



## BSX ANNOUNCEMENT

17 February 2009

### MIRVAC PFA DIVERSIFIED PROPERTY TRUST 1H09 RESULTS

Mirvac PFA Diversified Property Trust (BSX Code: PFD) today reported core operating earnings<sup>1</sup> of \$9.6 million for the period to 31 December 2008, a 26.6 per cent increase on the previous corresponding period.

- > Gross assets of \$635.1 million
- > Net Tangible Assets (NTA) of \$1.14 per unit
- > 1H09 distribution 3.45<sup>2</sup> cents per unit
- > Gearing of 53.5 per cent

Australia's weakening economic environment continues to provide a challenge for the Trust. The Trust's gross assets were \$635.1 million at 31 December 2008, a decrease of 2.58 per cent from 30 June 2008. The Trust's net tangible assets decreased from \$1.28 per unit at 30 June 2008 to \$1.14 per unit at 31 December 2008 resulting primarily from the revaluation of interest rate hedges during the period.

The Trust's distribution for the six months ended 31 December 2008 is 3.45 cents per unit<sup>2</sup>.

Ben Hindmarsh, Trust Manager, Mirvac PFA Diversified Property Trust said, "This is a pleasing result in tough economic conditions. The Trust's investment portfolio fundamentals remain strong with secure, long-term income streams. The continued execution of our strategy including portfolio rationalisation of non-core assets and prudent capital management has strengthened the Trust's balance sheet."

"As a result of this, we have been able to increase the annualised distributions to Investors by 5.1 per cent, from 6.9 cents per unit to 7.25 cents per unit, from 1 April 2009. We have also been able to pass on a 1.1 cent per unit special distribution from the sale of Centro on James."

### TRUST OPERATIONS

#### Sales

The Trust completed the sale of Centro on James for \$19.2 million (before costs). The sale represented a premium to book value and 100 per cent increase on the original acquisition price. The sale is part of the Trust's strategy to sell non-core assets to redeploy capital to pay down debt and lower the Trust's gearing ratio.

<sup>1</sup> Operating earnings excludes non-cash AIFRS adjustments and realised profits/losses on sale of investments.

<sup>2</sup> Excludes special distribution of 1.1 cents per unit from the sale of Centro on James

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Mirvac Capital Investments  
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Mirvac Wholesale Funds Management  
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 Limited  
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### *Valuations*

Valuations on all of the Trust's assets were undertaken as at 31 December 2008 resulting in a total devaluation of \$0.9 million, a decrease of 0.01 per cent on the total portfolio book value.

Capitalisation rates across the Trust's 19 assets have increased on average by approximately 23 basis points to 8.21 per cent.

A total of five assets were valued independently as at 31 December 2008 resulting in a weighted average capitalisation rate of 8.19 per cent, an increase of 19 basis points<sup>3</sup>. The remaining 14 assets were valued internally resulting in a weighted average capitalisation rate of 8.21 per cent, an increase of 24 basis points<sup>3</sup>.

Details of the independent valuations conducted are outlined in Appendix A.

### *Leasing and occupancy*

The portfolio maintained a strong occupancy level of 96.6 per cent, by area. During the half year, there has been some positive leasing activity at the Octagon in Parramatta, New South Wales and the Mowbray Road asset in Lane Cove, New South Wales with approximately 3,990 square metres of space being leased or having heads of agreement in place.

The Trust is well positioned to withstand the current market environment, with government tenants accounting for 26.9 per cent and the top 10 tenants accounting for 61.6 per cent of the Trust's income. The Trust's weighted average lease expiry profile, by income, is 6.1 years.

Leases and Heads of Agreement executed during the period are outlined in Appendix B.

## **CAPITAL MANAGEMENT**

The Trust was successful in refinancing its debt facility with the execution of all documentation completed on 7 November 2008. All debt is held with major banks – Commonwealth Bank of Australia, the NAB and ING. The new facility runs for three years until November 2011.

The Trust's gearing has decreased slightly from 54.3 per cent at 30 June 2008 to 53.5 per cent at 31 December 2008 as the result of a stronger balance sheet which included the sale of Centro on James.

Details of the debt facility are provided in Appendix C.

## **STRATEGY**

Trust Manager, Mirvac PFA Diversified Property Trust, Ben Hindmarsh, said, "Given the weaker economic environment, management will continue its strong focus on active asset management to maintain high occupancy levels across the portfolio, achieve budgeted rent reviews and tenant retention."

"Management will pursue the execution of strategies that will help mitigate the impact of the current economic conditions and continue to manage the Trust's balance sheet and capital management program prudently."

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<sup>3</sup> Comparatives are to 30 June 2008

“We continue to explore initiatives that will provide the Trust with a sustainable strategy into the future. One of the initiatives, as we have previously advised, is to look at more viable liquidity and capital pricing structures for the Trust which we are continuing to work through. We hope to report our recommendations to Investors in relation to this in the very near future.

**For more information, please contact, Mirvac Investment Management:**

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Mirvac Investment Management manages approximately \$7.6 billion on behalf of more than 34,000 institutional and retail Investors across listed, unlisted and wholesale funds and joint ventures. Mirvac Investment Management is part of Mirvac, a leading investment manager and pre-eminent residential developer.

## APPENDIX A – SCHEDULE OF INDEPENDENT VALUATIONS CONDUCTED

Property	Independent valuation \$m	Valuation date	Book value 31 Dec 08 \$m	Variance to book value 31 Dec 08 \$m	Cap rate 31 Dec 08 %	Cap rate 30 Jun 08 %
Civic Tower, Sydney, NSW <sup>1</sup>	67.2 <sup>2</sup>	30 Sept 08	67.6	(0.4)	7.00	6.75
The Octagon, 110 George Street, Parramatta, NSW <sup>4</sup>	38.0 <sup>5</sup>	30 Sept 08	38.0	-	8.00	7.75
657 Pacific Highway, St Leonards, NSW	19.0	31 Dec 08	19.0	-	7.75	8.25
390 St Kilda Road, Melbourne, VIC	61.0 <sup>2</sup>	30 Sept 08	61.0	-	7.65	7.50
Foxtel Building, Moonee Ponds, VIC	26.3	31 Dec 08	27.0	(0.7)	8.13	8.00
The Lands Building, Hobart, TAS	35.0	31 Dec 08	33.5	1.5	8.75	8.50
Cairns Hypermart, Cairns, QLD	22.6	31 Dec 08	23.6	(1.0)	8.25	7.75
180 Queen Street, Brisbane QLD	24.0	31 Dec 08	21.1	2.9	7.75	7.50

<sup>1</sup> 50 per cent interest

<sup>2</sup> Excludes rental guarantee

**APPENDIX B – LEASE AND HEADS OF AGREEMENT**

<b>Property</b>	<b>Tenant</b>	<b>NLA (sqm)</b>	<b>Term (yrs)</b>	<b>Comments</b>
<b>The Octagon, Parramatta, NSW</b>	<b>RTA (NSW)</b>	<b>2,200</b>	<b>4</b>	Heads of Agreement signed
	<b>MWH</b>	<b>339</b>	<b>4</b>	Heads of Agreement signed
	<b>Parson Brinkerhoff</b>	<b>339</b>	<b>4</b>	Heads of Agreement signed
<b>706 Mowbray Road, Lane Cove, NSW</b>	<b>NXA Pty Ltd</b>	<b>1,112</b>	<b>10</b>	Lease executed post 31 Dec 08

**APPENDIX C – SUMMARY OF DEBT FACILITY**

Total facility limit (\$m)	355.0
Total interest bearing debt (amount drawn) (\$m)	339.9
Hedging ratio (%)	69.4%
Weighted average hedge rate (%)	6.0%
Expiry date	Nov-11