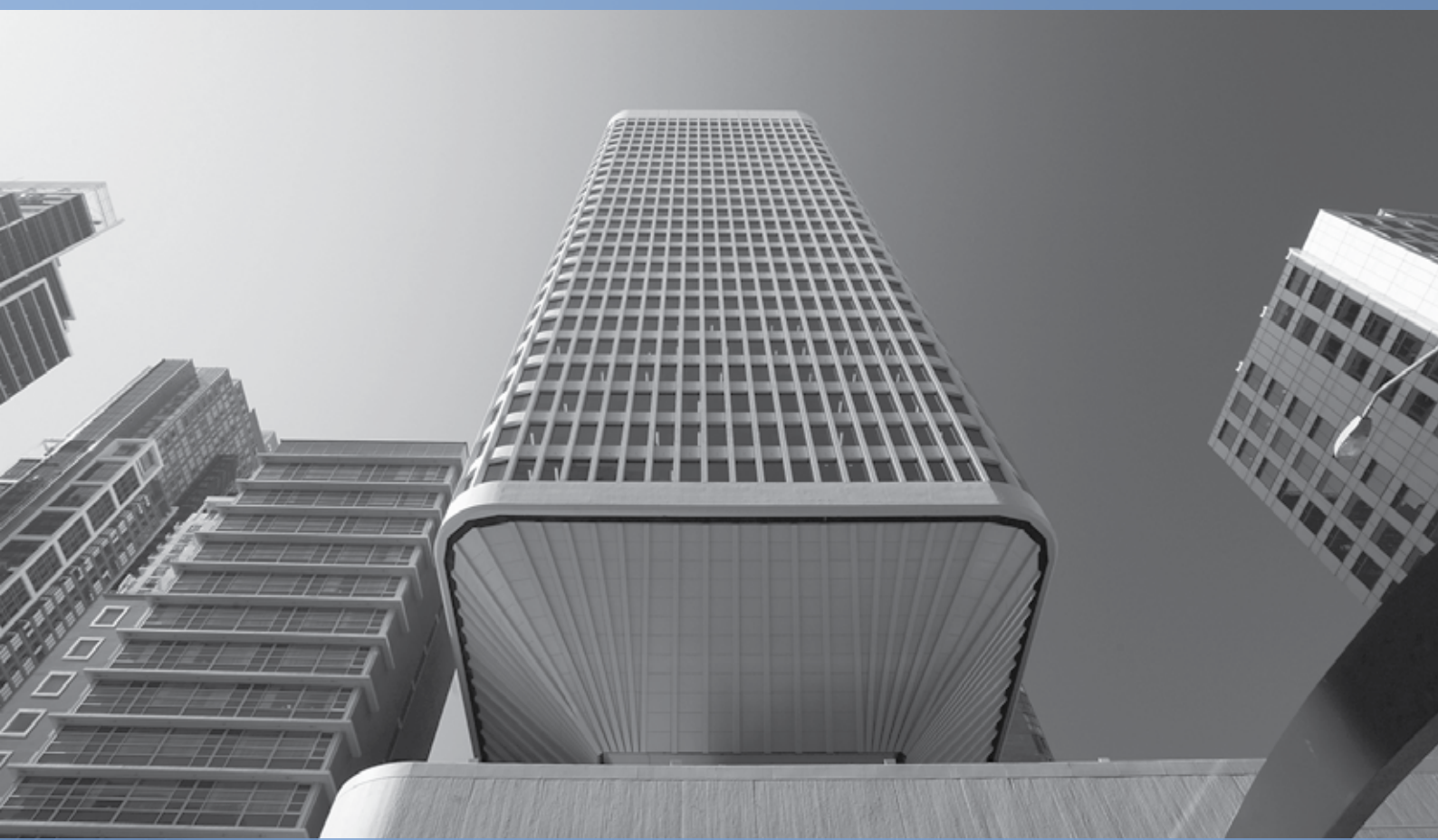




Mirvac PFA Diversified Property Trust
Annual Report 2008





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Financial Highlights

	30 June 08 \$'000	30 June 07 \$'000	Change %
Total assets	651,915	589,357	10.61
Total income	70,863 ¹	135,346	(47.64)
Net operating profit	(44,733) ¹	71,970	(162.16)
Total Distribution to Investors	27,188	28,418	(4.33)
Number of units on issue ('000)	225,668	190,121	18.70
Earnings per unit (cents) ²	7.75	7.26	6.75
Distribution per unit (cents)	9.80	9.80 ³	-
Tax components			
- Tax deferred (%)	-	61.50	
- Return of capital (%)	100	-	
- Taxable (%)	-	38.50	
Gearing (%)	54.30	49.00	10.82
Closing market price (\$)	0.73	1.17	(37.61)
Net tangible assets per unit (\$)	1.28	1.53	(16.52)
Market capitalisation (\$m)	164,737	222,442	(25.94)

1 The decreases in total income and net operating profit for 30 June 2008 were the result of the decline in property valuations and increase in finance costs, please refer to the Concise Financial Report for further details.

2 Before Australian equivalents to International Financial Reporting Standards (AIFRS) adjustments and distributions.

3 The distribution of 9.8 cents does not include the special distributions of 5.26 cents per unit (paid in March 2007) or the 2.88 cents per unit (paid in September 2007). Both distributions were applicable for the financial year ended 30 June 2007.

For further information on the financial details in the above table, please refer to the Concise Financial Report.

Key Achievements

Mirvac PFA key achievements during the year to 30 June 2008:

- › Completed successful public offer in August 2007, raising \$43.4 million
- › Acquired 390 St Kilda Road, Melbourne, Victoria for \$63.2 million
- › Acquired 657 Pacific Highway, St Leonards, New South Wales for \$19.1 million
- › Maintained strong occupancy levels at 97.1 per cent and weighted average lease expiry, by area, of 6.2 years

Post 30 June 2008:

- › Terms agreed for a new \$355 million debt facility via a syndicate of lenders well in advance of the November 2008 expiry
- › Sold Centro on James for \$19.2 million, deploying a majority of the proceeds to pay down debt
- › Declared a 1.1 cent per unit special distribution for Investors paid in September 2008

Chairman's Report



Welcome to the 2008 Annual Report for the Mirvac PFA Diversified Property Trust for the financial year ended 30 June 2008.

During the year the Trust completed a successful public offer, which closed oversubscribed on 25 August 2007 after raising \$43.4 million, despite the challenging market environment.

In October 2007, Mirvac exercised its option to acquire the remaining 50 per cent interest in Property Funds Australia Limited, the responsible entity of the Trust, providing investors with access to Mirvac's total real estate platform and funds management and development capability.

Following the change in management, the Trust was rebranded under the Mirvac banner with a new logo and trust name, Mirvac PFA Diversified Property Trust.

Strategic review

The past 12 months have been a difficult period for everyone with a financial interest in real estate markets. Rising interest rates, sharemarket volatility and a slowdown in economic growth have posed challenges to investors.

A strategic review of the Trust was undertaken in April 2008, with management putting in place several initiatives to ensure the Trust is well positioned for this changing operating environment.

In particular, we implemented capital management strategies that will help the Trust weather the current volatility in property and debt markets. These initiatives include reducing debt, portfolio rationalisation, an altered distribution policy which will see cash earnings equal distributions and a reduction in our management fee, from 0.6 per cent to 0.4 per cent of funds under management.

Delivery of these initiatives is already underway with the Trust disposing of Centro on James post year end. The majority of the sale proceeds were used to pay down debt and a portion was used to fund a 1.1 cent per unit special distribution to Investors which will be paid in September 2008.

Financial performance

Core earnings for the period to 30 June 2008 after AIFRS non-cash adjustments were \$17.5 million, or 7.75 cents per unit, a 26.7 per cent increase on the previous corresponding period. Net tangible assets as at 30 June 2008 were \$1.28 per unit. The Trust's gross assets as at 30 June 2008 were \$652 million, a 10.6 per cent increase on the previous year, primarily driven by the new acquisitions made by the Trust during the year.

In June 2008 the Trust announced a full year distribution of 9.8 cents per unit.

New Mirvac PFA board and senior staff changes

Following the change in management, a number of changes to the Board of Mirvac PFA Limited (MPFA) were announced, with Nicholas Collishaw remaining as a Director, joined by Grant Hodgetts, CEO of Mirvac Funds Management, and independent Directors Ross Strang, Richard Turner, and myself acting as Chairman. On behalf of the MPFA Board, I would like to thank all members of the previous Board for their substantial contributions to the Trust over the past 10 years.

In March we appointed Ben Hindmarsh as the Trust Manager, responsible for the day-to-day management and strategic direction of the Trust. Ben has worked in the property industry for over 11 years and has a comprehensive background in property funds management.

We also appointed Andrew Butler to the newly created position of Director, Listed and Unlisted Funds. Andrew, who has held various roles within Mirvac over the past 13 years, is responsible for overseeing the management of all listed and unlisted funds business activities including Mirvac PFA Diversified Property Trust. Andrew's responsibilities also encompass overseeing retail distribution networks and capital transactions.

Moving forward

We believe the Trust is well positioned to withstand the current market volatility. The portfolio has good diversification by asset and sector across the Australian property market and our experienced management team will continue to take an active approach in managing the Trust and its assets.

We will continue to focus on our long-term strategy and are strongly committed to building the Mirvac PFA Diversified Property Trust as a sustainable and rewarding investment vehicle for Investors into the future.

On a personal note I am enthusiastic and excited about the challenges that lie ahead and look forward to working closely with the Board and management team.

A handwritten signature in black ink, appearing to read 'Paul Barker', written in a cursive style.

Paul Barker
Chairman

Trust Manager's Report



The 2008 financial year has been a busy one for the Mirvac PFA Diversified Property Trust (the Trust).

In October 2007 Mirvac acquired the remaining 50 per cent interest in Property Funds Australia Limited, the responsible entity and manager for the PFA Diversified Property Trust.

Following the acquisition, the responsible entity's name was changed to Mirvac PFA Limited and the Trust was renamed Mirvac PFA Diversified Property Trust.

On taking over management of the Trust, Mirvac established a new Investment Committee and undertook a strategic review. The outcomes of that review have been incorporated into a program of strategic initiatives to ensure the Trust is well positioned for the uncertain economic and credit market conditions.

The uncertainty surrounding global property markets and its associated risk to property values has presented new challenges during the year. However, our strategy of portfolio rationalisation, active portfolio management and prudent capital management is intended to provide a robust balance sheet for our Investors. We remain focused on ensuring that the Trust's occupancy levels, income streams and lease expiry profiles remain strong.

Resilient performance in challenging conditions

While volatility in the financial markets and a softening of property sector fundamentals provided challenges during the 2008 financial year, the quality of the Trust's portfolio and income streams has provided resilience.

Core earnings for the period for the year to 30 June 2008, after AIFRS non-cash adjustments, were \$17.5 million (or 7.75 cents per unit), a 26.7 per cent increase on the previous corresponding period.

Total assets of the Trust grew 10.6 per cent during the period from \$589 million to \$652 million driven primarily by two acquisitions. A softening of capitalisation rates across property sectors has resulted in devaluations within the Trust's portfolio. The quality of the Trust's portfolio and rental growth have helped mitigate the softening capitalisation rates, however the net tangible assets (NTA) decreased from \$1.53 per unit as at 30 June 2007 to \$1.28 per unit as at 30 June 2008.

The Trust distributed 9.8 cents per unit for the year ended 30 June 2008. This excludes a special distribution of 2.88 cents via the sale of 388 Queen Street, Brisbane, paid in September 2007.

Distributions for the 2008 financial year were 100 per cent return of capital as a result of the Trust having no taxable income to distribute.

The unit price closed at \$0.73 on 30 June 2008.

New capital management initiatives lead to robust balance sheet

Following the outcomes of the strategic review, we have put a strong program of initiatives in place to ensure the Trust is best positioned for the period ahead. In particular we have implemented capital management and debt management strategies that will help the Trust weather the current volatility in property and debt markets. These initiatives include:

- > establishing a new debt facility;
- > reducing debt;
- > portfolio rationalisation;
- > reviewing the hedging strategy;
- > reducing Investor distributions from July 2008 to align more closely with cash earnings; and
- > a reduction of the management fees from 0.6 per cent to 0.4 per cent of funds under management.

New debt facility in place

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

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 early to mid October 2008. This is well in advance of the debt expiry in November 2008.



Trust Manager's Report

(continued)



At 30 June 2008, the Trust had a gearing ratio of 54.3 per cent. As part of the capital management strategy we plan to reduce the Trust's debt, largely through the sale of assets, providing balance sheet integrity. The majority of proceeds from any sales will be used to pay down debt. Lowering the amount of debt reduces the higher interest costs and may result in enhanced returns to Investors over time.

Once the debt documents are executed, we will update Investors on the outlook for 2009 and beyond, including our forecast Trust earnings and an update of the review surrounding the Bendigo Stock Exchange.

Distribution reinvestment plan

In line with our strategy to raise capital through equity rather than debt, we are reviewing the possibility of reinstating the Trust's Distribution Reinvestment Plan (DRP) later in the 2009 financial year. The DRP would allow Investors to reinvest their income from monthly distributions at a set discount to the unit price.

Details on the DRP are still being analysed and Investors will be notified in writing if the reinstatement of the DRP is to be commenced.

Reduced distributions and fees

As part of the capital management program we have aligned distributions more closely with forecast cash earnings in the 2009 financial year. As a result, the forecast distributions for the period to 30 June 2009 have been reduced to 6.9 cents.

Management fees have been reduced from 0.6 per cent to 0.4 per cent of gross assets. This fee will increase only in line with distribution increases but will be capped at 0.6 per cent.

Active asset management achieves positive portfolio outcomes

The Trust's Australian focused investment portfolio delivered net property income of \$52.1 million, up 47.6 per cent on the prior period. The increase was largely due to the acquisition of 390 St Kilda Road Melbourne and 657 Pacific Highway, Street Leonards.

During the year the property and asset management team has been active in ensuring the Trust's occupancy levels, income streams and lease expiry profiles remain strong and positioned to deliver rental growth into the future.

The Trust is well positioned to withstand market volatility, with government tenants and the top ten tenants accounting for 27.8 per cent and 62.3 per cent of the Trust's income respectively. The portfolio has geographic and sector diversification that suits the current economic and investment climate. Management will continue to monitor the Trust's exposure to various property sectors and markets as this climate changes into the future.

Revaluations

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.

Acquisitions and disposals

During the 2008 financial year the Trust completed a successful public offer (Product Disclosure Statement No. 5), which closed oversubscribed on 25 August 2007 after raising \$43.4 million. This was \$18.4 million over the targeted capital raising amount of \$25 million.

The funds from this capital raising were used to purchase two properties in Melbourne and Sydney. These acquisitions were consistent with the diversification strategy of the Trust and a reduced focus on the Brisbane office market. They included:

- > **390 St Kilda Road, Melbourne** acquired for \$63.2 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 \$19.1 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.

On 31 July 2008 the Trust announced the sale of Centro on James for \$19.2 million (before costs), representing an increase of 7.3 per cent on book value at 31 December 2007 and an increase of 100 per cent on its original acquisition price of \$9.6 million. The sale is part of the Trust's strategy to sell non-core assets and will allow the redeployment of capital to pay down debt. Additionally, the sale resulted in a special distribution of 1.1 cents per unit, payable to Investors with the 31 August 2008 distribution payment.

When combined with the forecast distribution of 6.9 cents per unit Investors are expected to receive a total of 8.0 cents per unit in the year to 30 June 2009.

Leasing and occupancy

At 30 June 2008 occupancy levels were high at 97.1 per cent and the portfolio had a robust weighted average lease expiry (WALE) of 6.2 years with strong income growth contracted into coming years.

Leasing highlights during the year included:

- > Leases were signed for the balance of the vacancy in the Civic Tower and the building is now 100 per cent leased.
- > Atlab 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 the lettable area.
- > A new lease was signed with Queensland Health for 3,568 square metres at the Trust's Anzac Square asset. The lease is for seven years and expires in June 2015. A commencing gross rental of \$630 per square metre was negotiated.
- > The favourable settlement of a rent review of a wine bar located at the Centro on James property resulted in an increase in the base rent by 42 per cent from 1 February 2008.
- > In May 2008 successful negotiation of the Road and Traffic Authority's lease for 10,551 square metres was completed at the Octagon in Parramatta. The lease was extended for a further 4.5 years to December 2012.
- > In December 2007 successful negotiation of the Harvey Norman lease for 6,027 square metres was completed at the Hypermart in Cairns. The lease was extended until 31 December 2018 at a net rental of \$136 per square metre.



Trust Manager's Report

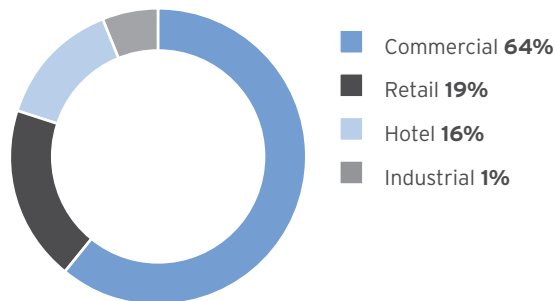
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Top 10 tenants by gross income

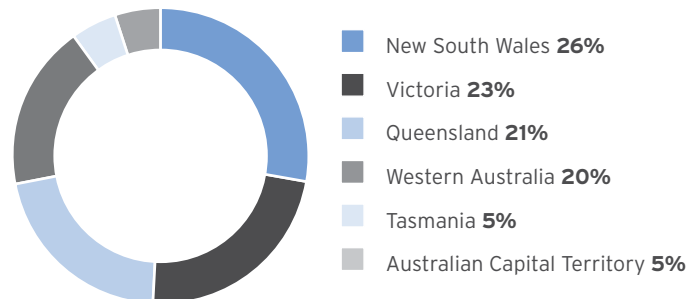
Tenant	% of gross income
Government tenants	27.8
Citigate Perth	7.2
PBL	7.2
Insurance Australia	4.1
Citigate Melbourne	3.5
Foxtel Management	3.5
AP Facilities	3.1
AAPT	2.3
Country Road Clothing	1.9
National Australia Bank	1.7
Total	62.3

Direct property diversification

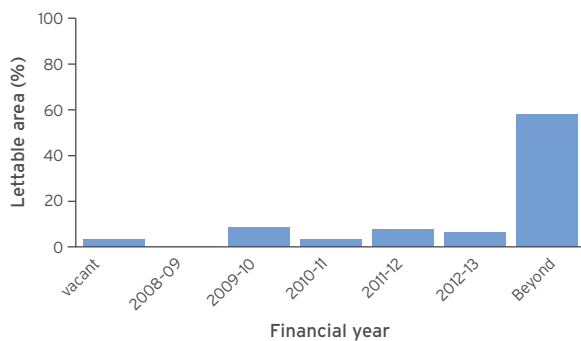
Asset diversification



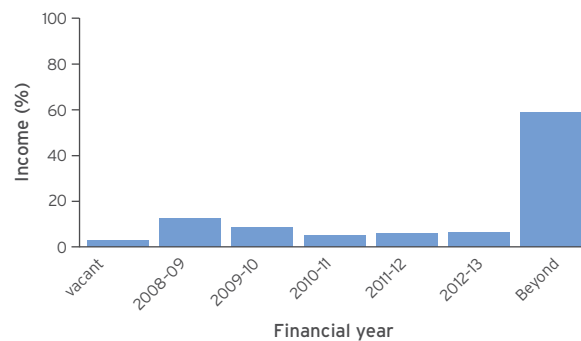
Geographic diversification



Lease expiry profile (by area)



Lease expiry profile (by income)





Asset improvements

As part of the Trust's strategy to continually improve assets, capital works have been carried out on a number of properties during the year. Major works included:

- > completion in early June of a \$4.36 million refurbishment program at the AAPT Centre, including a major upgrade to the building's façade;
- > refurbishment of the foyer and restaurant of the Citigate Melbourne Hotel.

A comprehensive and strategic capital expenditure program is budgeted for in the financial year ending 30 June 2009 which is aimed at improving the long-term performance of the Trust's assets. We continually review the portfolio to identify where to extract the highest returns through the improvements of assets.

Liquidity alternatives

The Bendigo Stock Exchange (BSX) continues to price the Trust at levels that do not reflect the Trust's Net Tangible Assets. We have advanced our investigations into finding an alternative for the Trust. We will keep Investors updated on our progress in this area, and will report back on our progress in the near future.

New and improved communications

We are improving the way we communicate with Investors. From the September quarter 2008 a quarterly newsletter will bring you updates on the activities of the Trust during each quarter.

In addition, the Trust Registry function has been outsourced to Link Market Services Limited. These changes are expected to streamline the registry function and improve service and communication to our Investors.

Market outlook

A volatile global financial market flowing on from the subprime mortgage crisis in the United States has put considerable pressure on the Australian financial sector, with some flow-on effects in the property sector. Growth forecasts for the Australian economy for 2008/09 have been pulled back to

3.1 per cent, according to the Australian Financial Review quarterly survey of private sector economists. The outlook for the labour market, however, remains buoyant and this will continue to drive the positive fundamentals in the direct property sector.

We expect high quality assets supported by low levels of debt, stable and growing cash flow and experienced management will continue to perform well.

Future outlook

Looking ahead, the Trust will continue to focus on prudent capital management in a challenging economic and investment environment. We will be taking a 'back to basics' approach to management of the balance sheet, including the closer alignment of distributions to cash earnings and taking measures to reduce our gearing. We believe this is the best approach to maximise Investor value and returns.

We will seek to optimise diversification of the Trust across sectors and geographic locations. A key focus for the future is to enhance the environmental sustainability of existing assets and assets that are acquired in the future to ensure the overall efficiency of assets and the ability to attract and retain high quality tenants.

We continue to work on the alternative to the BSX and the appropriate time to implement this strategy. This will be the subject of continued Investor communication.

We look forward to enhancing the returns for our Investors through our successful strategy of actively managing the Trust.

Ben Hindmarsh
Trust Manager
Mirvac PFA Diversified Property Trust



Investment Portfolio Summary

Property	State	Asset ownership %	Acquisition date	Independent valuation date	Independent valuation \$m	Book value \$m	Capitalisation rate %	Lettable area sqm
Commercial								
Civic Tower, Sydney	NSW	50	Dec 05	Jun 07	68.8	67.4	6.25	23,125
The Octagon, Parramatta	NSW	50	May 07	Mar 07	39.0	38.7	7.75	20,839
706 Mowbray Road, Lane Cove	NSW	100	Jan 07	Jun 08	24.1	24.1	9.00	16,937
657 Pacific Highway, St Leonards	NSW	100	Oct 07	Sep 07	19.1	18.8	7.00	3,666
390 St Kilda Road, Melbourne	VIC	100	Aug 07	Jul 07	63.2	60.6	7.15	16,472
Foxtel Building, Moonee Ponds	VIC	100	Jun 07	Jun 07	28.5	27.0	7.25	7,136
AAPT Centre, Richmond	VIC	100	Jun 05	Jun 08	20.5	20.5	7.57	5,501
Anzac Square, Brisbane	QLD	100	Apr 99	Jun 08	38.5	38.5	8.00	6,180
The Precinct, Coorparoo	QLD	100	Apr 99	Dec 07	18.0	15.9	7.25	4,898
Sevenoaks, Cannington	WA	100	Feb 05	Jun 08	50.9	50.9	8.00	20,820
Sevenoaks, Cannington (vacant land) ¹	WA	100	Feb 05	Jun 08	4.4	4.1	N/A	N/A
The Lands Building, Hobart	TAS	100	Feb 04	Jun 07	35.0	32.7	7.75	11,675
Total commercial					410.0	399.2		137,249
Retail								
Riverdale Centre, Dubbo	NSW	100	Sep 02	Mar 08	12.3	12.3	8.28	6,146
Cairns Hypermart, Cairns	QLD	100	Dec 01	Jun 07	25.5	23.4	7.25	15,292
180 Queen Street, Brisbane	QLD	100	Oct 05	Jun 07	25.5	21.2	7.00	3,652
Centro on James, Fortitude Valley ²	QLD	100	Dec 01	Jun 07	17.9	17.9	6.75	3,870
544 Kessels Road, MacGregor	QLD	100	Apr 99	Jun 07	17.7	17.7	7.25	8,269
Homeworld Centre, Tuggeranong	ACT	100	Dec 99	Jun 08	29.9	29.9	8.75	12,354
Total retail					128.8	122.3		49,583
Industrial								
33 McDowell Street, Welshpool	WA	100	Jun 05	Jun 07	9.8	8.4	8.75	14,036
Total industrial					9.8	8.4		14,036
Hotels								
Citigate Perth, Perth	WA	100	Jun 07	Mar 08	61.0	61.0	8.50	278 rooms
Citigate Melbourne, Melbourne	VIC	100	Jun 06	Mar 08	39.3	39.3	8.50	179 rooms
Total hotels					100.3	100.3		
TOTAL PROPERTY PORTFOLIO					648.9	630.2		200,868

1 Held for sale at 30 June 2008.

2 Held for sale at 30 June 2008. Sale completed on 31 July 2008.

Board of Directors



Paul Barker

BBus, FCA, ACIS
Non-executive Chairman

Paul Barker is Chairman of the Transport Accident Commission, Deputy Chairman of the Victorian WorkCover Authority, Chairman of VicForests, Chairman of Stadium Operations Limited (Telstra Dome), a director of the Emergency Services Telecommunications Authority, a former director of Employment National Limited and a past Chairman of the Victorian division of the Institute of Chartered Accountants.

Mr Barker has extensive experience in accounting and financial services both in Australia and overseas. Formerly Chief Executive of Audit Victoria, he also held senior group executive positions with Standard Chartered Bank in Hong Kong, Singapore and London. He is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Institute of Chartered Secretaries.

Mr Barker was appointed as Non-executive Chairman to the boards of Mirvac Funds Management Limited, Mirvac REIT Management Limited and Mirvac Wholesale Funds Management Limited (formerly Hotel Capital Partners Limited) in March 2007 and the Mirvac Domaine Property Funds Limited and Mirvac PFA Limited boards in October 2007 and November 2007 respectively.



Nicholas Collishaw

SA (Fin), AAPI
Managing Director, Mirvac

Mr Collishaw was appointed Managing Director of Mirvac in August 2008.

He was previously Mirvac's Executive Director – Funds Management.

He has been involved in property and funds management for over 25 years and has extensive experience in property investment and asset management and has overseen the development of major commercial, retail, industrial and residential projects.

Prior to Mirvac, Mr Collishaw has held senior positions with a number of leading organisations including James Fielding Group, Deutsche Asset Management and Schroders Australia.

He was appointed to Mirvac's board in January 2006, Mirvac PFA Limited and Mirvac Domaine Property Funds Limited in August 2004 and Mirvac Funds Management Limited and Mirvac REIT Management Limited boards in June 2007.



Grant Hodgetts

BA, Assoc, Dip, Vals, AAPI
Executive Director

Grant Hodgetts joined Mirvac's Funds Management division in February 2006 and was appointed CEO – Australia for Mirvac Funds Management in May 2007. He is responsible for all of Mirvac Funds Management's operations in Australia with a specific responsibility for Wholesale Funds Management.

Mr Hodgetts has been involved in property and funds management since 1979.

Prior to joining Mirvac, he was Head of Property in the Specialised Capital Group of Westpac Institutional Bank; a Division Director of Property Investment Banking at Macquarie Bank; director of Richard Ellis (Vic) Pty Ltd; and an executive of the AMP Society's Property division.

Mr Hodgetts holds a BA, Associate Diploma in Valuations and an Advanced Certificate in Business Studies (Real Estate). Mr Hodgetts is an Associate of the Australian Property Institute and is a licensed real estate agent in Victoria.

He was appointed to the boards of Mirvac Funds Management Limited, Mirvac REIT Management Limited and Mirvac Wholesale Funds Management Limited (formerly Hotel Capital Partners Limited) in April 2006 and the Mirvac PFA Limited and Mirvac Domaine Property Funds Limited boards in September 2007 and November 2007 respectively.



Board of Directors

(continued)



Ross Strang

Solicitor LLB (Hons)
Non-executive Director

Ross Strang is a consultant to Kemp Strang, a Sydney based commercial law firm. Mr Strang is one of Kemp Strang's founders and was a partner in the practice for over 30 years.

Mr Strang has extensive experience in commercial, property, construction and securities matters on a broad front and is well known in legal and wider circles. He is a member of the Australian Institute of Company Directors.

Mr Strang became a Non-executive Director of Mirvac Funds Management Limited, Mirvac REIT Management Limited and Mirvac Wholesale Funds Management Limited (formerly Hotel Capital Partners Limited) in May 2007 and the Mirvac Domaine Property Funds Limited and Mirvac PFA Limited boards in October 2007.



Richard Turner AM

BEC, FCA
Non-executive Director

Richard Turner is a Non-executive Director of Mirvac Funds Management and Mirvac.

Mr Turner is a Chartered Accountant by profession and former CEO of Ernst & Young, following a career of over 30 years with that organisation until his retirement.

He is a director of HBOS Australia Limited and BankWest Limited. Mr Turner is also a director of Crown Limited and Crown Melbourne Limited and is a Chair of the Crown Limited and Crown Melbourne Limited Board Audit and Corporate Governance Committee. He is a director of Consolidated Media Holdings (CMH), and is Chair of the CMH Board Audit and Corporate Governance Committee.

Mr Turner was a past director and President of The Smith Family and past Chairman and current director of the Pain Management Institute at Royal North Shore Hospital.

Mr Turner became Non-executive Director on the boards of Mirvac Funds Management Limited in December 2001, Mirvac REIT Management Limited in March 2003, Mirvac Wholesale Funds Management Limited (formerly Hotel Capital Partners Limited) in January 2005 and Mirvac Domaine Property Funds Limited and Mirvac PFA Limited in October 2007. Mr Turner is also a Non-executive Director of Mirvac Limited and is a member of Mirvac's Audit, Risk and Compliance and Remuneration Committees.

Senior Management



Andrew Butler

B APP Sc (Land Ec), Grad Dip Man, AAPI
Director, Listed and Unlisted Funds

Andrew Butler is responsible for Mirvac's various listed and unlisted real estate funds activities.

Prior to his appointment as Director, Listed and Unlisted Funds in April 2008, Mr Butler served as Director, Mirvac Real Estate Investment Trust, and Director, Property Acquisitions and Agency Services for Mirvac. Mr Butler joined Mirvac in 1995 and has held numerous roles relating to acquisitions and asset management. Prior to joining Mirvac, Mr Butler worked at Stanton Hillier Parker in valuations and consultancy.

Mr Butler graduated from the University of Technology, Sydney, with a Bachelor of Applied Science (Land Economics), has a Graduate Diploma in Management from the University of Technology, Sydney, and is a Certified Practising Valuer. He is an Associate of the Australian Property Institute and is a licensed business and real estate agent.

Mr Butler has been involved in property investment, development, acquisitions, and property funds management for more than 19 years. He has extensive experience in commercial, retail, industrial and hotel property throughout Australia, New Zealand and the US.



Ben Hindmarsh

BA, MURP, GDPIF
Trust Manager

Ben Hindmarsh is the Trust Manager for the Mirvac PFA Diversified Property Trust.

Mr Hindmarsh has worked in the property industry for 12 years and has a comprehensive background in property funds management. He graduated from the University of Queensland with both a Bachelor of Arts and Masters of Urban and Regional Planning, and has a Graduate Diploma in Property Investment and Finance from the Property Council of Australia.

Mr Hindmarsh previously held the role of Trust Manager of the Mirvac Industrial Trust. Prior to Mirvac's acquisition of James Fielding, Mr Hindmarsh was Trust Manager of the James Fielding Trust and was responsible for many of James Fielding's development projects and acquisitions. He has held senior positions with Paladin Australia Limited and Deutsche Asset Management.



Brad Macaulay

B Bus, Adv Dip FS, Dip FP, Dip CD,
F Fin, AAPI, GAICD
General Manager – Distribution

Brad Macaulay is responsible for growing Mirvac PFA's distribution network nationally and is the main liaison point with financial intermediaries. Mr Macaulay has had over 20 years of experience in the property and financial services industries.

Mr Macaulay has also held senior positions with National Australia Financial Management, MLC and Australian Unity Investments prior to joining Mirvac PFA. Mr Macaulay holds a Bachelor of Business in Property Studies – University of Queensland, Advanced Diploma in Financial Services, Diploma for Financial Planning – Deakin University and the Diploma of Company Directors Course.

He is a Fellow of the Financial Services Institute of Australasia (Finsia), an Associate of the Australian Property Institute, and a Graduate of the Australian Institute of Company Directors.



Senior Management

(continued)



Stacey Agland

MPD, GDUEM, AAPI, CPV
Trust Analyst

Stacey Agland is the Trust Analyst for the Mirvac PFA Diversified Property Trust. Ms Agland has worked in the property industry for eight years and has a comprehensive background in property valuation and fund analytics.

Ms Agland graduated from the University of Technology Sydney with both a Graduate Diploma in Urban Estate Management and Masters of Property Development, has an Advanced Diploma in Property Valuation as well as AAPI & CPV certification with the Australian Property Institute.

Prior to joining Mirvac PFA, Ms Agland held the role of Trust Analyst at Stockland Trust Group and Senior Valuer with DTZ Australia focusing on the commercial property sector.



Ryan Death

B Bus, CPA
Finance Manager

Ryan Death is the Finance Manager for the Mirvac PFA Diversified Property Trust. Mr Death's role involves the overall management and development of the reporting functions, enhancements of financial/operational controls and effective management of cash flow and treasury related duties.

Prior to joining Mirvac PFA, Mr Death held the position of Property Controller at Tishman Speyer in London, working on the financial management and structuring of European based commercial property assets.

Mr Death graduated from the University of Technology Sydney with a Bachelor of Business and is a Certified Practising Accountant endorsed by CPA Australia.



Juan Rodriguez

ACIS, MAHRI, BCom, Grad, Dip Corporate
Governance Company Secretary

Juan Rodriguez has been a Company Secretary with the Funds Management division of Mirvac since April 2002.

Mr Rodriguez has senior management experience across four industry sectors and has extensive experience in company secretarial practice, corporate governance, risk management and insurance. Mr Rodriguez holds a Bachelor of Commerce and Graduate Diploma in Applied Corporate Governance. He is also an Affiliate of and is actively involved with Chartered Secretaries Australia.

Corporate Responsibility and Sustainability

In February 2008, Mirvac published its second Sustainability Report and is currently actioning more than 100 commitments or performance targets across the following six corporate responsibility and sustainability (CR&S) priority areas:

- › business conduct – including sustainability in decision making and reporting performance;
- › Mirvac people – driving a high performance culture committed to sustainability;
- › stakeholders – meeting needs, engendering loyalty and enhancing communities;
- › supply chain – balancing financial, environmental and social factors;
- › environmental impact – minimising Mirvac's impact on the environment; and
- › climate change action – reduce greenhouse gas emissions and readying Mirvac for a carbon constrained future.

As part of Mirvac's group wide approach, the Mirvac PFA Diversified Property Trust contributes to the delivery of sustainable development and investment outcomes for the benefit of stakeholders and the broader community.

Our people – Health Safety Environment

Health Safety Environment (HSE) is central to Mirvac's core business values. Our vision is simple – to provide workplaces free from harm and supported by a culture which ensures that the safety of people and protection of the environment remain an absolute priority. Mirvac believes that the best business solution for managing HSE is also the best business solution for all stakeholders across Mirvac.

Organisational culture

Mirvac's culture continues to transgress beyond a simple legislative compliance mentality to one where sincere concern for people and the environment drives the seamless integration of HSE within all business activities. A culture survey conducted in February 2008 gauged employee attitudes to HSE management, reporting and role modelling across Mirvac. Overall the results showed promising aspects of cultural maturation along with opportunities for improvement, which are currently underway.

Licence to operate

Learning and development continues to be a key area for improvement. The Licence to Operate (LTO) introduced in July 2008 provides the integration of HSE as a core competency with a minimum of eight hours endorsed training requirements specified for all employees. HSE learning and development activities are determined according to job role and position. The LTO consists of a suite of e-learning modules available online at Mirvac workplaces, which provide a uniform understanding of HSE management for all employees.

HSE strategic objectives

Mirvac's HSE Strategic Plan 2008-2009 outlines seven priority areas for action, broadly grouped into foundation objectives, outcome objectives and enabling objectives. Foundation objectives are already well underway and have achieved significant progress to date in the standardisation of HSE policies, procedures, forms, guidelines and improved top level commitment to HSE. Outcome objectives continue to focus on reduced incidence of injury and severity and enabling objectives focus on the integration of HSE as a key job role and its reinforcement through learning and development.

The Community – Mirvac Foundation

Mirvac remains committed to contributing to the community through the quality design of sustainable buildings and environments. In addition, Mirvac has established the Mirvac Foundation to connect with those most in need in the communities in which we operate. Housing and accommodation are topics that are the cornerstones of our business and the lifeblood of Mirvac's culture, and in the Foundation's inaugural year, the theme Mirvac has chosen to support is homelessness.

The Foundation's role is to provide annual funding and employee support to key charities and not-for-profit organisations.

As well as a nationwide focus on homelessness through the Foundation, Mirvac divisions are encouraged to participate and contribute to their local communities. In total, Mirvac sponsors or supports over 120 charitable organisations and community events.

Performance reporting

A progress report against CR&S targets will be released in December 2008 and details of actions to date are available in Mirvac's Sustainability Report 2007 at www.mirvac.com.au.



Corporate Governance Statement

This statement sets out the key corporate governance principles adopted by Directors in governing Mirvac PFA Limited (MPFA) and reflects the corporate governance policies and practices in place throughout the financial year ended 30 June 2008.

MPFA is a wholly owned subsidiary of Mirvac Limited (Mircac) and as a matter of good corporate governance MPFA was established for the specific purpose of acting as responsible entity, trustee or manager whilst having the benefit of the resources of Mirvac.

MPFA is the responsible entity of Mirvac PFA Diversified Property Trust (the Trust). The Trust is listed on the Bendigo Stock Exchange (BSX) and the BSX Listing Rules require all listed entities to report on the corporate governance practices that were in place during the reporting period.

Copies of MPFA's corporate governance policies and practices are available from our website at www.mirvac.com.au.

Directors

The primary objective of MPFA is to build long term Investor value for the funds for which it acts as responsible entity. The Board achieves this by setting strategic direction, focusing on issues critical to the success of the funds and the management of risk. MPFA has established comprehensive standards of corporate governance and adopted a Board Charter outlining the Board's accountabilities and responsibilities. The Charter also outlines the responsibilities delegated to management.

Directors' profiles, their tenure and the profiles of executive staff can be found on pages 11 and 14 of this Annual Report.

A copy of the MPFA Board Charter is available on Mirvac's website at www.mirvac.com.au.

Role of the Chairman

The Chairman of the MPFA Board is appointed by Mirvac's Directors and, as specified in the MPFA Board Charter, must be an independent, Non-executive Director who at the same time is not the Chief Executive. The Chairman's specific role is detailed in the MPFA Board Charter.

Independence of Directors

The MPFA Board has developed a policy, contained in the MPFA Board Charter, to determine the independence of its Directors. This determination is conducted annually or at any other time where the circumstances of a Director change such as to warrant reconsideration. The MPFA Board currently has three external Non-executive Directors, each of whom is independent (Mr Paul Barker, Mr Ross Strang and Mr Richard Turner), and two Executive Directors (Mr Nicholas Collishaw and Mr Grant Hodgetts). The MPFA Board therefore has a majority of independent directors as required by the Board Charter.

Conflicts of interest

The MPFA Board approved guidelines for Board members dealing with conflicts of interests with their duties as Directors of MPFA are detailed in the MPFA Board Charter. In addition, Mirvac's Code of Conduct and Ethical Business Behaviours also sets down guidelines for dealing with conflicts of interest that may arise particularly for executives and other employees.

Access to information and independent advice

As detailed in the MPFA Board Charter, the MPFA Board and its Committees may seek advice from independent experts whenever it is considered appropriate. Individual Directors, with the consent of the MPFA Chairman, may seek independent professional advice on any matter connected to their responsibilities as an MPFA Director, at MPFA's expense.

MPFA Board and executive performance

The MPFA Chairman, supported by the Company Secretary of MPFA, undertakes an annual review of:

- > the Board's role;
- > the Board processes and the Committees appointed to support the Board;
- > the Board's performance including the performance of its Committees; and
- > each individual Director's performance.

The process entails obtaining feedback from each MPFA Director through questionnaires that remain confidential and anonymous. The MPFA Board then reviews the report prepared by the Chairman arising from the feedback collected and actions are determined as necessary.

Evaluation of key executives' performance is conducted on an ongoing basis to ensure that progress is being made towards attainment of the approved strategies and plans. The Chief Executive Officer – Funds Management (Australia) undertakes formal reviews annually of the respective executive's performance against business and personal objectives agreed at the beginning of the year, this formal review was completed for the year; ended 30 June 2008 in accordance with the process described.

Nomination and appointment of new directors

MPFA has a number of resources available to it from Mirvac, including Mirvac's Nomination Committee which is responsible for identification and recommendation of candidates to the MPFA Board as well as access to external consultants to assist the Committee to ensure a wide selection of potential directors is assessed. A copy of the Mirvac Nomination Committee Charter for the nomination and appointment of directors is available on Mirvac's website at www.mirvac.com.au. The membership of the Nomination Committee at 30 June 2008 comprised Mr James MacKenzie, Mr Paul Biancardi and Mr Greg Paramor. Each member attended all meetings of the Committee held during the year ended 30 June 2008.

Subsequent to 30 June 2008, Mr Paramor has resigned from his executive position with Mirvac which included his membership to this Committee. A new member will be appointed in due course.

All new directors are required to sign and return a letter of appointment which sets out the key terms and conditions of their appointment, including duties, rights and responsibilities, the time commitment envisaged and MPFA's expectations of its directors. New directors also receive a director's pack containing relevant Trust and company documents, company directory and key policies.

Retirement and re-election of Directors

In the year to 30 June 2008, MPFA did not set a fixed term of office for its Directors. The mix of experience and expertise of the current Directors is of value to MPFA and it does not wish to arbitrarily limit their terms of office. Nominating a fixed term for Directors may cause loss of experience and expertise, which is not in the best interest of MPFA nor Investors in the Trust. The Board considers the term served by a Director in assessing their independence.

Board committees

The Board may discharge any of its responsibilities through Committees of the Board in accordance with MPFA's Constitution and the *Corporations Act 2001*.

The Board has the following Standing Committees:

- > Funds Management Board Sub Committee;
- > Investment Committee; and
- > Scheme Compliance Committee.

Each Committee has adopted its own terms of reference or Charter, approved by the MPFA Board, setting out matters relevant to its composition and responsibilities. The terms of reference and Charters are reviewed annually by the Board and copies are available from our website at www.mirvac.com.au.

The principal role of the Investment Committee is monitoring investment markets in which the business operates, recommending the acquisition and disposal of assets, investigating and reviewing property valuations of assets, reviewing quarterly accounts and reviewing and approving the annual property, Trust and business unit budgets. The membership of the Investment Committee has been carefully determined to provide the relevant experience and expertise appropriate to the Trust's investments. The Investment Committee's role is to make recommendations to the Board. It does not have approval powers.

The principal role of the Scheme Compliance Committee includes monitoring the Trust's fulfilment of the Compliance Plan and reporting its findings to the MPFA Board, monitoring and reporting any breaches of the *Corporations Act 2001* or the Constitution of the Trust, reporting to the Australian Securities and Investments Commission, regularly assessing the adequacy of the Trust's Compliance Plan and making any recommendations to reflect changes in legislation.

The following Mirvac Committees are relied upon by the MPFA Board:

- > Human Resources Committee;
- > Nomination Committee;
- > Health, Safety and Environment Committee; and
- > Mirvac's Audit, Risk and Compliance Committee.

These Committees have each adopted their own terms of reference or Charters. Copies of the current terms of reference or Charters are available from our website at www.mirvac.com.au.

External auditor relationship

Mirvac's Audit, Risk and Compliance Committee (ARCC), in accordance with its Charter, is responsible for overseeing the relationship with MPFA's external auditor, BDO Kendalls (QLD), including the terms of engagement of the external auditor and the scope of the external audit program each year. The ARCC is also responsible for monitoring and evaluating the performance, and independence, of the external auditor.

The ARCC comprises the following members:

- > Mr Paul Biancardi, BEc, FCA, Non-executive Director;
- > Mr Peter Hawkins, BCA (Hons), FAICD, SF Fin, FAIM, ACA (NZ), Non-executive Director;
- > Ms Penny Morris, BArch (Hons), MEnvSci, DipCD, FRAIA, FAICD, Non-executive Director; and
- > Mr Richard Turner, BEc, FCA, Non-executive Director

Each member attended all seven ARCC meetings which were held during the year ended 30 June 2008, with the exception of Mr Peter Hawkins who was present at six meetings.



Corporate Governance Statement

(continued)

The MPFA Board has adopted a Policy for Auditor Independence which forms part of the ARCC's Charter and is available from our website at www.mirvac.com.au.

BDO Kendalls (QLD) has provided the ARCC with a half yearly and annual certification of its continued independence, in accordance with the requirements of the *Corporations Act 2001*, and in particular confirmed that it did not carry out any services or assignments during the year ended 30 June 2008 that were not compatible with auditor independence.

Risk management

We recognise the responsibility associated with our role as responsible entity of the Trust and believe that the procedures in place for identifying and managing the financial and operational risks relevant to the Trust are comprehensive and substantial.

In recognition that risk management is a key element of effective corporate governance, MPFA has formally adopted and is aligned with Mirvac's Risk Management Policy Statement and Internal Compliance and Control, which is available from our website at www.mirvac.com.au.

Mirvac's board is responsible for approving and reviewing the risk management policy and risk strategy. To assist the MPFA Board in discharging its risk management responsibilities, certain activities have been delegated for particular review by the ARCC, as described in the ARCC's Charter.

During the year the independent Chartered Accounting firm Ernst & Young continued to assist Mirvac in managing an effective internal audit/operational review function. Internal Audit's role is to assess risks, enhance processes and monitor controls to provide assurance to the ARCC and to the MPFA Board that the key risks and compliance obligations are being effectively managed through the implementation and maintenance of appropriate control processes.

The above arrangements were in place for the year ended 30 June 2008. Going forward, Mirvac recently commenced a comprehensive review of its current risk management framework and a new risk management road map and framework are being prepared to provide improved guidance for MPFA in implementing appropriate processes to address and manage the range of current risk exposures. This review was commenced prior to year end and is well advanced. It is anticipated that the review will be finalised and the enhanced risk management framework will be implemented during the year ending 30 June 2009.

Executive assurance

The Chief Executive Officer – Funds Management (Australia) and Financial Controller have provided the following assurance to the MPFA Board in connection with the Trust's full year financial statements and reports, namely that in their opinion, to the best of their knowledge and belief:

- (a) the financial records of the Trust for the year ended 30 June 2008 have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- (b) the financial statements of the Trust and the notes to those statements for the year ended 30 June 2008 comply with the relevant accounting standards;
- (c) the Trust's financial statements, and the notes to those statements, for the year ended 30 June 2008 give a true and fair view of the financial position, operational results and the performance of the Trust;
- (d) the statements referred to in paragraphs (a) to (c) above are founded on a system of risk management and internal compliance and control which implements the policies adopted by the MPFA Board; and
- (e) Mirvac's risk management, internal compliance and control systems are operating effectively in all material respects in relation to financial reporting risks.

The effective control environment established by Mirvac's board supports this assurance.

These declarations provide a reasonable but not absolute level of assurance about risk management, internal compliance and control systems, and do not imply a guarantee against adverse events or more volatile conditions and outcomes in the future.

Remuneration

Details of MPFA's remuneration policies and practices including the relationship between remuneration, performance and returns to Investors are detailed in Mirvac's Annual Report posted on Mirvac's website at www.mirvac.com.au.

Mirvac's Human Resources Committee is responsible for making assessments and recommendations as to the appropriate remuneration of MPFA Directors. A copy of the Mirvac Human Resources Committee Charter is available on Mirvac's website at www.mirvac.com.au. The membership of the Human Resources Committee comprises Mr James MacKenzie, Mr Paul Biancardi, Mr Peter Hawkins, Ms Penny Morris and Mr Richard Turner. Each member attended all meetings of the Committee during the year ended 30 June 2008.

None of the MPFA Directors participates in invested entitlements under any equity-based remuneration scheme, or entitled to retirement benefits, other than superannuation.

Corporate conduct and responsibility

Integrity is one of Mirvac's core values. In Mirvac's 36 year history, it has built a reputation for integrity and in dealing fairly, honestly and transparently with all stakeholders.

MPFA has adopted the Mirvac Code of Conduct and Ethical Business Behaviours (Code) which espouses its core values.

The Code applies to the MPFA Board, executives and all employees and a copy of the Code has been made available to all. A copy is available from Mirvac's website at www.mirvac.com.au.

Non-executive Directors, executives and employees are encouraged to report promptly in good faith any serious violations or suspected serious violations of the law or the Code. To facilitate this, Mirvac has established its "Open Line" program to allow staff to report in good faith suspected fraud, theft, criminal activity or any other conduct which may cause loss or be detrimental to Mirvac's reputation. The Open Line program sets out the measures to be taken and the protection to be provided in instances where violations or other suspected matters are reported.

Mirvac supports the democratic process within Australia and does make modest donations to Australia's major political parties to facilitate attendance at conferences and meetings where the company is able to provide its views on policies and matters that may impact its operations. Mirvac's Code stipulates that donations can only be made on the approval of the Managing Director of Mirvac.

During the year, the Mirvac Foundation was established to be the focus of Mirvac's charitable support. The Foundation is currently providing financial support to charities in each state that care for the homeless and Mirvac staff personally donate money and time to the Foundation.

Security Trading Policy

MPFA has adopted Mirvac's Security Trading Policy that covers dealings in securities by its Directors, executives and other designated employees as well as their respective associates. These persons may only deal in Mirvac securities, or in securities of other public listed entities that are related to Mirvac, including the Trust, in certain periods as specified in the policy. Notwithstanding this, no MPFA Director, executive or other employee may transact whenever they are in possession of price sensitive information. Any securities dealing in the Trust by MPFA Directors is notified to the BSX within five business days of the trade being completed. MPFA does not stipulate a minimum security holding requirement for MPFA Directors.

Mirvac's Security Trading Policy is available from Mirvac's website at www.mirvac.com.au.

Market disclosure policy and practice

MPFA is committed to:

- > effectively communicating with the Trust's Investors and facilitating an efficient and informed market in the Trust's securities by keeping the market apprised through announcements to the BSX, of all material information; and
- > compliance with the requirements of the *Corporations Act 2001* and BSX Listing Rules.

The Company Secretary is responsible for MPFA's compliance with its continuous disclosure obligations and for overseeing and co-ordinating disclosures to the BSX and other interested parties.

All disclosures are posted to our website. Also posted to our website are annual and half year reports, profit releases, market briefings, notices of meetings and the Trust's regular property compendium. Web-casting and teleconferencing facilities are provided for market briefings to encourage participation from all stakeholders, regardless of location.

MPFA's Continuous Disclosure and Communications Policy is available from our website at www.mirvac.com.au.



Concise Financial Report

for the year ended 30 June 2008

Mirvac PFA Diversified Property Trust and Controlled Entities
(Formerly PFA Diversified Property Trust)
ARSN 097 860 690 ABN 67 427 437 266

Mirvac PFA Limited
ACN 078 199 569
AFSL No 224106

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Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 June 2008. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Mirvac PFA Diversified Property Trust and its controlled entities as the full financial report. Further financial information can be obtained from the full financial report.

The full financial report and auditor's report will be sent to unitholders on request, free of charge. Please call 1800 687 170 (free call) and a copy will be forwarded to you. Alternatively, you can access both the full financial report and the concise report on the Mirvac PFA Diversified Property Trust website at www.pfaltd.com.au (click on the Contact Us link).

Directors' Report

The Directors of Mirvac PFA Limited ('the Responsible Entity') as the Responsible Entity of the Mirvac PFA Diversified Property Trust present their report on the Mirvac PFA Diversified Property Trust (referred to as 'the Trust') and its controlled entities for the financial year ended 30 June 2008.

Directors

The name of each person who has been a Director of the Responsible Entity during the year and to the date of this report is:

Directors	
Paul F Barker	(appointed 10 October 2007)
Nicholas R Collishaw	
Grant B Hodgetts	(appointed 30 September 2007)
Ross Strang	(appointed 22 November 2007)
Richard W Turner AM	(appointed 22 November 2007)
Robert T Summerton	(retired 30 September 2007)
Christopher A Morton	(retired 10 October 2007)
Dennis W Wildenburg	(retired 22 November 2007)
Jennifer J Hutson	(retired 10 October 2007)

The Directors have been in office since the start of the Period to the date of this report unless otherwise stated.

Principal activities

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

Review of operations

The key financial results of the Trust for the year are as follows:

	2008 \$'000	2007 \$'000
Gross operating revenue	66,341	47,025
Profit before distributions	(17,545)	100,388
Total distributions paid	27,188	28,418
Total assets	651,915	589,357
Total investor funds	288,641	291,282

Distributions

Distributions were paid monthly during the year at 0.8167 cents per unit per month (totalling 9.80 cents per unit for the year) on the contributed capital subscribed by investors in the Trust.

The Board will continue to monitor the appropriateness of any proposed distribution rate throughout the current financial year. Refer to note 5 for Distributions paid and payable during the financial year.



Directors' Report

(continued)

Acquisitions

The Trust acquired two properties during the year, including:

- > 390 St Kilda Road, Melbourne, VIC for \$63.2 million which settled on 17 August 2007; and
- > 657 Pacific Highway, St Leonards, NSW for \$19.05 million on 8 October 2007.

Capital raising

Since the lodgement of Product Disclosure Statement No.5 ('PDS No.5') on 8 June 2007, the Trust raised \$43.4 million and allotted 35,546,274 units. The PDS No.5 closed on the 25 August 2007. The total number of units on issue are 225,667,727 units.

Payment of Special Distribution

On 14 September 2007, as a consequence of the sale of 388 Queen Street, Brisbane, a special distribution of 2.88 cents per unit was paid to investors on the register on 31 July 2007.

Significant changes in state of affairs

Mirvac Holdings Limited (a member of the Mirvac Group) exercised the put and call option on 30 August 2007 to acquire the balance of the 50 per cent shareholding in Property Funds Australia Limited (The Responsible Entity). Settlement of the contract to purchase the shares in Property Funds Australia Limited occurred on 10 October 2007.

The Trust changed its trading name from PFA Diversified Property Trust to Mirvac PFA Diversified Property Trust (registered with ASIC on 29 November 2007). The Responsible Entity changed its name from Property Funds Australia Limited to Mirvac PFA Limited (registered with ASIC on 26 November 2007).

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.

Matters subsequent to the end of the financial year

Sale of Centro on James

The Trust has completed the sale of Centro on James for \$19.2 million (before costs) on 31 July 2008. The sale of Centro on James represents an increase of 7.3 per cent on book value at 31 December 2007 and an increase of 100 per cent on its original acquisition price of \$9.6 million. The sale is part of the Trust's strategy to sell non-core assets and will allow the redeployment of capital to pay down debt which flows through to a stronger balance sheet.

Special distribution from sale of Centro on James

As a result of the sale of the Centro on James asset 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. When combined with the forecast 6.90 cents per unit income distribution this will take the full year distribution to 30 June 2009 to 8.0 cents per unit.

303 Sevenoaks Street, Perth – sale of land contract

The Trust has entered into a contract for the sale of the surplus land (approx. 1.75 hectares) at 303-307 Sevenoaks Street, Cannington, Perth, WA for an agreed sale price of \$5.4 million. The sale is conditional upon satisfactory completion of sub division works and clarification of development issues associated with it.

Debt re-negotiations

Term Sheets regarding the Syndicated \$355 million Cash Advance Facility between CBA, BNZA and ING have been completed and exchanged. Execution of the Finance Facility is expected well in advance of the Debt expiry in November 2008.

Likely developments

The Trust will continue to follow its objectives of identifying opportunities to increase its profitability and its net asset value.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the responsible entity believes it would be likely to result in unreasonable prejudice to the Fund.

Environmental regulation

The Trust's operations are not subject to any significant environmental regulation under Commonwealth or State legislation other than that which any real property located in Australia could be subjected.

Options

No options over units in the Trust were granted during or since the end of the year and there were no options outstanding at the date of this report.

Remuneration report

As the Directors and Key Management Personnel are not employees of the Trust, the remuneration is not paid by the Trust. Such remuneration relating to Directors and Key Management Personnel is paid by the Responsible Entity (or Mirvac Group) as Responsible Entity of the Trust from its own moneys and not from the moneys of the Trust. The Responsible Entity does however receive remuneration from the Trust such as management fees from which remuneration to Directors and Key Management Personnel may be paid. Refer to Note 22 Related Party Disclosures in the Trust's full financial report.

The Directors and Key Management Personnel do not hold any loans with Mirvac PFA Diversified Property Trust or Mirvac PFA Limited.

Fees paid to and interests held in the Trust by the responsible entity or its associates

In accordance with clause 25.1 of the Trust's Constitution, the Responsible Entity is entitled to remuneration as follows:

- a) The Responsible Entity is entitled to receive a disposal fee from the Trust in respect of the sale of any property equal to 2 per cent of the gross sale price achieved.
- b) If the sale of a property results in a gross sale price above the original gross purchase price, the Responsible Entity is entitled to an additional performance fee as follows:
 - i) 2.5 per cent of the gross sale price (if gross sale price is more than 50 per cent of original gross purchase price); or
 - ii) 1.5 per cent of the gross sale price (if gross sale price is between 30 per cent and 50 per cent more than the original gross purchase price). Original gross purchase price includes that purchase price paid by any sub-trusts of the Trust.
- c) If the Responsible Entity is removed as responsible entity of the Trust (other than for its gross negligence or a material fiduciary breach), then it is entitled to be paid 2 per cent of the scheme value as at the time of the removal.

Fees paid to the responsible entity and its associates out of Trust property during the year are disclosed in note 22 of the full financial report.

The number of interests in the Trust held by the responsible entity or its associates as at the end of the financial year are disclosed in note 22 of the full financial report.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the responsible entity or the Auditors of the Trust. As long as the officers of the responsible entity act in accordance with the constitution and the law, the officers Responsible Entity remains indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditors are in no way indemnified out of the assets of the Trust.

Rounding of amounts to nearest thousand dollars

The Mirvac PFA Diversified Property Trust has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report have been rounded off to the nearest one thousand dollars.

Auditor's independence declaration

A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is set out on page 24.

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



Grant B Hodgetts
Director

Sydney
26 August 2008



Auditor's Independence Declaration



BDO Kendalls (QLD)
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Phone 61 7 4217 5999
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info@bdo.com.au
www.bdo.com.au

ABN 71 261 502 402

26 August 2008

The Directors
Mirvac PFA Ltd
Level 26
60 Margaret Street
SYDNEY NSW 2000

Dear Directors

AUDITOR'S INDEPENDENCE DECLARATION

In relation to our audit of the Financial Report of Mirvac PFA Diversified Property Trust for the year ended 30 June 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Yours faithfully
BDO Kendalls (QLD)

Craig Jenkins
Partner

BDO KENDALLS is a national association of
separate partnerships and entities

Income Statement

for the year ended 30 June 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue					
Operating activities	4	66,341	46,523	64,488	74,232
Non-operating activities					
Gain and disposal of investment property		1,063	34,665	1,063	18,142
Gain on revaluation of investment property		–	52,991	–	36,275
Unrealised gain on derivative instruments		3,459	1,167	3,459	1,167
Total revenue		70,863	135,346	69,010	129,816
Expenses					
Property expenses		(14,144)	(10,442)	(11,060)	(7,071)
Loss on revaluation of investment property		(43,984)	(5,066)	(39,970)	(4,269)
Share of associates net loss accounted for using the equity method		(349)	–	–	–
Fund expenses		(5,104)	(4,128)	(5,033)	(3,834)
Total expenses		(63,581)	(19,636)	(56,063)	(15,174)
Financing costs – financial institutions					
Interest		(23,447)	(14,674)	(25,431)	(13,662)
Amortisation		(1,380)	(648)	(1,370)	(592)
Total costs – financial institutions		(24,827)	(15,322)	(26,801)	(14,254)
Profit before financing costs to investors		(17,545)	100,388	(13,854)	100,388
Financing costs – investors					
Distributions to investors	5	(27,188)	(28,418)	(27,188)	(28,418)
Profit/(loss) before income tax expense		(44,733)	71,970	(41,042)	71,970
Income tax expense		–	–	–	–
Profit/(loss) after income tax expense		(44,733)	71,970	(41,042)	71,970
Changes in net assets attributable to investors		44,733	(71,970)	41,042	(71,970)
Net profit/(loss)		–	–	–	–

To be read in conjunction with the notes to the financial statements.



Balance Sheet

as at 30 June 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current assets					
Cash and cash equivalents		10,011	10,480	9,397	10,480
Trade and other receivables		4,075	3,870	3,858	3,639
Other current assets		1,525	947	1,124	620
Non-current assets classified as held for sale	6	21,950	–	21,950	–
Total current assets		37,561	15,297	36,629	14,739
Non-current assets					
Derivative financial instruments		6,041	2,582	6,041	2,582
Investment property	7	608,160	571,298	454,610	415,168
Investments accounted for using the equity method		153	–	–	–
Available for sale financial assets		–	180	69,895	69,895
Total non-current assets		614,354	574,060	530,546	487,645
Total assets		651,915	589,357	566,875	502,384
Current liabilities					
Trade and other payables		10,026	9,696	36,951	38,368
Borrowings	8	353,248	10,000	259,108	10,000
Total current liabilities		363,274	19,696	296,059	48,368
Non-current liabilities					
Borrowings	8	–	278,379	–	184,250
Other liabilities	9	288,641	291,282	270,816	269,766
Total non-current liabilities		288,641	569,661	270,816	454,016
Total liabilities		651,915	589,357	566,875	502,384
Net assets		–	–	–	–

To be read in conjunction with the notes to the financial statements.

Total current liabilities of the Trust exceed total current assets as at 30 June 2008, due to the expiration of the borrowings on 8 November 2008. However, as signed term sheets have been completed, at the time of expiry, it is expected that the Trust's financing facilities will be re-financed and extended into long term facilities. Due to the timing of rental receipts, investment income and payments to suppliers, financiers and investors, the Trust is expected to meet all of its financial obligations.

At present, the Parent entity has a working capital deficit as trade and other payables currently exceed total current assets. This is mainly due to the inter-trust loans between the Parent entity and its sub-trusts, which are 100 per cent owned. The Parent entity is expected to meet all of its financial obligations in the future.

Statement of Changes in Equity

as at 30 June 2008

	Issued Capital	Retained Earnings	Asset Revaluation Reserve	Total
Balance at 1 July 2006	-	-	-	-
Profit attributable to Investors	-	-	-	-
Revaluation increment	-	-	-	-
Deferred tax on revaluation of financial assets	-	-	-	-
Dividends paid	-	-	-	-
Balance at 30 June 2007	-	-	-	-
Balance at 1 July 2007	-	-	-	-
Profit attributable to Investors	-	-	-	-
Revaluation increment	-	-	-	-
Deferred tax on revaluation of financial assets	-	-	-	-
Dividends paid	-	-	-	-
Balance at 30 June 2008	-	-	-	-

Under AIFRS, net assets attributable to investors are classified as a liability rather than equity. As a result there was no equity at the start or end of the financial year.

To be read in conjunction with the notes to the Financial Statements.



Cash Flow Statement

for the year ended 30 June 2008

	Notes	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flows from operating activities					
Rent and outgoings received		66,739	50,024	54,075	32,021
Interest received		440	1,319	440	917
Interest received – related entity loans		225	–	225	3,362
Payment to suppliers		(26,963)	(21,513)	(23,427)	(13,919)
Interest paid		(23,395)	(14,364)	(16,318)	(8,020)
Interest paid – related entity loans		–	–	–	(5,445)
Net cash provided by (used in) operating activities		17,046	15,466	14,995	8,916
Cash flows from investing activities					
Net proceeds from sale of property		1,063	89,281	1,063	37,145
Purchase of shares in related parties		–	(180)	–	(180)
Purchase of investment property and capital improvements		(97,261)	(169,238)	(95,824)	(167,461)
Net cash provided by (used in) investing activities		(96,198)	(80,137)	(94,761)	(130,496)
Cash flows from financing activities					
Distributions to Investors		(26,898)	(28,418)	(26,898)	(28,418)
Cost of equity raising		(1,273)	(1,009)	(1,273)	(1,009)
Financing costs paid		(1,149)	(559)	(1,149)	(559)
Units issued		43,366	24,621	43,366	24,621
Capital raising funds provided for (used)		–	(771)	–	(771)
Inter-trust loans		–	–	–	56,919
Net proceeds from borrowings		64,637	78,510	64,637	78,510
Net cash provided by (used in) financing activities		78,683	72,374	78,683	129,293
Net increase in cash held		(469)	7,703	(1,083)	7,713
Cash at 1 July		10,480	2,777	10,480	2,767
Cash at 30 June		10,011	10,480	9,397	10,480

To be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

for the year ended 30 June 2008

Discussion and analysis

The year ended 30 June 2008 saw Mirvac PFA Diversified Property Trust report a loss of \$44.7 million. This result was impacted by the decrease in the Trust's property valuations, driven by a general decrease of commercial property markets, changes in fair value of derivatives and other non cash adjustments. The global uncertainty in credit markets has seen property values and capitalisation rates decrease. Revaluations of the whole portfolio were undertaken during the year, consisting of eight independent valuations and twelve internal directors' valuations.

As a result, the Trust's NTA fell by 16.3 per cent, to \$1.28 per unit compared to \$1.53 per unit at 30 June 2007. At 30 June 2008, the Trust's gross assets were \$652 million, an increase of 10.6 per cent from the previous year, driven by additional acquisitions, capital expenditure and the movement in property valuations.

In August 2007, the Trust completed a successful public offer (Product Disclosure Statement No. 5), closing oversubscribed and raised \$43.4 million, \$18.4 million over the capital raising target. The funds from the capital raising were used to purchase the two additional properties, one located in Melbourne and one in Sydney.

Rent and outgoings received during the year increased considerably on 2007 with the acquisition of the two additional properties. However, the Trust also experienced higher interest costs associated with the increase in debt levels from 2007 and higher interest costs on the variable proportion of the loan facility.

Note 1: Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 Concise Financial Reports (AASB 1039). The financial statements and specific disclosures required by AASB 1039 have been derived from the Trust's full financial report for the financial year. Other information included in the concise financial report is consistent with the Trust's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Trust as the full financial report.

This concise financial report relates to the consolidated entity consisting of Mirvac PFA Diversified Property Trust (the Trust) and the entities it controlled at the end of, or during, the year ended 30 June 2008.

A full description of the accounting policies adopted by the Trust may be found in the Trust's full financial report. The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

The presentation currency used in this concise financial report is Australian dollars.

Rounding of amounts to nearest thousand dollars

The Trust is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in financial reports. Amounts in the concise financial report have been rounded to the nearest thousand dollars in accordance with that Class Order unless otherwise indicated.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Mirvac PFA Diversified Property Trust and its controlled entities comply with International Financial Reporting Standards (IFRS).

Note 2: Segment information

The Trust operates in one business segment, being property investment and in one geographical segment being Australia.



Notes to the Financial Statements

for the year ended 30 June 2008 (continued)

Note 3: Prior period error/change in accounting policy

The aggregate effect of the error on the annual financial statements for the year ended 30 June 2007 is as follows (no taxation effect results from these changes):

		Consolidated Entity			Parent Entity		
		Previously Stated 2007 \$000	Adjustment 2007 \$000	Restated 2007 \$000	Previously Stated 2007 \$000	Adjustment 2007 \$000	Restated 2007 \$000
	Revenue						
(e)	Operating activities	47,025	(502)	46,523	74,666	(434)	74,232
	Non-operating activities						
	Gain and disposal of investment property	34,665	-	34,665	18,142	-	18,142
	Gain/(loss) on revaluation of investment property	52,991	-	52,991	36,275	-	36,275
(d)	Unrealised gain on derivative instruments	-	1,167	1,167	-	1,167	1,167
	Total revenue	134,681	665	135,346	129,083	733	129,816
	Expenses						
	Property expenses	(10,442)	-	(10,442)	(7,071)	-	(7,071)
(e)	Amortisation	(502)	502	-	(434)	434	-
	Impairment of investment property	(5,066)	-	(5,066)	(4,269)	-	(4,269)
	Fund expenses	(4,128)	-	(4,128)	(3,834)	-	(3,834)
	Total expenses	(20,138)	502	(19,636)	(15,608)	434	(15,174)
	Financing costs – financial institutions						
	Interest	(14,674)	-	(14,674)	(13,662)	-	(13,662)
	Amortisation	(648)	-	(648)	(592)	-	(592)
	Total costs – financial institutions	(15,322)	-	(15,322)	(14,254)	-	(14,254)
	Profit before financing costs to investors	99,221	1,167	100,388	99,221	1,167	100,388
	Financing costs – investors						
	Distributions to investors	(28,418)	-	(28,418)	(28,418)	-	(28,418)
	Profit/(loss) before income tax expense	70,803	1,167	71,970	70,803	1,167	71,970
	Income tax expense	-	-	-	-	-	-
	Profit/(loss) after income tax expense	70,803	1,167	71,970	70,803	1,167	71,970
	Changes in net assets attributable to investors	(70,803)	(1,167)	(71,970)	(70,803)	(1,167)	(71,970)
	Net profit/(loss)	-	-	-	-	-	-

Note 3: Prior period error/change in accounting policy (continued)

		Consolidated Entity			Parent Entity		
		Previously Stated 2007 \$000	Adjustment 2007 \$000	Restated 2007 \$000	Previously Stated 2007 \$000	Adjustment 2007 \$000	Restated 2007 \$000
		Current Assets					
(a)(b)	Cash and cash equivalents	10,480	-	10,480	10,480	-	10,480
	Trade and other receivables	7,382	(3,512)	3,870	7,151	(3,512)	3,639
	Other current assets	947	-	947	620	-	620
		Total Current Assets	(3,512)	15,297	18,251	(3,512)	14,739
		Non-Current Assets					
(b)	Derivative Financial Instruments	-	2,582	2,582	-	2,582	2,582
	Other Non-Current Assets	571,478	-	571,478	485,063	-	485,063
		Total Non-Current Assets	2,582	574,060	485,063	2,582	487,645
		TOTAL ASSETS	(930)	589,357	503,314	(930)	502,384
		Current Liabilities					
		Total Current Liabilities	-	19,696	48,368	-	48,368
		Non-Current Liabilities					
		Other Liabilities					
(c)	Issued Capital	196,516	-	196,516	196,516	-	196,516
	Retained Earnings	173,951	2,582	176,533	152,436	2,582	155,018
	Accumulated distributions	(77,355)	-	(77,355)	(77,355)	-	(77,355)
(a)(c)(d)	Capital Raising Costs	(4,412)	-	(4,412)	(4,413)	-	(4,413)
	Hedge Derivatives	3,512	(3,512)	-	3,512	(3,512)	-
	Borrowings	278,379	-	278,379	184,250	-	184,250
		Total Non-Current Liabilities	(930)	569,661	454,946	(930)	454,016
		TOTAL LIABILITIES	(930)	589,357	503,314	(930)	502,384
		NET ASSETS	-	-	-	-	-

Error

- (a) The error was caused by the omission of the market value (\$930,126) of an interest rate swap instrument that existed in the previous accounting period.
- (b) The reclassification of derivative financial instruments is disclosed as a non current asset rather than as a current receivable.



Notes to the Financial Statements

for the year ended 30 June 2008 (continued)

Change in accounting policy

Change in accounting policy to recognise movement in fair value of hedge instrument through the Income Statement.

	Consolidated \$'000	Parent \$'000
Hedge Derivative Receivable and reserve as at 30 June 2006	1,415	1,415
Error adjusted, restated hedge derivative receivable and reserve as at 30 June 2007	2,582	2,582
Movement to be retrospectively recognised in the income statement	1,167	1,167

- (c) The hedge derivative reserve balance as at 30 June 2006 to be retrospectively recognised through opening retained earnings based on the change in accounting policy not to adopt hedge accounting.
- (d) Reverse the movement of the fair value of the derivative instrument of \$1,167,000 during the 2007 financial year from the hedge derivative reserve to retrospectively recognise in the income statement.
- (e) The reclassification of lease incentive amortisation is disclosed as a reduction in rental income rather than as an expense, in accordance with section (e) of Note 1.

Note 4: Revenue

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue from operating activities				
Rental income	57,876	40,051	43,818	24,424
Outgoings recovered	8,320	5,655	7,753	4,907
Interest received	701	1,319	701	917
Interest received – related entity loans	–	–	6,885	3,362
Distribution income	–	–	5,692	41,056
Lease incentive amortisation	(556)	(502)	(361)	(434)
Total revenue from operating activities	66,341	46,523	64,488	74,232

Note 5: Distributions paid and payable

	Consolidated		Consolidated	
	2008 \$'000	2008 cents per unit	2007 \$'000	2007 cents per unit
21 August	1,560	0.8167	1,374	0.8167
14 September (special distribution)	5,503	2.8800	–	–
21 September	1,695	0.8167	1,515	0.8167
18 October	1,843	0.8167	1,552	0.8167
21 November	1,843	0.8167	1,553	0.8167
21 December	1,843	0.8167	1,553	0.8167
21 January	1,843	0.8167	1,553	0.8167
21 February	1,843	0.8167	1,553	0.8167
14 March (special distribution)	–	–	10,000	5.26
20 March	1,843	0.8167	1,553	0.8167
21 April	1,843	0.8167	1,553	0.8167
21 May	1,843	0.8167	1,553	0.8167
20 June	1,843	0.8167	1,553	0.8167
21 July	1,843	0.8167	1,553	0.8167
	27,188	12.68	28,418	15.06
			2008 %	2007 %
Tax distributions break up – Monthly income distributions				
Taxable income			0.00	38.5
Tax deferred/Return of capital			100.00	61.5

Note 6: Non-current assets classified as held for sale

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Investment properties	21,950	–	21,950	–



Notes to the Financial Statements

for the year ended 30 June 2008 (continued)

Note 6: Non-current assets classified as held for sale (continued)

Property	Type	Ownership (%)	Date acquired
Centro on James, Cnr James and Robertson Streets, Fortitude Valley, QLD, 4006	Commercial/Retail	100	Dec 2001
303 Sevenoaks Street, Cannington, WA, 6107	Surplus Land	100	Feb 2005

Note 7: Investment property

Property	Type	Ownership (%)	Date acquired
Anzac Square, 200 Adelaide Street, Brisbane, QLD, 4000	Commercial	100	Apr 1999
544 Kessels Road, MacGregor, QLD, 4109	Retail/Bulky Goods	100	Apr 1999
The Precinct (Lot 1 and 3), Cnr Harries Road and Holdsworth Street, Coorparoo, QLD, 4151	Commercial/Retail	100	Apr 1999
The Homeworld Centre, 150-180 Soward Way, Tuggeranong, Canberra, ACT	Retail	100	Dec 1999
Cairns Hypermart, Cnr Spence and Draper Streets, Cairns, QLD, 4870	Retail/Bulky Goods	100	Dec 2001
Centro on James, Cnr James and Robertson Streets, Fortitude Valley, QLD, 4006	Commercial/Retail	100	Dec 2001
The Riverdale Shopping Centre, 49-65 Macquarie Street, Dubbo, NSW, 2830	Retail	100	Sep 2002
The Lands Building, 134 Macquarie Street, Hobart, TAS, 7000	Commercial	100	Mar 2004
303 Sevenoaks Street, Cannington, WA, 6107	Commercial	100	Feb 2005
AAPT Centre, 180-188 Burnley Street, Richmond, VIC, 3121	Commercial	100	Jun 2005
33 McDowell Street, Welshpool, WA, 6106	Industrial	100	Jun 2005
180 Queen Street, Brisbane, QLD, 4000	Retail/Commercial	100	Oct 2005
Civic Tower, 66-68 Goulburn Street, Sydney, NSW, 2000	Commercial	50	Dec 2005
Citigate Melbourne Hotel, 270 Flinders Street, Melbourne, VIC, 3000	Commercial/Hotel	100	Jun 2006
706 Mowbray Road, Lane Cove, NSW, 2066	Commercial/Industrial	100	Jan 2007
The Octagon, 110 George Street, Parramatta, NSW, 2150	Commercial	50	May 2007
Citigate Perth Hotel, 707 Wellington Street, Perth, WA, 6000	Commercial/Hotel	100	Jun 2007
Foxtel Centre, 1-21 Dean Street, Moonee Ponds, VIC, 3039	Commercial	100	Jun 2007
390 St Kilda Road, Melbourne, VIC, 3000	Commercial	100	Aug 2007
657 Pacific Highway, St Leonards, NSW, 2065	Commercial	100	Oct 2007

Independent valuation date	Independent valuation amount	Independent valuer	Consolidated Book value		Parent Book value	
			2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Jun 2007	17,900	F	17,900	–	17,900	–
Jun 2008	4,400	I	4,050	–	4,050	–
			21,950	–	21,950	–

Independent valuation date	Independent valuation amount	Independent valuer	Consolidated Book value		Parent Book value	
			2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Jun 2008	38,500	A	38,500	37,000	–	–
Jun 2007	17,700	B	17,700	17,700	–	–
Dec 2007	18,000	C	15,900	13,900	–	–
Jun 2008	29,900	D	29,900	34,700	–	–
Jun 2007	25,500	E	23,390	25,500	23,390	25,500
Jun 2007	17,900	F	Held for sale	17,900	–	17,900
Mar 2008	12,250	G	12,250	15,750	–	–
Jun 2007	35,000	H	32,740	35,000	32,740	35,000
Jun 2008	50,850	I	50,850	55,000	50,850	55,000
Jun 2008	20,500	J	20,500	17,500	20,500	17,500
Jun 2007	9,750	K	8,380	9,750	8,380	9,750
Jun 2007	25,500	L	21,150	25,500	21,150	25,500
Jun 2007	68,750	M	67,410	68,750	67,410	68,750
Mar 2008	39,300	N	39,300	37,080	–	–
Jun 2008	24,100	O	24,100	31,581	24,100	31,581
Mar 2007	39,000	P	38,700	41,980	38,700	41,980
Mar 2008	61,000	Q	61,000	56,031	61,000	56,031
Jun 2007	28,500	R	26,970	30,676	26,970	30,676
Jul 2007	63,300	S	60,580	–	60,580	–
Sep 2007	19,100	T	18,840	–	18,840	–
	648,800		608,160	571,298	454,610	415,168



Notes to the Financial Statements

for the year ended 30 June 2008 (continued)

Valuers' names and qualifications

- A **Anzac Square, Brisbane:** An Independent valuation of land and buildings was undertaken by Peter Zischke AAPI, Certified Practising Valuer of Knight Frank Valuations. The valuation was based on market value as at 30 June 2008.
- B **544 Kessels Road, MacGregor, Brisbane:** An Independent valuation of land and buildings was undertaken by Philip Wellington FAPI, Certified Practising Valuer of Knight Frank Valuations.
- C **The Precinct, Coorparoo, Brisbane:** An Independent valuation of land and buildings was undertaken by Tom Irving AAPI, Certified Practising Valuer of CB Richard Ellis.
- D **Homeworld Centre, Canberra:** An Independent valuation of land and buildings was undertaken by Damon Ausling AAPI and Patricia Forbes AAPI, Certified Practising Valuers of Landmark White. The valuation was based on market value as at 30 June 2008.
- E **Cairns Hypermart, Cairns:** An Independent valuation of land and buildings was undertaken by Matthew Buckley AAPI, Certified Practising Valuer of Savills (QLD) Pty Limited.
- F **Centro on James (Stage 3), Brisbane:** An Independent valuation of land and buildings was undertaken by Matthew Buckley AAPI, Certified Practising Valuer of Savills (QLD) Pty Limited.
- G **Riverdale Centre, Dubbo:** An Independent valuation of land and buildings was undertaken by Damon Ausling AAPI and AP Covey AAPI, Certified Practising Valuers of Landmark White. The valuation was based on market value as at 31 March 2008.
- H **Lands Building, Hobart:** An Independent valuation of land and buildings was undertaken by Bernard Smith FAPI, Certified Practising Valuer of Knight Frank Valuations.
- I **Sevenoaks, Perth:** An Independent valuation of land and buildings was undertaken by Jason Fenner AAPI and Stewart Nuttall AAPI, Licensed Valuers of CB Richard Ellis. The valuation was based on market value as at 30 June 2008.
- J **180-188 Richmond, Melbourne:** An Independent valuation of land and buildings was undertaken by Bernard Smith FAPI, Certified Practising Valuer of Knight Frank Valuations. The valuation was based on market value as at 30 June 2008.
- K **33 McDowell Street, Perth:** An Independent valuation of land and buildings was undertaken by Geoff Wilkinson AAPI, Certified Practising Valuer of Knight Frank Valuations.
- L **180 Queen Street, Brisbane:** An Independent valuation of land and buildings was undertaken by Francis Rex AAPI, Certified Practising Valuer of LandMark White.
- M **Civic Tower, Sydney:** An Independent valuation of land and buildings was undertaken by Roger Price AAPI, Certified Practising Valuer of CB Richard Ellis.
- N **Citigate Melbourne Hotel:** An independent valuation of land and buildings was undertaken by Peter Grieve AAPI and Ken Smith AAPI, Licensed Valuers of CB Richard Ellis (Hotels). The valuation was based on market value as at 31 March 2008.
- O **706 Mowbray Road, Lane Cove:** An Independent valuation of land and buildings was undertaken by Damon Ausling AAPI and Patricia Forbes AAPI, Certified Practising Valuers of LandMark White. The valuation was based on market value as at 30 June 2008.
- P **Octagon (50 per cent), Parramatta:** An Independent valuation of land and buildings was undertaken by Craig Renshaw AAPI, Certified Practising Valuer of CB Richard Ellis.
- Q **Citigate Perth Hotel:** An independent valuation of land and buildings was undertaken by Wesley Milson AAPI and Robert McIntosh FAPI, Licensed Valuers of CB Richard Ellis (Hotels). The valuation was based on market value as at 31 March 2008.
- R **Foxtel Centre, Moonee Ponds:** An Independent valuation of land and buildings was undertaken by Bernard L Smith FAPI, Certified Practising Valuer of Knight Frank Valuations.
- S **390 St Kilda Road, Melbourne:** An Independent valuation of land and buildings was undertaken by Bernard L Smith FAPI, Certified Practising Valuer of Knight Frank Valuations.
- T **657 Pacific Highway, St Leonards:** An Independent valuation of land and buildings was undertaken by Roger Price AAPI, Certified Practising Valuer of CB Richard Ellis.

(a) Reconciliation of carrying amounts of investment properties

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total investment property		571,298		415,168
Carrying amount at the beginning of financial year	571,298	407,583	415,168	233,611
Capital improvements	5,214	5,401	4,212	4,607
Lease incentives	1,952	3,569	2,033	2,586
Accumulated amortisation	(556)	(502)	(361)	(434)
Fixed rental increase in lease straight-lining	6,702	1,670	6,190	1,527
Disposals of investment property	(1,063)	(54,616)	(1,063)	(19,003)
Purchase of investment property at cost	89,028	160,268	89,027	160,268
Investment property held for sale	(21,950)	–	(21,950)	–
Revaluation increment/(decrement)	(42,465)	47,925	(38,646)	32,006
Carrying amount at the end of the financial year	608,160	571,298	454,610	415,168

(b) Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between 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.

Investment properties are carried at fair value, representing open market value determined at each balance date, with any gain or loss arising from a change in fair value recognised in the income statement in the period.

Investment properties are revalued by external valuers on a rotation basis with 8 external valuations of the portfolio being valued at year end 30 June 2008. The 12 remaining investment properties which are not subject to an external valuation at the reporting date are fair valued internally by management.

The carrying amount of the investment properties recorded in the balance sheet includes components relating to lease incentives.

(c) Non-current assets pledged as security

These properties are secured as part of the Trust's Joint Finance Facility

(d) Property portfolio

The consolidated entity's property portfolio is made up as follows:

	Consolidated	
	2008 \$'000	2007 \$'000
Investment properties per Balance Sheet	608,160	571,298
Investment properties classified as assets held for sale	21,950	–
	630,110	571,298



Notes to the Financial Statements

for the year ended 30 June 2008 (continued)

Note 8: Borrowings

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current				
Mortgage loans	354,161	10,000	260,021	10,000
Financing costs – loans	(3,140)	–	(3,140)	–
Accumulated amortisation on financing costs	2,577	–	2,577	–
Financing fees – other (new facility)	(350)	–	(350)	–
	353,248	10,000	259,108	10,000
Non-current				
Mortgage loans	–	279,524	–	185,384
Financing costs – Loans	–	(2,621)	–	(2,341)
Accumulated amortisation on financing costs	–	1,476	–	1,207
	–	278,379	–	184,250

Trust Borrowings

The five year joint Finance Facility provided by CBA and ING matures on 6 November 2008.

At 30 June 2008 the funds drawn against this facility stood at \$354 million. 75 per cent of the funding has fixed interest rates or is hedged with the balance being on variable rates.

Lender Credit approval has been received for a Syndicated \$355 million Cash Advance Facility between Commonwealth Bank of Australia, BNZA (a division of National Australia Bank Limited) and Perpetual Nominees Limited as custodian for the ING Mortgage Pool. This approved offer is for a term of three years.

It is expected that the new facility will be in place prior to November 2008. 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 per cent of the Trust's debt.

Note 9: Events subsequent to balance date

Sale of Centro on James

The Trust has completed the sale of Centro on James for \$19.2 million (before costs) on 31 July 2008. The sale of Centro on James represents an increase of 7.3 per cent on book value at 31 December 2007 and an increase of 100 per cent on its original acquisition price of \$9.6 million. The sale is part of the Trust's strategy to sell non-core assets and will allow the redeployment of capital to pay down debt which flows through to a stronger balance sheet.

Special distribution from sale of Centro on James

As a result of the sale of the Centro on James asset 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. When combined with the forecast 6.90 cents per unit income distribution this will take the full year distribution to 30 June 2009 to 8.0 cents per unit.

303 Sevenoaks Street, Perth – Sale of Land Contract

The Trust has entered into a contract for the sale of the surplus land (approx. 1.75 hectares) at 303-307 Sevenoaks Street, Cannington, Perth, WA for an agreed sale price of \$5.4 million. The sale is conditional upon satisfactory completion of sub division works and clarification of development issues associated with it.

Debt Re-Negotiations

Term Sheets regarding the Syndicated \$355 million Cash Advance Facility between CBA, BNZA and ING have been completed and exchanged. Execution of the Finance Facility is expected well in advance of the Debt expiry in November 2008.

Directors' Declaration

In the opinion of the directors of the responsible entity:

- (a) the financial statements and notes set out on pages 25 to 38 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standard AASB 1039 Concise Financial Reports, 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 30 June 2008 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial 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.

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the *Corporations Act 2001*.

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



Grant B Hodgetts
CEO – Australia
Mirvac Funds Management

Sydney
26 August 2008



Independent Audit Report



BDO Kendalls

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INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF MIRVAC PFA DIVERSIFIED PROPERTY TRUST

Report on the Concise Financial Report

We have audited the concise financial report of Mirvac PFA Diversified Property Trust, which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year ended on that date and related notes, derived from the audited financial report of Mirvac PFA Diversified Property Trust for the year ended 30 June 2008. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

Directors' Responsibility for the Concise Financial Report

The directors of the company are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB1039 *Concise Financial Reports*, and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the concise financial report, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Mirvac PFA Diversified Property Trust for the year ended 30 June 2008. Our audit report on the financial report was signed on 26 August 2008 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts including discussion and analysis and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB1039 *Concise Financial Reports*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO Kendalls is a member association of
BDO Global Limited member firms



INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF MIRVAC PFA DIVERSIFIED PROPERTY TRUST (CONTINUED)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, would be in the same terms if provided to the directors as at the time this audit report was made.

Auditor's Opinion

In our opinion, the concise financial report including discussion and analysis of Mirvac PFA Diversified Property Trust for the year ended 30 June 2008 complies with Australian Accounting Standard AASB1039 *Concise Financial Reports*.

BDO Kendall's (QLD)

A handwritten signature in black ink that reads 'BDO Kendall's'.

A handwritten signature in black ink that reads 'C R Jenkins'.

C R Jenkins
Partner

Brisbane
26 August 2008



Investor Information

Enquiries or notifications from Mirvac PFA Diversified Property Trust Investors regarding their investment in the Trust should be directed to:

Mirvac PFA Diversified Property Trust Registry
Link Market Services
PO Box 20043
World Square NSW 2002
Telephone (within Australia): 1800 687 170
Overseas Investors: +61 2 8280 7026
Facsimile: +61 2 9287 0303

Receiving distributions

MPFA Diversified Property Trust pays Investor distributions monthly into a nominated bank account.

To notify us of your bank account details you can download a form from Link's web site www.linkmarketservices.com.au or advise Link in writing.

Websites

Mirvac: www.mirvac.com
Click on the Funds Management link.
Link Market Services: www.linkmarketservices.com.au
Bendigo Stock Exchange: www.bsx.com.au

Annual reports

In accordance with the Corporations Legislation Amendment (Simpler Regulatory System) Bill 2007, MPFA has made annual reports available online. A hard copy of the annual report will still be available but will only be sent to Investors who elect to receive a copy. Annual reports can be accessed via www.pfaltd.com.au.

Buying and selling securities in Mirvac PFA Diversified Property Trust

Mirvac PFA Diversified Property Trust is listed on the Bendigo Stock Exchange (BSX). Units in the Trust can only be bought or sold through a stockbroker. For advice on how to buy and sell units in the Trust, contact your stockbroker or investment adviser.

Handling complaints

MPFA has an established policy for dealing with complaints. Investors wishing to complain should write to:

MPFA Limited
Link Market Services
PO Box 20043
World Square NSW 2002

or

Manager, Investor Relations
Mirvac Funds Management Limited
Level 26, 60 Margaret Street
Sydney NSW 2000

MPFA is a member of an independent dispute resolution scheme, the Financial Ombudsman Service.

Protecting privacy

Mirvac PFA Limited is careful to protect the privacy of Investors. If Investors discover that personal information we hold is inaccurate, incomplete or out-of-date, or if you no longer wish to receive material from Mirvac Funds PFA, you should contact our Privacy Officer by calling (02) 9080 8000 or by writing to:

The Privacy Officer
Mirvac PFA Limited
Level 26, 60 Margaret Street
Sydney NSW 2000
Facsimile + 61 2 9080 8174

Supplementary Information

The information set out below was prepared as at 2 September 2008 and applies to the Trust's ordinary units (BSX code: PFD). At 2 September 2008 there were 225,667,727 PFD ordinary units on issue.

20 largest Investors

Name	Units held	% of total units
RBC Dexia Investor Services Australia Nominees Pty Limited <APNFM A/C>	14,556,523	6.45
Sandhurst Trustees Ltd <Macarthur Cook PSF A/C>	11,136,514	4.93
ANZ Nominees Ltd <Multiplex Acumen Property Fund>	5,700,000	2.53
Australian Executor Trustees NSW Ltd (Tankstream) <Tankstream Property Investments Fund>	4,155,845	1.84
National Nominees Limited <The ARA Investment Fund>	3,975,019	1.76
Trust Company of Australia Ltd <APN Direct Property Fund>	3,782,445	1.68
Seymour Group Pty Ltd	2,878,383	1.28
JP Morgan Nominees Australia Limited <Multiplex Income UPT Domestic Investments Trust>	2,500,000	1.11
RBC Dexia Investor Services Australia Nominees Pty Limited <PIWJPI A/C>	2,359,863	1.05
BT (Queensland) Pty Ltd <KC Ferris, DM Ferris & JN Ferris atf The Pacific Trust>	2,203,425	0.98
Australian Executor Trustees NSW LTD (Entrust) <Esplanade Property Fund A/C>	1,639,345	0.73
Wellington Property Fund Limited	1,229,509	0.54
Netwealth Investments Limited (WRAP) <Wrap Service A/C>	873,083	0.39
JP Morgan Nominees Australia Limited <Maxim Diversified Property Fund>	820,000	0.36
RBC Dexia Investment Services Trust <PIPOOLED A/C>	800,325	0.35
Gladstone Petroleum Pty Ltd <Thompson Property Trust # 2>	700,000	0.31
Orchard Vale Pastoral Pty Ltd <D Stodart Family Trust Superannuation Fund>	616,830	0.27
Isabel Mary Hadley	585,210	0.26
RBC Dexia Investor Services Australia Nominees Pty Limited <APNFM 2 A/C>	500,977	0.22
Hughes Nominees Pty Ltd <Hughes Mouldings Superannuation Fund 67781900 A/C>	498,943	0.22
Total top 20	61,512,239	27.26
Total other	164,155,488	72.74
TOTAL	225,667,727	100.00

Investor spread

Range	No of Investors	Units held
1 – 1,000	1	1,000
1,001 – 5,000	58	247,094
5,001 – 10,000	556	5,052,348
10,001 – 100,000	3,390	114,256,078
100,000+	290	106,111,207
TOTAL	4,295	225,667,727

There were no Investors holding an unmarketable parcel of units.

Substantial Investors

Investor	Units held
APN Funds Management Limited	18,839,945

Voting rights

On a show of hands, PFD Investors have one vote each fully paid unit held. On a poll, each Investor present in person or by proxy has one vote for each fully paid unit held in PFD.



Directory

Responsible Entity

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

Registered office and postal address

Level 26,
60 Margaret Street, Sydney
Sydney NSW 2000
Telephone: 02 9080 8000
Facsimile: 02 9080 8174
Email: enquiries_mfml@mirvac.com.au
Web: www.pfaltd.com.au

Board of Directors

Paul Barker (Chairman)
Nicholas Collishaw
Grant Hodgetts
Ross Strang
Richard Turner

Company Secretary

Juan Rodriguez
Michael Smith

Auditors

BDO Kendalls
Level 18, 300 Queens Street
Brisbane QLD 4000

Unit registry

Link Market Services
Level 12, 680 George Street
Sydney NSW 2000
Web: www.linkmarketservices.com.au

Bendigo Stock Exchange listing

Mirvac PFA Diversified Property Trust
is listed on the Bendigo Stock Exchange (BSX)

BSX listing code

PFD

Investor enquiries

Correspondence:
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C/- Link Market Services
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