



## Annexure 3A

### BSX Listing Rules

### Half yearly/Yearly Disclosure

References Version 1, Operative 23/8/2000

### Chapter 3, BSX Listing Rules

#### Mirvac PFA Diversified Property Trust

Name of entity

097 860 690 (ARSN)

Half yearly (tick)



31 December 2008

ABN, ACN or ARBN

Annual (tick)



Half year/financial year ended  
(‘Current period’)

#### Summary

				\$A,000
Sales revenue or operating revenue	Up	11%	to	32,276
Profit (loss) before abnormal items and after tax	Down	780%		(33,083)
Abnormal items before tax		gain (loss) of		-
Profit (loss) after tax but before outside equity interests	Down	780%	to	(33,083)
Extraordinary items after tax attributable to members		gain (loss) of		
Profit (loss) for the period attributable to members	Down	780%	to	(33,083)

Dividends (distributions)	Franking rate applicable	N/A
Current period	Final Interim	Refer to Annexure A (2) ¢ ¢
Previous corresponding period	Final Interim	Refer to Annexure A(2) ¢ ¢
Record date for determining entitlements to the dividend, (in the case of a trust distribution)		31 December 2008 as previously announced.

## Annexure 3A

### Half Yearly/Yearly Disclosure

Short details of any bonus or cash issue or other items(s) of importance not previously released to BSX:

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#### Consolidated profit and loss account

	Current period \$A'000	Previous corresponding period \$A'000
Revenue	32,700	33,551
Expenses	(43,427)	(9,946)
Finance costs – financial institutions	(12,087)	(11,235)
Finance costs – Unitholder distributions	(10,268)	(16,130)
Profit (loss) from ordinary activities before tax	(33,083)	(3,760)
Income tax on ordinary activities	0	0
Profit (loss) from ordinary activities after tax	(33,083)	(3,760)
Outside equity interests	0	0
Profit (loss) from ordinary activities after tax attributable to members	(33,083)	(3,760)
Profit (loss) from extraordinary activities after tax attributable to members	0	0
Profit (loss) for the period attributable to members	(33,083)	(3,760)
Retained profits (accumulated losses) at the beginning of the financial period	Refer to Annexure A(3)	Refer to Annexure A(3)
Net transfers to and from reserves		
Net effect of changes in accounting policies	Refer to Annexure A(3)	Refer to Annexure A(3)
Dividends paid or payable	Refer to Annexure A(2)	Refer to Annexure A(2)
Retained profits (accumulated losses) at end of financial period	Refer to Annexure A(3)	Refer to Annexure A(3)

## Annexure 3A Half Yearly/Yearly Disclosure

### Profit restated to exclude amortisation of goodwill

	Current period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities after tax before outside equity interests and amortisation of goodwill	(33,083)	(3,760)
Less (plus) outside equity interests		
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	(33,083)	(3,760)

### Revenue and expenses from operating activities

	Current period \$A'000	Previous corresponding period \$A'000
Details of revenue		
Rental Income	27,710	26,208
Outgoings recovered	4,972	3,102
Lease incentive amortisation	(406)	(280)

### Intangible and extraordinary items

	Consolidated – current period		
	Before tax \$A'000	Related tax \$A'000	After tax \$A'000
Amortisation of goodwill	0	0	0
Amortisation of other intangibles	690	0	690
<b>Total amortisation of intangibles</b>	690	0	690
Extraordinary items (details)	0	0	0
<b>Total extraordinary items</b>	0	0	0

## Annexure 3A

### Half Yearly/Yearly Disclosure

#### Comparison of half year profits

(Annual statement only)

	Current year - \$A'000	Previous year - \$A'000
Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1 <sup>st</sup> half year	(33,083)	(3,760)
Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2 <sup>nd</sup> half year	0	0

#### Consolidated balance sheet

Current assets	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly statement \$A'000
Cash	9,107	10,011	5,923
Receivables	1,540	4,075	3,762
Investments	17,650	21,950	0
Inventories	0	0	0
Other (prepaid expenses/deposits)	2,939	1,525	2,330
<b>Total current assets</b>	<b>31,326</b>	<b>37,561</b>	<b>12,015</b>
<b>Non-current assets</b>			
Receivables	1,076	0	0
Investments	600,820	608,160	666,090
Available for sale financial assets	0	0	180
Other property, plant and equipment (net)	0	0	0
Intangibles (borrowing costs net)	1,833	0	0
Other (investments equity method)	143	153	0
Other (derivate financial instruments)	0	6,041	4,134
<b>Total non-current assets</b>	<b>603,872</b>	<b>614,354</b>	<b>670,404</b>
<b>Total assets</b>	<b>635,108</b>	<b>651,915</b>	<b>682,419</b>
<b>Current liabilities</b>			

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

Payables	11,561	10,026	10,930
Borrowings	0	353,248	341,875
Provisions	1,316	0	0
Other (derivative financial instruments)	4,846	0	0
<b>Total current liabilities</b>	<b>17,723</b>	<b>363,274</b>	<b>352,805</b>
<b>Non-current liabilities</b>			
Accounts payable	0	0	0
Borrowings	339,949	0	0
Provisions (derivative financial instruments)	21,175	0	0
Other (refer to Annexure A (3))	256,261	288,641	329,614
<b>Total non-current liabilities</b>	<b>617,385</b>	<b>288,641</b>	<b>329,614</b>
<b>Total liabilities</b>	<b>635,108</b>	<b>651,915</b>	<b>682,419</b>
<b>Net assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity (Refer to Annexure A (3))</b>			
Capital	0	0	0
Reserves	0	0	0
Retained profits (accumulated losses)	0	0	0
Equity attributable to members of the parent entity	0	0	0
Outside equity interests in controlled entities	0	0	0
<b>Total equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
Preference capital and related premium included	N/A	N/A	N/A

**Consolidated statement of cash flows**

**Cash flows related to operating activities**

	Current period \$A'000	Previous corresponding period \$A'000
Receipts from customers	32,769	31,509
Payments to suppliers and employees	(8,702)	(12,014)
Dividends received	0	0
Interest and other items of similar nature received	230	345
Interest and other costs of finance paid	(9,301)	(11,420)

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

Income taxes paid	0	0
Other (provide details if material)	0	0
<b>Net operating cash flows</b>	<b>14,996</b>	<b>8,420</b>
<b>Cash flows related to investing activities</b>		
Payments for purchases of property, plant and equipment	(7,557)	(92,078)
Proceeds from sale of property, plant and equipment	18,936	0
Payment for deposit on investment property	0	0
Proceeds from sale of equity investments	0	0
Loans to other entities	(500)	0
Loans repaid by other entities	0	0
Other (provide details if material)	0	(90)
<b>Net investing cash flows</b>	<b>10,879</b>	<b>(92,168)</b>
<b>Cash flows related to financing activities</b>		
Proceeds from issues of securities (shares, options, etc.)	0	43,366
Proceeds from borrowings	339,949	53,637
Repayment of borrowings	(354,161)	0
Distributions / Dividends paid	(10,802)	(15,836)
Other (provide details if material) Financing costs and capital raising costs	(1,765)	(1,976)
<b>Net financing cash flows</b>	<b>(26,779)</b>	<b>79,191</b>
<b>Net increase (decrease) in cash held</b>	<b>(904)</b>	<b>(4,557)</b>
Cash at beginning of period (see Reconciliation of cash)	10,011	10,480
Exchange rate adjustments	0	0
<b>Cash at end of period</b> (see Reconciliation of cash)	<b>9,107</b>	<b>5,923</b>

## Annexure 3A

### Half Yearly/Yearly Disclosure

#### Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

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#### Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A'000	Previous corresponding period \$A'000
Cash on hand and at bank	6,607	5,923
Deposits at call	2,500	0
Bank overdraft	0	0
Other (provide details)	0	0
Total cash at end of period	9,107	5,923

#### Ratios

##### Profit before tax/sales

Consolidated profit (loss) from ordinary activities before tax as a percentage of sales revenue

Current period

-102%

Previous  
corresponding period

-13%

##### Profit after tax/equity interests

Consolidated profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period

Refer to Annexure  
A (3)

Refer to Annexure  
A (3)

#### Earnings per security (EPS)

Calculation of basic, and fully diluted, EPS in accordance with AASB 133: Earnings per Share

(a) Basic EPS

Refer to Annexure

Refer to Annexure

(b) Diluted EPS (if materially different from (a))

A (4)

A (4)

#### NTA backing

Net tangible asset backing per ordinary security

Current period

1.14 refer to  
Annexure A (5)

Previous  
corresponding period

1.46 refer to  
Annexure A (5)

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

**Details of specific receipts/outlays, revenues/expenses**

	Current period A\$'000	Previous corresponding period \$A'000
Interest revenue included	230	345
Interest revenue included but not yet received (if material)	0	0
Interest costs excluded from borrowing costs capitalised in asset values	0	0
Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	0	0
Depreciation (excluding amortisation of intangibles)	0	0
Other specific relevant items (borrowing costs & capital raising costs)	1,765	1,976

**Control gained over entities having material effect**

Name of entity

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity since the date in the current period on which control was acquired

Date from which such profit has been calculated

Profit (loss) from ordinary activities and extraordinary items after tax of the entity for the whole of the previous corresponding period

**Loss of control of entities having material effect**

Name of entity

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity for the current period to the date of loss of control

\$

Date from which the profit (loss) has been calculated

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period

\$

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

\$



## Annexure 3A Half Yearly/Yearly Disclosure

### Reports for industry and geographical segments

Refer to the Half Year Report for a detailed summary.

#### Segments

Operating Revenue

Sales to customers outside the economic entity

Inter-segment sales

Unallocated revenue

Total revenue

Segment result

Unallocated expenses

Consolidated profit from ordinary activities after tax (before equity accounting)

Segment assets	)	<i>Comparative data for segment assets should be as at the</i>
Unallocated assets	)	<i>end of the previous corresponding period</i>
Total assets	)	

#### Dividends

Date the dividend is payable

21 January 2009
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Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)

Last business day of December 2008
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#### Amount per security

		<i>Franking rate applicable</i>	%	%	%
<i>(annual report only)</i>					
<b>Final dividend:</b>	Current year	¢	N/A	¢	N/A
	Previous year	¢	¢	¢	¢
<i>(Half yearly and annual statements)</i>					
<b>Interim dividend:</b>	Current year	¢	N/A	¢	N/A
	Previous year	¢	¢	¢	¢

## Annexure 3A Half Yearly/Yearly Disclosure

### Total annual dividend (distribution) per security

(Annual statement only)

	Current year	Previous year
Ordinary securities	Refer to Annexure A (2)	Refer to Annexure A (2)
Preference securities	N/A	N/A

### Total dividend (distribution)

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	Refer to Annexure A (2)	Refer to Annexure A (2)
Preference securities	N/A	N/A
<b>Total</b>	\$	\$

### Half yearly report – interim dividend (distribution) on all securities or Annual report – final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	\$	\$
Preference securities	\$	\$
<b>Total</b>	\$	\$

The dividend or distribution plans shown below are in operation.

The current proposed monthly distributions are 0.575 cents per unit (6.9 cents per annum).

The last date(s) for receipt of election notices to the dividend or distribution plans	In accordance with BSX Listing Rule Annexure 4A.
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### Any other disclosures in relation to dividends (distributions)

As a result of the sale of the Centro on James asset the Trust made a special distribution to investors of 1.1 cents per unit. The special distribution was paid with the 31 August 2008 distribution on 19 September 2008.

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

**Equity accounted associated entities and other material interests**

*Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.*

Entities share of:	Current period A\$'000	Previous corresponding period A\$'000
Profit (loss) from ordinary activities before tax.	(570)	-
Income tax		
Profit (loss) from ordinary activities after tax	(570)	-
Extraordinary items net of tax		
Net profit (loss)	(570)	-
Outside equity interests	(57)	-
Net profit (loss) attributable to members	(513)	-

**Material interests in entities which are not controlled entities**

*The entity has an interest (that is material to it) in the following entities.*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to profit (loss) from ordinary activities and extraordinary items after tax	
<b>Equity accounted associates and joint venture entities</b>	Current period	Previous corresponding period	Current period A\$'000	Previous corresponding period A\$'000
Citigate Melbourne Pty Ltd	49%	49%	(10)	-
Citigate Perth Pty Ltd	49%	49%	(503)	-
<b>Total</b>			(513)	-
<b>Other material interests</b>				
<b>Total</b>			(513)	-

## Annexure 3A

### Half Yearly/Yearly Disclosure

#### Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

#### Category of securities

	Number issued	Number listed	Issue Price (cents)	Paid-up value (cents)
<b>Preference securities</b> (description)	N/A	N/A	N/A	N/A
Changes during current period	N/A	N/A	N/A	N/A
<b>Ordinary securities</b>				
	225,667,727	225,667,727	N/A	N/A
Changes during current period	N/A	N/A	N/A	N/A
<b>Convertible debt securities</b> (description and conversion factor)	N/A	N/A	N/A	N/A
Changes during current period	N/A	N/A	N/A	N/A

			Exercise price	Expiry date
<b>Options</b> (description and conversion factor)	N/A	N/A	N/A	N/A
Changes during current period	N/A	N/A	N/A	N/A
Exercised during current period	N/A	N/A	N/A	N/A
Expired during current period	N/A	N/A	N/A	N/A
<b>Debentures</b>	N/A	N/A		

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

<b>Unsecured Notes</b>	N/A	N/A
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**Discontinuing Operations**

**Consolidated profit and loss account**

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Sales revenue or operation revenue	N/A					
Other revenue						
Expenses from ordinary activities						
Profit (loss) before tax						
Less tax						
Profit (loss) from ordinary activities after tax						

**Consolidated statement of cash flows**

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Net operating cash flows	N/A					
Net investing cash flows						
Net financing cash flows						

## Annexure 3A Half Yearly/Yearly Disclosure

### Other disclosures

	Current period A\$'000	Previous corresponding period A\$'000
Carrying amount of items to be disposed of:	N/A	N/A
- total assets		
- total liabilities		
Profit (loss) on disposal of assets or settlement of liabilities	N/A	N/A
Related tax		
Net profit (loss) on discontinuance		

### Description of disposals

### Comments by *directors*

#### Basis of accounts preparation

*If this statement is a half yearly statement it should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.*

Material factors affecting the revenues and expenses of the entity for the current period including seasonal or cyclical factors

Australian property markets, in line with global property markets, are undergoing an adjustment phase and will face a number of challenges in 2009. Across commercial property, refinancing pressure and limited capital, in conjunction with rising unemployment, will place downward pressure on rents and capital values. In most capital cities and across all sectors, tenant demand has weakened. Retail landlords are increasing incentives to secure tenants, while the office and industrial sectors are experiencing increasing availability of sub-lease space as businesses re-structure or shelve expansion plans. Yields have continued to soften, with the disconnect between buyer and vendor expectations driving asset re-pricing that should stabilise as transactional volumes increase over 2009.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

## Annexure 3A Half Yearly/Yearly Disclosure

Refer to Half-Year Report for this period

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Not Applicable

Changes in accounting policies since the last annual report and estimates of amounts reported in prior years are disclosed as follows.

Refer to Half-Year Report for this period

Changes in the amounts of contingent liabilities or assets since the last annual report are disclosed as follows.

Refer to Half-Year Report for this period

### Additional disclosure for trusts

Number of units held by the management company or responsible entity to their related parties.

224,244

A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- Initial service charges
- Management fees
- Other fees (Disposal, Accountancy & Registry fees)

0  
1,441,679  
949,750

**Annexure 3A**  
**Half Yearly/Yearly Disclosure**

**Annual meeting**

*(Annual statement only)*

The annual meeting will be held as follows:

Place

N/A

Date

Time

Approximate date the annual report will be available

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law.
- 2 This statement, and the financial statements under the Corporations Law (if separate), use the same accounting policies.
- 3 In the case of a half-yearly report the same accounting standards and methods of computation are followed as compared with the most recent annual accounts.
- 4 This statement does give a true and fair view of the matters disclosed.
- 5 This statement is based on financial statements to which one of the following applies:

*(Tick one)*

The financial statements have been audited.

- ☒ The financial statements have been subject to review by a registered auditor (or overseas equivalent).

The financial statements are in the process of being audited or subject to review.

The financial statements have *not* yet been audited or reviewed.

- 6 If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications will follow immediately they are available\* (*delete one*).
- 7 The entity does not have a formally constituted audit committee.

Sign here: ..... Date: 17 February 2009....  
(CEO – Mirvac Investment Management, Australia)

Print name: .....Grant Hodgetts.....



**Notes**

**True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

**Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

The Trust should not be subject to taxation on net income derived for tax purposes provided that it is fully distributed to Unitholders.

**Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement.

# MIRVAC PFA DIVERSIFIED PROPERTY TRUST

## Half year Report for the period ended 31 December 2008

This financial report represents Mirvac PFA Diversified Property Trust (ARSN 097 860 690) and its controlled entities.

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report and the annual report of the Mirvac PFA Diversified Property Trust for the period ended 30 June 2008 and any public announcements made by the Mirvac PFA Diversified Property Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## Mirvac PFA Diversified Property Trust Director's Report

The board of directors of Mirvac PFA Limited as Responsible Entity for Mirvac PFA Diversified Property Trust present their report on Mirvac PFA Diversified Property Trust and its controlled entities (the Trust) for the half year ended 31 December 2008.

### Directors

The following persons were directors of Mirvac PFA Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Paul F Barker (Chairman)  
Nicholas R Collishaw  
Grant B Hodgetts  
Ross Strang  
Richard W Turner

### Principal activities

The principal activity of the Trust is investment in rental activities. The Trust's fundamental strategy is to invest in a portfolio of quality properties diversified by property sector, geographic location, tenant profile and lease expiry. The Trust operates in one geographical area, Australia.

The Trust did not have any employees during the year.

### Review of operations

The net loss before finance costs attributable to unitholders for the consolidated entity for the half year ended 31 December 2008 was \$22.8 million (31 December 2007: net profit \$12.4 million). The operating profit (profit before specific non-cash and significant items) for the half year ended 31 December 2008 was \$9.7 million (31 December 2007: \$7.5 million).

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for specific non-cash items and other significant items, which management consider to reflect the operating earnings of the consolidated entity.

The following table summarises key reconciling items between net profit/(loss) and operating profit.

	Half-year 31-Dec-08 \$'000	Half-year 31-Dec-07 \$'000
Net profit/(loss) before distributions attributable to unitholders	(22,815)	12,370
Operating profit (profit before specific non-cash and significant items)	9,655	7,543
<b>Net profit/(loss) before distributions attributable to unitholders</b>	<b>(22,815)</b>	<b>12,370</b>
Change in fair value of investment properties	421	(2,539)
Change in fair value of derivative financial instruments	32,062	(1,552)
Recognition of rental income on a straight line basis	(419)	(1,016)
Amortisation of lease incentives	406	280
<b>Operating profit (profit before specific non-cash and significant items)</b>	<b>9,655</b>	<b>7,543</b>

# Mirvac PFA Diversified Property Trust

## Director's Report

### Value of assets

The Trust's total assets are as follows:

	31-Dec-08 \$'000	30-Jun-08 \$'000
Total assets	635,108	651,915
Net assets attributable to unitholders	256,261	288,641
Issued units	225,668	225,668
Net Scheme Value (NTA)	1.14	1.28

### Uncertainty around property valuations

The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

### Distributions

Distributions paid by the Trust since the end of the previous financial year were:

- A final distribution of 0.8167 cents per unit (\$1.843 million), provided for in last year's financial report, was paid to unitholders on 21 July 2008.

For the half-year ended 31 December 2008:

- Distributions for the Period totalled 4.55 cents per unit. Distributions are paid on a monthly basis at a rate of 0.575 cents per unit with a special distribution of 1.10 cents per unit paid on 19 September 2008 out of the capital proceeds of the Centro on James asset sale.

### Matters subsequent to the half year ended 31 December 2008

In the opinion of the directors of the responsible entity of the Trust, no other matters or circumstances have arisen in the interval between the end of the financial year and the date of this report to significantly affect the operations of the Trust, the results of those operations, or the state of affairs, in future financial years.



## **Mirvac PFA Diversified Property Trust Director's Report**

### **Significant changes in the state of affairs**

There are no significant changes in the state of affairs of the Trust.

### **Rounding Amounts**

The Trust is of the kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

### **Auditor's Independence Declaration**

A copy of the Auditors' Independence Declaration required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this report.

### **Auditor**

PricewaterhouseCoopers have been appointed auditors in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Grant B Hodgetts', is written over a faint, circular embossed seal or watermark.

Grant B Hodgetts  
Director

Sydney  
17 February 2009

PricewaterhouseCoopers  
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### Auditor's independence declaration

As lead auditor for the review of Mirvac PFA Diversified Property Trust for the period ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mirvac PFA Diversified Property Trust and the entities it controlled during the period.



Marcus Laithwaite  
Partner  
PricewaterhouseCoopers

Sydney  
17 February 2009

**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Consolidated Income Statement**  
**For the half year ended 31 December 2008**

	Note	Half-year 31-Dec-08 \$'000	Half-year 31-Dec-07 \$'000
<b>Income</b>			
Rental revenue		32,276	29,030
Net gain from fair value adjustments of investment properties		-	2,539
Net gain from fair value adjustments of derivative financial instruments		-	1,552
Net gain on non-current assets classified as held for sale		104	-
Interest income		320	430
<b>Total income</b>		<b>32,700</b>	<b>33,551</b>
<b>Expenses</b>			
Property outgoings		(7,381)	(6,908)
Finance costs to financial institutions		(12,087)	(11,235)
Amortisation of borrowing costs		(690)	(562)
Share of associates net loss accounted for using the equity method		(513)	-
Net loss from fair value adjustments of investment properties		(421)	-
Net loss from fair value adjustments of derivative financial instruments		(32,062)	-
Fund expenses		(2,361)	(2,476)
<b>Total expenses</b>		<b>(55,515)</b>	<b>(21,181)</b>
<b>Net profit/(loss)</b>		<b>(22,815)</b>	<b>12,370</b>
Finance costs to unitholders	4	(10,268)	(16,130)
Changes in net assets attributable to unitholders		33,083	3,760
<b>Net profit/(loss) for the period</b>		<b>-</b>	<b>-</b>

The above consolidated Income Statement should be read in conjunction with the accompanying notes.

**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Consolidated Balance Sheet**  
**As at 31 December 2008**

	Note	December 2008 \$'000	June 2008 \$'000
<b>Current assets</b>			
Cash and cash equivalents		9,107	10,011
Receivables		1,540	4,075
Non-current assets classified as held for sale	5	17,650	21,950
Other assets		2,939	1,525
<b>Total current assets</b>		<b>31,236</b>	<b>37,561</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method		143	153
Investment properties	6	600,820	608,160
Derivative financial instruments		-	6,041
Other non-current assets		2,909	-
<b>Total non-current assets</b>		<b>603,872</b>	<b>614,354</b>
<b>Total assets</b>		<b>635,108</b>	<b>651,915</b>
<b>Current liabilities</b>			
Payables		11,561	8,176
Borrowings		-	353,248
Provision for distribution		1,316	1,850
Derivative financial instruments		4,846	-
<b>Total current liabilities</b>		<b>17,723</b>	<b>363,274</b>
<b>Non-current liabilities</b>			
Borrowings	7	339,949	-
Derivative financial instruments		21,175	-
Other liabilities		256,261	288,641
<b>Total non-current liabilities</b>		<b>617,385</b>	<b>288,641</b>
<b>Total liabilities</b>		<b>635,108</b>	<b>651,915</b>
<b>Net assets</b>		<b>-</b>	<b>-</b>

The above consolidated Balance Sheet should be read in conjunction with the accompanying notes.



**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Consolidated Statement of Changes in Equity**  
**For the half year ended 31 December 2008**

	Note	Half-year 31-Dec-08 \$'000	Half-year 31-Dec-07 \$'000
<b>Total equity at the beginning of the reporting period</b>		-	-
Profit for the reporting period		-	-
Total recognised income and expense for the financial year			
Distributions paid/payable		-	-
<b>Total equity at the end of the financial period</b>		-	-

In accordance with AASB132 *Financial Instruments: Presentation*, unitholders' funds are classified as a liability and accordingly the Trust has no equity for financial statement purposes at the start or end of the period.

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Consolidated Cashflow Statement**  
**For the half year ended 31 December 2008**

	<b>Half-year 31-Dec-08 \$'000</b>	<b>Half-year 31-Dec-07 \$'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations (inclusive of GST)	<b>32,769</b>	31,509
Cash payments in the course of operations (inclusive of GST)	<b>(8,702)</b>	(12,014)
Interest received	<b>230</b>	345
Finance costs paid	<b>(9,301)</b>	(11,420)
<b>Net cash inflows from operating activities</b>	<b>14,996</b>	8,420
<b>Cash flows from investing activities</b>		
Proceeds from sale of investment properties	<b>18,936</b>	-
Purchase of investment properties and capital expenditure	<b>(7,557)</b>	(92,078)
Payments for investments in associates	<b>-</b>	(90)
Loans to associate entities	<b>(500)</b>	-
<b>Net cash inflows/(outflows) from investing activities</b>	<b>10,879</b>	(92,168)
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	<b>-</b>	43,366
Issue costs paid	<b>-</b>	(1,273)
Proceeds from borrowings	<b>339,949</b>	53,637
Repayment of borrowings	<b>(354,161)</b>	-
Financing costs paid	<b>(1,765)</b>	(703)
Distributions/finance costs to unitholders	<b>(10,802)</b>	(15,836)
<b>Net cash (outflows)/inflows from financing activities</b>	<b>(26,779)</b>	79,191
<b>Net decrease in cash and cash equivalents held</b>	<b>(904)</b>	(4,557)
Cash and cash equivalents at the beginning of the financial period	<b>10,011</b>	10,480
<b>Cash and cash equivalents at the end of the financial period</b>	<b>9,107</b>	5,923

The above consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2008**

**Note 1 Summary of significant accounting policies**

This general purpose financial report for the interim half year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The financial statements consist of the consolidated financial statements of Mirvac PFA Diversified Property Trust and its controlled entities.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 June 2008 and any public announcements made by Mirvac PFA Diversified Property Trust and its controlled entities during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Of particular note is the following:

*(a) Derivative Financial Instruments*

The Responsible Entity has implemented a change to the accounting policy regarding the treatment of derivative financial instruments and as a result the use of hedge accounting methodology is no longer applicable from 1 July 2007. The Responsible Entity has determined the accounting for the interest rate swap contracts will be on a fair value basis, where the changes in the fair value of the derivative financial instruments are recorded immediately in the income statement. The Responsible Entity substantiates that this results in the financial report presenting reliable and more relevant information about the effects of the interest rate swap transactions for the consolidated entity's financial performance. This is in line with all Mirvac Group managed and owned entities and current market treatment. There is no negative impact on the Trust's operations or cashflows as a result of this change in accounting policy and the retrospective application of the change.

*(b) Earnings Per Unit*

Earnings per unit (EPU) information are not disclosed as the units of the Trust are considered to be debt instruments in accordance with AASB 132 requirements.

*(c) Consolidated Statement of Changes in Equity*

The Trust is not required to complete a Consolidated Statement of Changes in Equity as all unitholders' funds have been classified as non-current liabilities.

**Note 2 Segment information**

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate income and expenses. The Trust operates solely in one geographic segment, being Australia.

**Business segments**

Individual business segments have been identified on the basis of grouping individual products or services subject to similar risks and returns.

The main business segment of the consolidated entity is the investment in properties which are leased to third parties for the following uses:

Retail	-	Accommodation for retail outlets
Commercial	-	Office accommodation
Industrial	-	Accommodation for factories and other industrial use
Hotels	-	Hotel accommodation



**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2008**

**Note 2 Segment information (continued)**

<b>31 December 2008</b>						
<b>Business Segments</b>						
	<b>Retail \$'000</b>	<b>Commercial \$'000</b>	<b>Industrial \$'000</b>	<b>Hotels \$'000</b>	<b>Other \$'000</b>	<b>Consolidated \$'000</b>
<b>Income</b>						
Rental revenue	6,046	21,848	426	3,956	-	32,276
Net gain on non-current assets classified as held for sale	104	-	-	-	-	104
Interest income	-	-	-	-	320	320
<b>Total income</b>	<b>6,150</b>	<b>21,848</b>	<b>426</b>	<b>3,956</b>	<b>320</b>	<b>32,700</b>
<hr/>						
<b>Total segment result before finance costs to unitholders</b>	<b>4,316</b>	<b>16,726</b>	<b>339</b>	<b>3,648</b>	<b>(47,844)</b>	<b>(22,815)</b>
<hr/>						
<b>31 December 2007</b>						
<b>Business Segments</b>						
	<b>Retail \$'000</b>	<b>Commercial \$'000</b>	<b>Industrial \$'000</b>	<b>Hotels \$'000</b>	<b>Other \$'000</b>	<b>Consolidated \$'000</b>
<b>Income</b>						
Rental revenue	5,625	19,257	398	3,750	-	29,030
Net gain from fair value adjustments of investment properties	-	2,539	-	-	-	2,539
Net gain from fair value adjustments of derivative financial instruments	-	-	-	-	1,552	1,552
Interest income	-	-	-	-	430	430
<b>Total income</b>	<b>5,625</b>	<b>21,796</b>	<b>398</b>	<b>3,750</b>	<b>1,982</b>	<b>33,551</b>
<hr/>						
<b>Total segment result before finance costs to unitholders</b>	<b>4,067</b>	<b>17,462</b>	<b>334</b>	<b>3,711</b>	<b>(13,204)</b>	<b>12,370</b>

**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2008**

**Note 3 Restatement of prior period / change in accounting policy**

The aggregate effect of the restatement on the annual financial statements for the period ended 31 December 2007 is as follows:

		<b>Consolidated Entity</b>	
		<b>Previously Stated</b>	<b>Adjustment</b>
		<b>31-Dec-07</b>	<b>31-Dec-07</b>
		<b>\$000</b>	<b>\$000</b>
			<b>Restated</b>
			<b>31-Dec-07</b>
			<b>\$000</b>
<b>Income</b>			
(e)(h)	Rental revenue	28,608	422
(f)	Net gain from fair value adjustments of investment properties	4,100	(1,561)
(g)	Net gain from fair value adjustments of derivative financial instruments	-	1,552
	Interest income	430	-
	<b>Total income</b>	<b>33,138</b>	<b>413</b>
<b>Expenses</b>			
	Property outgoings	(6,908)	-
(h)	Amortisation of lease incentives	(280)	280
(f)	Impairment of investment property	(1,561)	1,561
	Fund expenses	(2,476)	-
	Finance costs to financial institutions	(11,235)	-
	Amortisation of borrowing costs	(562)	-
	<b>Total expenses</b>	<b>(23,022)</b>	<b>1,841</b>
	<b>Net profit/(loss)</b>	<b>10,116</b>	<b>2,254</b>
	Finance costs to unitholders	(16,130)	-
	Changes in net assets attributable to the unitholders	6,014	(2,254)
	<b>Net profit/(loss) for the period</b>	<b>-</b>	<b>-</b>

**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2008**

**Note 3 Restatement of prior period / change in accounting policy (continued)**

		<b>Consolidated Entity</b>	
		<b>Previously Stated</b>	<b>Restated</b>
		<b>31-Dec-07</b>	<b>31-Dec-07</b>
		<b>\$000</b>	<b>\$000</b>
<b>Current Assets</b>			
	Cash and cash equivalents	5,923	5,923
(a)(b)(c)	Trade and other receivables	8,961	3,762
(d)	Other current assets	1,656	2,330
<b>Total Current Assets</b>		<b>16,540</b>	<b>12,015</b>
<b>Non-Current Assets</b>			
(c)	Derivative financial instruments	-	4,134
	Investment property	666,090	666,090
	Available for sale financial assets	180	180
<b>Total Non-Current Assets</b>		<b>666,270</b>	<b>670,404</b>
<b>TOTAL ASSETS</b>		<b>682,810</b>	<b>682,419</b>
<b>Current Liabilities</b>			
	Trade and other payables	10,930	10,930
	Borrowings	341,875	341,875
<b>Total Current Liabilities</b>		<b>352,805</b>	<b>352,805</b>
<b>Non-Current Liabilities</b>			
<b>Other Liabilities</b>			
	Issued units	239,882	239,882
(b)(e)	Retained earnings	90,581	95,417
	Capital raising costs	(5,685)	(5,685)
(a)(b)	Hedge derivatives	5,227	-
<b>Total Non-Current Liabilities</b>		<b>330,005</b>	<b>329,614</b>
<b>TOTAL LIABILITIES</b>		<b>682,810</b>	<b>682,419</b>
<b>NET ASSETS</b>		<b>-</b>	<b>-</b>

**Restatement Summary**

- (a) The error was caused by the omission of the negative market value (\$1,093,066) of an interest rate swap instrument that existed in the previous accounting period.
- (b) The reclassification of the derivative financial instruments \$4,134,000 are disclosed as a non current asset rather than as a current receivable.
- (c) Recognition of the GST component \$27,791 of the income support payments.
- (d) Recognition of the income support balance as at 31 Dec 2007, relating to the prior Garden Square sale \$674,343.



**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2008**

**Change in Accounting Policy**

Change in accounting policy to recognise movement in fair value of hedge instrument through P&L.

	<b>Consol</b>
	<b>\$'000</b>
Hedge Derivative Receivable and reserve as at 30 June 2007	2,582
Error adjusted, restated hedge derivative receivable and reserve as at 31 Dec 2007	4,134
Movement to be retrospectively recognised in the income statement	1,552

- (e) The hedge derivative reserve balance as at 30 June 2007 (\$4,134,000) to be retrospectively recognised through opening retained earnings based on the change in accounting policy to not adopt hedge accounting and recognition of the transactions on the income support account (\$702,000) from the Garden Square sale.
- (f) Reclassification of the revaluation loss (\$1,561,000) on investment property and net against the gross revaluation gain.
- (g) Reverse the movement of the fair value of the derivative instrument of \$1,552,000 during the 2007 financial period from the hedge derivative reserve to retrospectively recognise in the income statement.
- (h) The reclassification of lease incentive amortisation (\$280,000) is disclosed as a reduction in rental income rather than as an expense, in accordance with the adopted accounting treatment from the 30 June 2008 financial statements section (e) of Note 1.

**Note 4 Distributions paid and payable to unitholders**

	Half-year 31 Dec 08 \$ '000	Half-year 31 Dec 08 CPU	Half-year 31 Dec 07 \$ '000	Half-year 31 Dec 07 CPU
July	1,298	0.575	1,560	0.817
August	1,298	0.575	1,695	0.817
September	1,298	0.575	1,843	0.817
September (Special)	2,480	1.100	5,503	2.880
October	1,298	0.575	1,843	0.817
November	1,298	0.575	1,843	0.817
December Payable	1,298	0.575	1,843	0.817
	<b>10,268</b>	<b>4.550</b>	16,130	7.782

The provision for distribution contains the declared December distribution and components of the previous distributions to unitholders who have supplied incorrect banking details. Follow up payments are in the process.

**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2008**

**Note 5 Current assets – Non-current assets classified as held for sale**

Property	Type	Ownership	Date acquired	31-Dec-08	30-Jun-08
				\$'000	\$'000
Centro on James, Fortitude Valley, QLD 4006 <sup>1</sup>	Commercial/Retail	100%	Dec-01	-	17,900
303 Sevenoaks St, Cannington, WA 6107 <sup>2</sup>	Surplus Land	100%	Feb-05	-	4,050
544 Kessels Rd, MacGregor, QLD 4109 <sup>3</sup>	Retail	100%	Apr-99	<b>17,650</b>	-
<b>Total</b>				<b>17,650</b>	21,950

<sup>1</sup> In July 2008 the Trust disposed of Centro on James for a sale price of \$19.2 million.

<sup>2</sup> The sale of the surplus land at 303 Sevenoaks Street, Cannington WA has been abandoned as certain contractual conditions were not achieved within the required timeframe. Management is continuing with the sub-division works but does not believe a sale will complete within the next 12 months.

<sup>3</sup> Management is currently talking with several interested parties regarding the potential sale of 544 Kessels Rd, MacGregor QLD.



**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2008**

**Note 6 Non-current assets - Investment properties**

Property	Type	Ownership %	Date acquired	Last Valuation date	Independent valuation amount \$'000	Independent valuer	Book Value 31 Dec 2008 \$'000	Book Value 30 Jun 2008 \$'000
Anzac Square Offices, 200 Adelaide Street, Brisbane QLD	Commercial	100	Apr-99	Jun-08	38,500	A	38,500	38,500
The Precinct, 41 Harries Road, Coorparoo QLD	Commercial	100	Apr-99	Dec-07	18,000	B	15,800	15,900
The Lands Building, 134 Macquarie Street, Hobart TAS	Commercial	100	Mar-04	Dec-08	35,000	C	35,000	32,740
Sevenoaks, 303 Sevenoaks Street, Cannington WA	Commercial	100	Feb-05	Jun-08	50,850	D	51,800	50,850
Sevenoaks, 303 Sevenoaks Street, Cannington WA	Surplus Land	100	Feb-05	Jun-08	4,400	D	3,000	-
AAPT Centre, 180-188 Burnley Street, Richmond VIC	Commercial	100	Jun-05	Jun-08	20,500	E	20,600	20,500
Civic Tower, Sydney NSW	Commercial	50	Dec-05	Sep-08	66,850	F	67,250	67,410
706 Mowbray Road, Lane Cove, NSW	Commercial	100	Jan-07	Jun-08	24,100	G	24,200	24,100
The Octagon, 110 George Street, Parramatta NSW	Commercial	50	May-07	Sep-08	38,000	H	38,000	38,700
Foxtel Building, 1-21 Dean Street, Moonee Ponds VIC	Commercial	100	Jun-07	Dec-08	26,300	E	26,300	26,970
390 St Kilda Road, Melbourne VIC	Commercial	100	Aug-07	Sep-08	61,000	E	61,000	60,580
657 Pacific Highway, St Leonards, NSW	Commercial	100	Oct-07	Dec-08	19,000	I	19,000	18,840
544 Kessels Road, MacGregor QLD <sup>1</sup>	Retail	100	Apr-99	Jun-07	17,700	J	-	17,700
Homeworld Centre, Tuggeranong ACT	Retail	100	Dec-99	Jun-08	29,900	G	29,700	29,900
Cairns Hypermart, 101-103 Spence Street, Cairns QLD	Retail	100	Dec-01	Dec-08	22,600	K	22,600	23,390
The Riverdale Centre, 49-65 Macquarie Street, Dubbo NSW	Retail	100	Sep-02	Mar-08	12,250	L	11,500	12,250
180 Queen Street, Brisbane QLD	Retail	100	Oct-05	Dec-08	24,000	M	24,000	21,150
33 McDowell Street, Welshpool WA	Industrial	100	Jun-05	Jun-07	9,750	N	8,700	8,380
Citigate Melbourne, 270-272 Flinders Street, Melbourne VIC	Hotels	100	Jun-06	Mar-08	39,300	O	39,300	39,300
Citigate Perth, 707 Wellington Street, Perth WA	Hotels	100	Jun-07	Mar-08	61,000	P	64,570	61,000
					619,000		600,820	608,160

<sup>1</sup> The property book value for 544 Kessels Road, MacGregor QLD was transferred to non-current assets held for sale (refer to Note 6).

**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2008**

**Note 6 Non-current assets - Investment properties (continued)**

**Valuers' names and qualifications**

<b>A</b>	Peter Zischke AAPI, Certified Practising Valuer, Knight Frank Valuations.
<b>B</b>	Tom Irving AAPI, Certified Practising Valuer, CB Richard Ellis.
<b>C</b>	Jason Stevens AAPI, Certified Practising Valuer, Colliers International.
<b>D</b>	Jason Fenner AAPI and Stewart Nuttall AAPI, Licensed Valuers of CB Richard Ellis.
<b>E</b>	Bernard Smith FAPI, Certified Practising Valuer, Knight Frank Valuations.
<b>F</b>	Roger Price AAPI, Certified Practising Valuer, CB Richard Ellis.
<b>G</b>	Damon Ausling AAPI and Patricia Forbes AAPI, Certified Practising Valuers, LandMark White.
<b>H</b>	Craig Renshaw AAPI, Certified Practising Valuer, CB Richard Ellis.
<b>I</b>	John Booth AAPI, Certified Practising Valuer, CB Richard Ellis.
<b>J</b>	Philip Willington FAPI, Certified Practising Valuer, Knight Frank Valuations.
<b>K</b>	Matthew Buckley AAPI, Certified Practising Valuer, Savills (QLD) Pty Limited.
<b>L</b>	Damon Ausling AAPI and AP Covey AAPI, Certified Practising Valuers, Landmark White.
<b>M</b>	Francis Rex AAPI, Certified Practising Valuer, LandMark White.
<b>N</b>	Geoff Wilkinson AAPI, Certified Practising Valuer, Knight Frank Valuations.
<b>O</b>	Peter Grieve AAPI and Ken Smith AAPI, Licensed Valuers of CB Richard Ellis (Hotels).
<b>P</b>	Wesley Milson AAPI and Robert McIntosh FAPI, Licensed Valuers of CB Richard Ellis (Hotels).

**Valuations of investment properties**

The basis of valuation of investment properties is fair value being the amounts for which the assets could be exchanged between knowledgeable, willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The fair value of investment properties includes the cost of amortised lease incentives and amortised initial direct leasing costs in accordance with Australian Accounting Standards.

**Uncertainty around property valuations**

The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at the balance sheet date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

**Reconciliation of carrying amount of investment properties**

Reconciliations of the carrying amounts of investment properties at the beginning and end of the current and previous financial period are set out below.



**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2008**

**Note 6 Non-current assets - Investment properties (continued)**

	<b>31-Dec-08</b>	<b>30-Jun-08</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at beginning of financial period	<b>608,160</b>	571,298
Acquisitions	-	89,028
Additions	<b>5,829</b>	5,214
Disposals	-	(1,063)
Valuation decrement	<b>(421)</b>	(42,465)
Classified as held for sale (refer to Note 5)	<b>(17,650)</b>	(21,950)
Transfer to investment property	<b>4,050</b>	-
Lease incentives	<b>839</b>	1,952
Amortisation of lease incentives	<b>(406)</b>	(556)
Fixed rental increase in lease straight-lining	<b>419</b>	6,702
<b>Carrying amount at end of financial period</b>	<b>600,820</b>	608,160

**Property portfolio**

The Trust's property portfolio is made up as follows:

	<b>31-Dec-08</b>	<b>30-Jun-08</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment properties per Balance Sheet	<b>600,820</b>	608,160
Non-current assets classified as held for sale	<b>17,650</b>	21,950
	<b>618,470</b>	630,110

**Note 7 Borrowings**

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 National Australia Bank and ING and the new facility runs for three years until November 2011.

At 31 December 2008 the funds drawn against the facility stood at \$340 million.

The Facility is restricted to the refinance of the existing Senior and Junior Facilities and for capital expenditure associated with the Trust's investment properties. It comprises 100% of the Trust's debt. The Trust has managed to secure an extremely competitive margin due to the combination of a soundly performing portfolio and strong relationship with our lenders.

As at 31 December 2008; 69% (30 June 2008: 75%) of the Trust's debt funding is hedged with the balance being on variable interest rates.

**Note 8 Contingent assets**

The Trust and its controlled entities (lessor) hold unconditional bank guarantees from lessees. These bank guarantees may crystallise on default by the lessee to the lessor. The total amount of bank guarantees held as at 31 December 2008 was \$6,622,650 for the consolidated economic entity.

As at 31 December 2008, the Trust holds income support guarantees covering a maximum period to 31 January 2010 for 706 Mowbray Road, Lane Cove, Sydney of \$79,147; and a maximum period to 8 May 2009 for The Octagon, Parramatta of \$1,232,879 (half share); and a maximum period to 17 August 2009 for 390 St Kilda Road of \$502,177.

**Note 9 Events occurring after reporting date**

In the opinion of the directors of the responsible entity of the Trust, no matters or circumstances other than the above have arisen in the interval between the end of the financial period and the date of this report to significantly affect the operations of the Trust, the results of those operations, or the state of affairs, in future financial years.

**Mirvac PFA Diversified Property Trust and its controlled entities**  
**Director's Declaration**  
**For the half year ended 31 December 2008**

In the opinion of the directors' of the responsible entity:

- (a) the financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Trust's and consolidated entity's financial position as at 31 December 2008 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the half year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Grant B Hodgetts  
Director

Sydney  
17 February 2009

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**to the Unitholders of Mirvac PFA Diversified Property Trust**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Mirvac PFA Diversified Property Trust (the Trust), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Trust and its controlled entities (the consolidated entity). The consolidated entity comprises both the Trust and the entities it controlled during that half-year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the Trust are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.





**Independent auditor's review report to the unitholders of Mirvac PFA  
Diversified Property Trust (continued)**

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of the Trust for the half-year ended 31 December 2008 included on Mirvac Group's web site. The Trust's directors are responsible for the integrity of the Mirvac Group's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Trust is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

Marcus Laithwaite  
Partner

Sydney  
17 February 2009