA Diversified Property Trust and are not a complete guide to completing your tax return. The comments below are intended only as a guide for Australian resident taxpayers who hold their units as investments. They 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. We strongly recommend that you seek professional assistance when completing your tax return and if you have any questions please consult your tax adviser or the ATO.

### Note 1 – Taxable Australia Income

This amount generally would appear in the following items on the 2006 Income Tax Return although this is dependent on your accountant/tax agent's method of completion.

Entity	Return Form	Taxable Australian Income Item	TFN Credits Item
Individual	I	Item 12 Label U Tax Pack Supplement	Item 12 Label R Tax Pack Supplement
Partnership	P	Item 8 Label R	Item 8 Label E
Trust	T	Item 8 Label R	Item 8 Label E
Company	C	Item 6 Income Label E	Calculation Statement Label Y
Super Fund	F	Item 9A Income Label X	Item 8 Label M

### Note 2 – Non-Taxable Income

This income reflects the balance of your distributions received after deductions of amounts allowable for tax purposes including decline in value of depreciating assets and capital works or building allowances. The tax consequences for you as a unitholder of receiving this component in distributions can be summarised as follows:-

- ▲ It is not assessable to you upon receipt;
- ▲ The cost base of your unitholding will be reduced by the amount of this income for the purposes of determining either the capital gain or capital loss realised upon disposal of the unitholding or the termination of the Trust.

### Note 3 – Discount Capital Gain

This amount represents your share of part of the Trust's net capital gain which resulted as a consequence of the disposal of the Trust's Post Office Square property during the year. The Trust's net capital gain has been allocated in the same proportion and to the same unitholders who received the special distribution derived from that net capital gain. Certain types of Unitholders will be entitled to a CGT discount on the share of the capital gain. Unitholders who are individuals or trustees of trusts (other than superannuation funds) are entitled to a 50% discount. Unitholders who are the trustees of complying superannuation funds are entitled to a one third discount. Other classes of Unitholders will not be entitled to any discount.

The taxable gain after any applicable discounting, generally would appear in the following items on the 2006 Income Tax Return although this is dependent on your accountant/tax agent's method of completion.

Entity	Return Form	Item
Individual	I	Item 17 Label U Tax Pack Supplement
Partnership	P	Insert in the relevant partner's individual tax return
Trust	T	Item 18 Label A
Company	C	Item 7 Label A
Super Fund	F	Item 9A Label A

The receipt of the non-taxable CGT 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.

### Note 4 - Receipt of Units pursuant to the Distribution Reinvestment Plan (DRP)

For those Unitholders who elected to participate in the DRP offered during the year, it is important to note that 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 DRP, the value of each unit received will be \$1.09. This represents the market value of the units at the relevant time of acquisition/allotment.

#### Cost base of Units acquired pursuant to the DRP

For the purposes of calculating future capital gains/losses in relation to the Units received under the DRP, a 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 were allotted to them.

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

**ANNUAL TAXATION STATEMENT  
& DISTRIBUTION SUMMARY  
FOR THE YEAR ENDED 30 JUNE, 2006**  
*Please retain this notice for taxation purposes*

MR J CITIZEN & MRS M CITIZEN  
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123 ABC STREET  
BRISBANE QLD 4000

Property Fund Managers

Holder Number: PFD999999

Units Held as at 30 June 2006: 9,589

**TAX RETURN DETAILS**

<b>TAXABLE AUSTRALIAN INCOME</b> (To be included in Income Tax Return)	\$240.10
This figure is to be included in your tax return. Please refer to Note 1 overleaf.	
<b>CREDIT FOR TFN AMOUNT WITHHELD</b> (To be included in Income Tax Return)	\$0.24
This figure is to be included in your tax return. Please refer to Note 1 overleaf.	
<b>NON-TAXABLE INCOME</b> (Do not include in Income Tax Return)	\$668.90
This figure does not need to be included in your income tax return. Please refer to Note 2 overleaf.	
<b>TAX DEFERRED %</b>	73.5861%
This is the percentage of the total regular monthly distributions (not including the special distribution) during the year ended 30 June, 2006 that is non-taxable.	
<b>DISCOUNT CAPITAL GAIN</b> (To be included in Income Tax Return after discount (if eligible))	\$1,127.71
This is your portion of the capital gain derived by the trust <b>before</b> any discount percentage is applied. Please refer to Note 3 overleaf for information regarding your eligibility for a CGT discount and the discount percentage that may apply to you.	

**DISTRIBUTION PAYMENT DATES AND AMOUNTS**

Payment Dates	Amount
21 July 2006	\$75.75
21 June 2006	\$75.75
19 May 2006	\$75.75
21 April 2006	\$75.75
21 March 2006	\$75.75
21 February 2006	\$75.75
20 January 2006	\$75.75
21 December 2005	\$75.75
8 December 2005 (Special Distribution)	\$648.22
21 November 2005	\$75.75
21 October 2005	\$75.75
21 September 2005	\$75.75
19 August 2005	\$75.75
<b>TOTAL DISTRIBUTIONS FOR THE YEAR 1 JULY, 2005 – 30 JUNE, 2006</b>	<b>\$1,557.22</b>

**DISTRIBUTION REINVESTMENT PLAN (DRP) – Please refer to Note 4 overleaf**

Special Distribution Reinvested	-
Market Value Per Unit Reinvested	\$1.09
No. of Reinvested Units in Lieu of Cash	-

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