

Half-Year Review 31 December 2007

# Mirvac PFA Diversified Property Trust

## RESULTS IN BRIEF

Six months to	31 Dec 2007 (\$'000)	31 Dec 2006 (\$'000)
Unitholder equity	239,882	196,516
Total assets	682,810	482,108
Total income	33,138	37,639
Net operating profit	10,116	21,840
Total Distribution to unitholders	16,130	19,101
Number of units on issue ('000)	225,668	190,121
Earnings per unit (cents)	5.05	12.02
Distribution per unit (cents)	4.90	4.90
Special distribution per eligible unit (cents)	2.88	5.26
Net tangible assets per unit (\$)	1.46	1.17
Gearing (%)	50	44
Closing market price (\$)	1.29	1.15
Market capitalisation (\$m)	291,111	218,639



## Introduction

I AM PLEASED TO REPORT THE PERFORMANCE OF THE MIRVAC PFA DIVERSIFIED PROPERTY TRUST (TRUST) FOR THE SIX MONTHS TO 31 DECEMBER 2007.

**Grant Hodgetts, CEO - Australia, Mirvac Funds Management**



"Management will focus on the basics, including expense reduction, control of debt, security of income and maintaining investor value."

*Grant Hodgetts, CEO - Australia, Mirvac Funds Management*

The Trust has continued to grow with the acquisition of two commercial properties during the period. The Trust's total assets have increased to \$682 million, an increase of 41.6 per cent compared to the half-year ended 31 December 2006.

Total revenue from the Trust's operating activities was \$29.0 million, an increase of 27.1 per cent over the previous corresponding period. Net profit (before unitholder distributions and gain on disposals) also increased to \$10.1 million, an increase of 43.6 per cent when compared to the six months ended 31 December 2006.

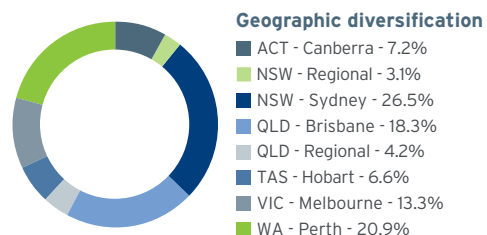
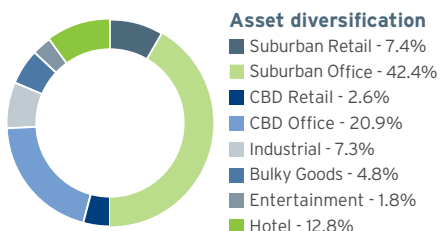
Distributions for the period totalled 4.90 cents per unit in line with the Trust's forecasts. Additionally, a special distribution of 2.88 cents per unit was paid to eligible unitholders on 14 September 2007.

The Trust's NTA increased by 29 cents to \$1.46 per unit.

### Operational highlights

- › The acquisition of two commercial properties located at 390 St Kilda Road, Melbourne for \$63.3 million and 657 Pacific Highway, St Leonards for \$19.1 million.
- › The revaluation of one property which added \$4.1 million to the portfolio's value. The Precinct, Coorparoo, Queensland was revalued as at 31 December 2007 at \$18.0 million, up from \$13.9 million. The property was previously valued in June 2006.
- › Product disclosure statement dated 8 June 2007 (PDS No. 5) closed oversubscribed on 24 August 2007 after raising \$43.4 million. This was \$18.4 million above the targetted capital raising amount of \$25 million.

## Property Diversification



## Leasing and occupancy

The occupancy rate for the Trust's portfolio at 98.2 per cent remains strong. Leasing activity during the period has predominantly related to the Civic Tower, Mowbray Road and Anzac Square Office properties.

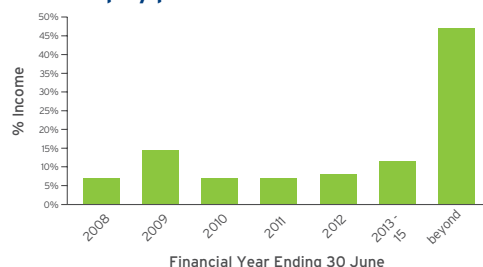
- The Civic Tower property is 100 per cent occupied following the signing of leases for the balance of the vacancy on the remaining two floors at this property.
- Atlab has signed a lease for a further 2,807 square metres at the 706 Mowbray Road, Lane Cove property. Atlab now occupy 11,642 square metres, or 67 per cent, of this asset's net lettable area.
- Three floors at the Anzac Square asset will become vacant in June 2008 following the expiration of the Energex lease at this time. Heads of agreement have been reached with a Queensland State Government department to occupy this space from 1 July 2008.
- The favourable settlement of a rent review of a wine bar located at the Centro on James property has resulted in an increase in the base rent by 42 per cent from 1 February 2008.
- The weighted average lease expiry of the portfolio remains strong at 6.4 years.
- National and government tenants currently account for approximately 81 per cent of the income of the Trust.

## Asset improvements

The Manager is conscious of the necessity to maintain the assets to keep them competitive in the marketplace. The major focus of capital works during the period has been:

- the fitout and refurbishment program of the AAPT Centre, as agreed under the sale and leaseback arrangements with AAPT;
- the refurbishment of the lifts and foyer of the Citigate Melbourne hotel; and
- the commencement of the refurbishment of the Citigate Perth hotel.

### Lease expiry profile



## Capital management

The Trust's debt is financed via a joint finance facility between the Commonwealth Bank of Australia and mortgage funds managed by ING Management Limited. The total debt at 31 December 2007 was \$343 million. Approximately 77 per cent of the Trust's debt funding had fixed interest rates or was hedged with the balance being at the variable rates.

The current debt facility expires in November 2008. Negotiations with a number of financial institutions to replace the facility on terms acceptable to the Trust are underway. The new facility is expected to be in place by 30 June 2008.

## BSX trading

The weighted average price per unit on the BSX was \$1.26, an increase of 10 cents per unit from that previously reported for the financial year ended 30 June 2007. The unit price as at 31 December 2007 was \$1.29.

At the time of this review however, the last trade was \$0.80 per unit. Consistent with recent volatility experienced in the listed property trust sector, low trading volumes on the BSX have placed downward pressure on the Trust's unit price.

The total trade volume on the BSX for the six months ended 31 December 2007 was 3.2 million units. Comparatively, the total trade volume for the year ended 30 June 2007 (i.e. 12 month period) was approximately 4.9 million units.

## Finalisation of PFA acquisition

On 10 October, 2007 Mirvac acquired the remaining 50 per cent interest in Property Funds Australia Limited (PFA), the responsible entity and manager for the PFA Diversified Property Trust. The right to purchase the remaining 50 per cent interest in PFA was acquired by the James Fielding Group, now part of Mirvac, in October 2004.

Following the acquisition, the PFA name was changed to Mirvac PFA Limited and the name of the Trust was changed to the Mirvac PFA Diversified Property Trust.

A recomposition of the Board of Directors also occurred following the finalisation of the acquisition of PFA. PFA's founding member and managing director, Mr Christopher Morton along with fellow directors Jennifer Hutson and Dennis Wildenberg retired from the Board.





### **Outlook**

Recent volatility in global financial markets has put some pressure on the Australian financial sector and consequently will create some uncertainty for the direct property market. The fundamentals of those property markets in which the Trust holds assets still remain positive.

Looking forward, management will focus on the basics, including expense reduction, control of debt, security of income and maintaining investor value.

# Key Financial Information

## Condensed Income Statement

For the half-year ended	Consolidated 31 Dec 2007 \$'000	Consolidated 31 Dec 2006 \$'000
<b>Revenue</b>		
Operating activities	29,038	22,841
Gain on disposal of investment property	-	14,798
Gain on revaluation of investment property	4,100	-
<b>Total revenue</b>	<b>33,138</b>	<b>37,639</b>
<b>Expenses</b>		
Property expenses	(6,908)	(5,035)
Amortisation	(280)	(209)
Impairment of investment properties	(1,561)	(1,378)
Fund expenses	(2,476)	(1,909)
<b>Total expenses</b>	<b>(11,225)</b>	<b>(8,531)</b>
<b>Financing costs - financial institutions</b>		
Interest & Amortisation	(11,797)	(7,268)
<b>Total costs - financial institutions</b>	<b>(11,797)</b>	<b>(7,268)</b>
<b>Profit before finance costs to unitholders</b>	<b>10,116</b>	<b>21,840</b>
<b>Financing costs - unitholders</b>		
Distributions to unitholders	(16,130)	(19,101)
Profit/(loss) before income tax expense	(6,014)	2,739
Income tax expense	-	-
<b>Profit/(loss) after income tax expense</b>	<b>(6,014)</b>	<b>2,739</b>
<b>Changes in net assets attributable to unitholders</b>	<b>6,014</b>	<b>(2,739)</b>
<b>Net profit/(loss)</b>	<b>-</b>	<b>-</b>

## Condensed Balance Sheet

As at	Consolidated 31 Dec 2007 \$'000	Consolidated 30 Jun 2007 \$'000
<b>Current assets</b>		
Cash and cash equivalents	5,923	10,480
Trade and other receivables	8,961	7,382
Other current assets	1,656	947
<b>Total current assets</b>	<b>16,540</b>	<b>18,809</b>
<b>Non-current assets</b>		
Investment - property	666,090	571,298
Available for sale financial assets	180	180
<b>Total non-current assets</b>	<b>666,270</b>	<b>571,478</b>
<b>Total assets</b>	<b>682,810</b>	<b>590,287</b>
<b>Current liabilities</b>		
Trade and other payables	10,930	9,696
Borrowings	341,875	10,000
<b>Total current liabilities</b>	<b>352,805</b>	<b>19,696</b>
<b>Non-current liabilities</b>		
Other liabilities	330,005	292,212
Borrowings	-	278,379
<b>Total non-current liabilities</b>	<b>330,005</b>	<b>570,591</b>
<b>Total liabilities</b>	<b>682,810</b>	<b>590,287</b>
<b>Net assets</b>	<b>-</b>	<b>-</b>

# Key Financial Information

(continued)

## Condensed Cash Flow Statement

For the half-year ended	Consolidated 31 Dec 2007 \$'000	Consolidated 31 Dec 2006 \$'000
<b>Cash flows from operating activities</b>		
Property income	31,509	23,329
Interest received and sundry income	345	511
Payments to suppliers	(12,014)	(10,892)
Interest paid	(11,420)	(6,851)
<b>Cash provided by/(used in) operating activities</b>	<b>8,420</b>	<b>6,097</b>
<b>Cash flows from investing activities</b>		
Investment in Citigate Melbourne Pty Ltd	-	(90)
Investment in Citigate Perth Pty Ltd	(90)	-
Deposit on investment - property	-	(1,500)
Purchase of investment - property and capital improvements	(92,078)	(4,141)
<b>Cash provided by/(used in) investing activities</b>	<b>(92,168)</b>	<b>(5,731)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	53,637	-
Financing costs paid	(703)	(79)
Units issued	43,366	24,622
Capital raising funds provided for (used)	-	(2,295)
Cost of equity raising	(1,273)	(723)
Distributions to Unitholders	(15,836)	(8,874)
<b>Cash provided by/(used in) financing activities</b>	<b>79,191</b>	<b>12,651</b>
Net increase/(decrease) in cash held	(4,557)	13,017
Cash at the beginning of the financial period	10,480	2,777
<b>Cash as at 31 December</b>	<b>5,923</b>	<b>15,794</b>

## Investor relations

If you have any queries relating to your investment or you wish to change your details such as your mailing address or bank account details, please contact our investment services personnel on Freecall 1800 687 170 or alternately visit the Mirvac PFA website ([www.pfaltd.com.au](http://www.pfaltd.com.au)) to access Trust information including BSX announcements.

## Complaints

Mirvac PFA has an established policy for dealing with complaints. Investors wishing to complain should write to The Dispute Resolution Officer, Mirvac PFA Limited, GPO Box 1438, Brisbane QLD 4001.

Mirvac PFA is a member of an independent dispute resolution, the Financial Industry Complaints Service (FICS).

## Privacy

The Responsible Entity collects personal information to enable us to tailor our service to the needs of our customers. We only collect personal information directly from customers, for example through application or enquiry forms, letters and visits to our website or our office. Customers choose how much personal information they disclose. If customers discover that personal information we hold is inaccurate, incomplete or out-of-date, or if they no longer wish to receive material from the Responsible Entity, they should contact our Privacy Officer on the numbers listed below.

**Responsible Entity**  
Mirvac PFA Limited  
ABN 58 078 199 569 AFSL 224106  
as Responsible Entity for  
Mirvac PFA Diversified Property Trust  
ARSN 097 860 690

**Registered Office and Postal Address**  
Level 3, Anzac Square Commercial  
200 Adelaide Street  
Brisbane QLD 4000  
Telephone: (07) 3226 7302  
Toll Free: 1800 687 170  
Fax: (07) 3226 7303  
Email: [info@pfaltd.com.au](mailto:info@pfaltd.com.au)  
Web: [www.pfaltd.com.au](http://www.pfaltd.com.au)

**Postal Address**  
GPO Box 1438  
Brisbane QLD 4001

**Board of Directors**  
Paul Barker (Non-Executive Chairman)  
Nicholas Collishaw  
Grant Hodgetts  
Ross Strang  
Richard Turner

**Company Secretaries**  
Adrienne Parkinson  
Michael White

**Auditors**  
BDO Kendalls (QLD)  
Level 18, 300 Queen Street  
Brisbane QLD 4000

**Unit Registry**  
Mirvac PFA Limited  
Level 3, Anzac Square Commercial  
200 Adelaide Street  
Brisbane QLD 4000

**Bendigo Stock Exchange Listing**  
The Mirvac PFA Diversified Property Trust is listed on the Bendigo Stock Exchange

**BSX Listing Code**  
PFD

**Investor Enquiries**  
Correspondence  
Mirvac PFA Diversified Property Trust  
C/- Mirvac PFA Limited  
GPO Box 1438  
Brisbane QLD 4001  
Telephone: 1800 687 170

## Disclaimer

The financial statements and disclosures in this document have been derived from the Trust's 31 December 2007 half-year interim financial report. A more comprehensive reporting of the Trust's financial performance, financial position and financing and investing activities is provided in the 31 December 2007 half-year interim financial report. A copy of this report, including the Auditor's Report, is available online at [www.pfaltd.com.au](http://www.pfaltd.com.au), or by contacting the Trust's information line on 1800 687 170.

All amounts are in Australian dollars, unless otherwise specified. The information in this report is current as at 28 March 2008, unless otherwise specified.