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BSX ANNOUNCEMENT

MIRVAC PFA DIVERSIFIED PROPERTY TRUST FY08 RESULTS

Mirvac PFA Diversified Property Trust (BSX Code: **PFD)** today reported core earnings for the period to 30 June 2008, after AIFRS non-cash adjustments, of $17.5 million (or 7.75 cents per unit), a 26.7 per cent increase on the previous corresponding period.

> Net tangible assets of $1.28 per unit
> Distribution of 9.80 cents per unit
> Gross assets of $652 million

The challenging global property environment has led to a softening in property capitalisation rates and increased interest costs. The consequent reduction in the book value of the Trust's portfolio has resulted in the net tangible assets decreasing from $1.53 per unit as at 30 June 2007 to $1.28 per unit as at 30 June 2008.

The Trust's gross assets were $652 million at 30 June 2008, a 10.6 per cent increase on the previous year, primarily driven by new acquisitions.

Ben Hindmarsh, Trust Manager of the Mirvac PFA Diversified Property Trust said, "While volatility in the financial markets and a softening of the property sector provided challenges during the 2008 financial year, the quality and diversity of the Trust's portfolio has provided considerable resilience. We will continue to execute on the strategies we have in place to ensure a robust balance sheet for our Investors."

TRUST OPERATIONS

- > Net property income before interest increased to $52.1 million, up 47.6 per cent
- > Strong portfolio occupancy at 97.1 per cent
- > Weighted average lease expiry by area of 6.15 years
- > Portfolio valuation decreased to approximately $630 million
- > Acquired two new assets valued at $82.3 million
- > Successful value-add initiatives undertaken at the AAPT Centre and the Citigate Melbourne Hotel
- > Implemented new capital management strategies for the Trust

The Trust's Australian focused investment portfolio delivered a net property income of $52.1 million (up $16.8 million from the previous year).

The portfolio maintained a strong occupancy level of 97.1 per cent. The Trust is well positioned to withstand current market volatility, with government tenants accounting for 27.75 per cent and the top ten tenants accounting for 62.13 per cent of the Trust's income. The Trust's weighted average lease expiry profile by area is 6.15 years.

The global uncertainty in credit markets has had a negative impact on property values and capitalisation rates. Revaluations of the whole portfolio were undertaken in the six months to June 2008, consisting of eight independent valuations and 12 internal directors' valuations.

The weighted average capitalisation rate of the portfolio increased from 7.40 per cent to 7.92 per cent, contributing to the portfolio book value decreasing by approximately $36 million to $630 million in the six month period to 30 June 2008.

In August 2007, the Trust completed a successful public offer (Product Disclosure Statement No. 5), closing oversubscribed and raising $43.4 million, $18.4 million over the capital raising target. The proceeds from the capital raising were used to purchase two properties, one located in Melbourne and one in Sydney. These acquisitions were consistent with the diversification strategy of the Trust, reducing the focus on the Brisbane office market. They included:

- > **390 St Kilda Road, Melbourne** acquired for $63.22 million. The property is the Trust's first significant office property acquisition in Melbourne. Constructed in 1976 it comprises 23 levels of office accommodation and five levels of basement parking. The property is fully let and has a weighted average lease expiry of 3.4 years.

> **657 Pacific Highway, St Leonards** acquired for $19.05 million. Constructed in 1970 and extensively refurbished in 2005, the property comprises eight levels of office accommodation and ground floor retail space. The property is fully let and has a weighted average lease expiry of approximately 5.7 years.

The reduction in portfolio book value at 30 June 2008 contributed to the Trust's gearing ratio increasing to 54.3 per cent from 49.0 per cent in the previous corresponding period.

Capital Management

The Trust's debt is via a joint finance facility between the Commonwealth Bank of Australia and mortgage funds financed by ING Management Limited. The total debt drawn at 30 June 2008 was $354.1 million. Approximately 75 per cent of the Trust's debt funding has fixed interest rates or was hedged, with the balance being at variable rates.

In April 2008, management delivered on its commitment to review the Trust in light of the changes occurring in the broader property market, announcing a number of initiatives to provide a solid platform to deliver future income and growth to Investors.

These initiatives focused on:

> Refinancing the Trust's debt

> Distributions to match cash earnings

> Reduction in management fees

> Non-core portfolio rationalisation

We have commenced delivering on these initiatives including:

Debt refinancing

Term sheets to refinance the debt through a syndicate of lenders, including CBA, ING and BNZA, were finalised in August 2008. It is anticipated full documentation will be completed in late August – early September 2008, well in advance of the debt expiry in November 2008.

Sale of Centro on James

The Trust completed the sale of Centro on James for $19.2 million (before costs) on 31 July 2008. The sale represents an increase of 7.3 per cent on book value at 31 December 2007 and a 100 per cent increase on the original acquisition price of $9.6 million. The sale is part of the Trust's strategy to sell non-core assets and redeploy the capital to pay down debt, strengthening the Trust's balance sheet and lowering the gearing ratio from that stated in the 30 June 2008 financial accounts.

Special distribution from Sale of Centro on James

As a result of the sale of the Centro on James, the Trust will make a special distribution to Investors of 1.1 cents per unit. The special distribution will be paid with the 31 August 2008 distribution on 19 September 2008.

Outlook

Trust Manager, Ben Hindmarsh said "The uncertainty in credit markets and its associated impact on property values has provided a challenging environment during the year. However, the underlying fundamentals of the Trust remain strong, and our strategy of prudent capital management, portfolio rationalisation of non-core assets and continued active management of the Trust's assets will place the Trust in a strong financial position. We remain focused on maintaining the Trust's high occupancy levels, income streams and long lease expiry profile.

"As previously advised, the Trust's distribution policy is based on aligning distributions with cash earnings. In line with this policy, the distribution guidance for the financial year ending 30 June 2009 is 6.9 cents per unit.

"We believe this is the most prudent approach to maximise Investor value and to ensure the Trust is well placed to manage through the cycle and act swiftly on opportunities that may arise in the current market conditions."

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