

## December 2008 Quarterly Update

# Mirvac Tourist Park Fund

Established in March 2004, the Mirvac Tourist Park Fund (the Fund) invests in the real estate component of tourist parks throughout Australia.

The Fund continued to focus on a number of operating issues during the quarter including the sewerage plant upgrade and debt facility renegotiations.

Finalisation of the sewerage plant upgrade design and costings were delayed due to recent changes in required capacity levels. More recently the Fund has been investigating another option which would remove the treatment of sewerage on site by connecting to the town sewer system.

The Fund was compliant with its debt covenants at 31 December 2008. A submission has been made to the lender to extend the portion of debt expiring in April 2009.

Distributions will continue to be retained until the sewerage works are completed and the increased costs associated with the extension of the Fund's debt facility are known. Distributions will be declared in the final quarter of the 30 June 2009 financial year.

As discussed in the last quarter's update, Management had undertaken an expressions of interest campaign which resulted in the identification of a potential alternative manager for the Fund. Whilst discussions with this potential new Manager continued during the quarter, at this stage it appears unlikely the change of manager will occur.

Given the availability and cost of debt and the continuing deterioration of the economic conditions, Management is now seeking to sell both Parks to pay down debt, return equity to Investors and wind-up the Fund.

Management believes the sale of Fund's assets will assist in mitigating any future adverse impacts on the assets.

### Tourism market outlook

A more volatile environment stemming from the economic slowdown sees the domestic travel industry face a number of challenges in 2009. Spending cutbacks by both households and businesses, most notably on discretionary items such as hospitality, as well as falls in international visitor arrivals from Australia's largest overseas markets<sup>1</sup> will reduce to tourism expenditure. It is anticipated that the industry will be insulated to a degree from a weaker currency that will help limit the falls in overseas visitors, while increasing the appeal of domestic travel for Australians. Further benefits are expected to arise from lower petrol prices, which despite posting a modest rise over January, remain around 27 per cent lower than their peaks in mid July 2008<sup>2</sup> which will add further affordability to domestic travel. In the year to September 2008, the number of overnight visitors to caravan parks or commercial camping grounds was up 1.8 per cent, while the number of nights stayed was down 2.7 per cent<sup>3</sup> (compared to the year to June 2008 figures). These figures suggest consumers are trading down with cheaper and shorter holidays, rather than cutting all holiday spending completely.

- 1 Australian Bureau of Statistics.
- 2 Commsec Estimates.
- 3 National Visitor Survey, Tourism Australia September 2008.



## Portfolio overview

As at 31 December 2008, the Fund's two assets were 100 per cent leased and are 100 per cent weighted to the tourist park sector.

Details of the Fund's portfolio, including the latest independent asset revaluations, are summarised in the table below:

Property	State	Ownership (%)	Acquisition date	Independent valuation date	Independent valuation (\$m)	Book value (\$m)	Capitalisation rate (%)	Area (ha)
FreeSpirit Resort, Darwin	NT	100	Mar 2004	Dec 2008	23.6 <sup>1</sup>	22.5	9.50	11.3
Fraser Lodge, Hervey Bay	QLD	100	Nov 2005	Dec 2008	10.5 <sup>2</sup>	10.1	9.00	3.2
<b>Total property portfolio</b>					<b>34.1</b>	<b>32.6</b>	<b>9.34</b>	<b>14.5</b>

1 Valuation includes chattels of \$1.2 million owned by FreeSpirit Resorts Pty Ltd for which a loan is held with the Fund. This loan is not included in the book value.

2 Valuation includes chattels of \$0.4 million owned by FreeSpirit Resorts Pty Ltd for which a loan is held with the Fund. This loan is not included in the book value.

## Valuations

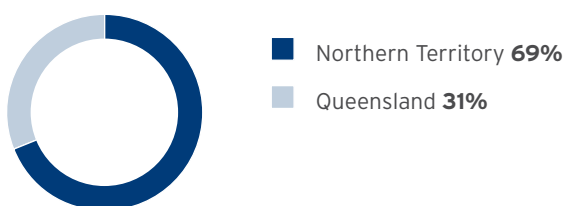
Independent valuations as at 31 December 2008 were prepared by Colliers International. Fraser Lodge valuation fell by \$1.25 million to \$10.5 million while the valuation of Free Spirit Resort, Darwin increased by \$0.1 million to \$23.6 million.

All valuations of investment properties are conducted at least once every two years and is in accordance with the *Corporations Act 2001* and the Mirvac Group Real Property Valuation Policy, which is available on Mirvac's website: [www.mirvac.com](http://www.mirvac.com).

Valuation information is disclosed in the half year and full year financial statements for the Fund which are available from the Fund's website at [www.mirvac.com/mtpf](http://www.mirvac.com/mtpf).

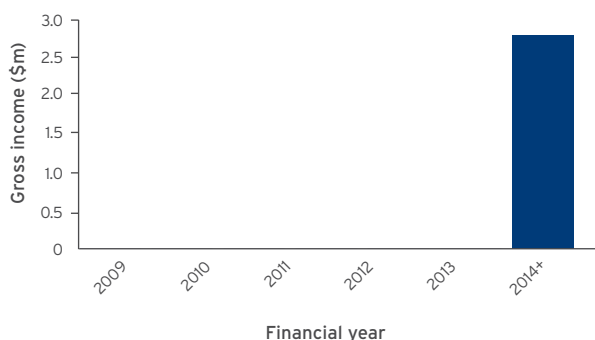
## Geographic diversification

As at 31 December 2008, the Fund's property assets were weighted, by book value, 69 per cent to the Northern Territory and 31 per cent to Queensland.



## Lease expiry profile

As at 31 December 2008 the weighted average lease expiry profile, by income, was 7.1 years. The following chart illustrates the Fund's lease expiry profile, by income.



## Top tenants

The tenants listed in the table below, provide 100 per cent of the Fund's gross income.

Tenant	% of total portfolio's gross income
FreeSpirit	85
Australian Fuel Distributors	15
<b>Total % of portfolio income</b>	<b>100</b>

## FreeSpirit Resort, Darwin

FreeSpirit Resort, Darwin continued its strong trading with revenue for the quarter exceeding budget and that of the prior year. Expenses continued to track in line with budget. Trading conditions look reasonable for the coming quarter despite the impact of the wet season.

## Sewerage plant update

The Fund is finalising investigations of sewer upgrade options. Finalisation of the sewerage plant upgrade design and costings were delayed due to recent changes in required capacity levels.

Final designs and pricing have now been received to upgrade the existing plant, however recent investigations now indicate that connection to the town sewer is a possible alternative option, we are in the process of finalising pricing and timing.

## Fraser Lodge, Queensland

The trading for the December quarter was below budget, with costs maintained within budget. Tourist activity in the Hervey Bay area remained weak and an oversupply of tourist accommodation in the area contributed to difficult trading conditions. Christmas trade was reasonable with revenue slightly exceeding budget.

## Debt management

Debt facility	
Total interest bearing debt (\$m)	20.9
Total interest bearing debt (amount drawn) (\$m)	20.6
Hedging ratio (%)	75
Weighted average hedge rate (%)	6.88
Weighted average hedge maturity (years)	0.65
Gearing ratio <sup>1</sup> (%)	60.5
Interest cover <sup>2</sup> (times)	2.00

- 1 The gearing ratio is calculated using information from the Fund's Annual Financial Statements as at 31 December 2008 and indicates the extent to which the Fund's assets are funded by borrowings. It is calculated by dividing the total interest bearing liabilities by the value of the total property assets.
- 2 Interest cover ratio is calculated using information from the Fund's Annual Financial Statements as at 31 December 2008 and indicates the extent to which the Fund is able to meet its interest payments from earnings. It is calculated by dividing earnings before income tax, depreciation and amortisation (EBITDA) less unrealised gains plus unrealised losses by interest expense.

The Fund's gearing at 31 December 2008 was approximately 60.5 per cent which is under the maximum loan to value ratio of 64 per cent.

The Fund has successfully negotiated with the lender an adjustment in the calculation of the Fund's Interest Cover Ratio (ICR) covenant formula. Under the adjusted calculation, the Fund met the ICR covenant for the half year ending 31 December 2008.

The Fund's existing facilities (\$9.1 million and \$11.8 million) expire in April 2009 and September 2010 respectively. A tranche of hedging expired in December 2008 with another tranche expiring in April 2009. A submission has been made to the lender seeking extension of the \$9.1 million tranche expiring on 30 April 2009. An extension to 30 September 2010 has been sought so that expiries of both tranches of the facility are aligned.

The Fund's debt is currently 75 per cent hedged with a weighted average hedging expiry of 0.65 years.

### Redemption availability

As outlined in the Product Disclosure Statements dated 29 March 2004 and 17 October 2005 no redemption or exit facility will be offered during the term of the Fund.

The maximum investment period was 12 years from 2004 (March 2016). After seven years (March 2011), the Fund will be terminated if the holders of 75 per cent of the Units on issue elect to do so.

## Going forward

### Distributions

Generally, the Fund's distribution policy is to distribute cash earnings subject to tax and debt requirements. Presently however, distributions are still being retained within the Fund to ensure the costs associated with the sewerage works may be satisfied.

The distribution amount and timing of the payment will be determined once the sewerage works are completed and the Fund's debt facility is renegotiated. This may mean that distributions from the Fund, assuming they are available, will not be declared until the final quarter of the 30 June 2009 financial year.

### Strategy

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

Given the weaker economic environment, divestment opportunities will be pursued in order to reduce debt and enhance certainty of Investor returns.

## Key financial statistics

Quarter ended	31 December 2008
Fund size (\$m)	35.5
Net tangible assets (NTA) per unit (\$)	1.08
Annualised distribution yield – unit issue price \$1.00 (%) <sup>1</sup>	5.0
Annualised distribution yield – unit issue price \$1.06 (%) <sup>1</sup>	4.7
Management fee (%)	0.65
Distributions <sup>2</sup>	Nil

- 1 Subject to the cost of the sewerage works and debt negotiations.
- 2 As previously advised, earnings from the Fund will continue to be retained until such time as the expenditure requirements of the sewerage works and debt negotiations are known. There has been no distribution payment made for the year ending 30 June 2009.



## Investor information

### Ongoing communication

Ongoing communication and information relating to the Fund will be updated via the website at [www.mirvac.com/mtpf](http://www.mirvac.com/mtpf). A hard copy of information available on the website will also be provided to Investors on request.

### Ranking of Investors

The fully paid ordinary units issued to Investors rank behind creditors if the Fund was to be wound up.

### Related party transactions

Mirvac recognises its responsibilities in relation to conflicts of interest and related party transactions and has created specific policies that outline its position.

Information about related party transactions, including details of investments, loans, guarantees and fees to a related party, is provided in the Fund's Annual Financial Statements which are available from [www.mirvac.com/mtpf](http://www.mirvac.com/mtpf). Since the 30 June 2008 Financial Statements were prepared, there have been no material changes to this information.

## Complaints

Mirvac Funds Management Limited (MFML) has an established policy for dealing with complaints. Investors wishing to complain should write to:

Mirvac Tourist Park Fund  
c/- Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne VIC 3001

or

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

MFML is a member of an independent dispute resolution, the Financial Ombudsman Service (FOS).

## Privacy

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

## Mirvac Tourist Park Fund

### Responsible entity

Mirvac Funds Management Limited

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Web: [www.mirvac.com/mtpf](http://www.mirvac.com/mtpf)

### Unit registry

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Melbourne VIC 3001

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Web: [www.computershare.com.au](http://www.computershare.com.au)

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### Investor enquiries

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