

March 2008 Quarter Update

Mirvac Tourist Park Fund

ARSN 108 243 947

Welcome to the March 2008 Quarter Update for the Mirvac Tourist Park Fund.

Fund performance

For the quarter ended 31 March 2008, the Fund achieved a net profit of \$341,900 after interest and trust expenses. Quarterly distributions were reduced to 1.875 cents per unit (cpu) after a review of the Fund's forecasts. The Net Tangible Assets (NTA) is \$1.16 per unit following a revaluation of the property assets in December 2007.

Park occupancy

Fraser Lodge income continues to track in line with budget and ahead of the same period last year. The forward accommodation bookings are in line with the park operators expectations over the next few months while the holiday/whale watching season will commence around July.

FreeSpirit report that the Darwin resort continues to trade ahead of budget and well ahead of last year, driven in part by demand for accommodation by itinerant workers. The bookings for the peak "dry" season are strong, with many periods already fully booked.

Park upgrade progress

The six new budget cabins are installed at Fraser Lodge and have been well received by visitors. Upgrade works to other areas in the park, including barbecues, gazebo and toddlers' pool are continuing. The new ablutions block at Darwin is nearing completion with only minor works to be finalised. The landscaping of the recently installed cabins is nearing completion.

The economy

Global growth is forecast to slow from 5.2 per cent in 2007 to 4.8 per cent in 2008 largely due to a weaker performance by the US economy. The US economy is likely to record at least one quarter of contraction during 2008 under the impact of high energy prices and a slump in dwelling construction. The Australian economy is forecast to grow between 3.00 and 3.25 per cent in 2008.

Financial markets

The global credit shock initiated by the collapse of the US residential subprime mortgage market will continue to reverberate through 2008. Capitalisation rate spreads in non-residential property markets are likely to widen, and investment returns across all non-residential property sectors will fall as capital values stabilise or, in some markets, decline.

Asset values and property returns

Rising interest rates, wider credit spreads and the end of capitalisation rate compression all signal a harsher investment environment through 2008 and beyond. High quality assets, supported by (i) low levels of debt, (ii) stable cash flow and (iii) experienced management will continue to command market support. Valuations will be under pressure across markets for assets that fail to meet these three criteria. As usual in periods of market volatility, opportunities will emerge as new benchmarks are established. Looking beyond the current period of adjustment, investors and lenders can look forward to higher investment yields, though lower capital growth.

Risks

The key risk is that financial market volatility and a re-pricing of risk will flow through to the real economy and put a brake on economic growth. Australia is better placed than many other countries to confront these difficulties as asset values and lending practices in Australia have been relatively conservative.

Tourism market

Regional markets continue to perform well under the impact of an expanding mining sector and a rural recovery. Both mineral and soft commodity prices remain high. In the longer term, demographic shifts will lead to steady growth in domestic tourism, particularly to Queensland.

Demand for tourist accommodation continues to outstrip supply in most markets, leading to rising tariffs and occupancy rates. Higher interest rates and a slowing economy are likely to limit investment returns in some sectors of the hotel and tourism sector in 2008, but the underlying trends remain positive.

Fund forecasts

The forecast income for the remainder of the 2008 financial year has been reviewed. Hedging of an additional \$6.3 million worth of variable debt for two years was put in place during the Quarter to provide additional certainty to the cost of debt. As at 31 March 2008, 98.5 per cent of total debt is hedged until December 2008 when the original tranche of \$4.65 million falls away and reverts to the then current rate.

During the next Quarter we will review 2009 forecasts which will be affected by higher debt costs and also consider the case for a reduction in debt. We will advise unitholders of the 2009 distribution forecasts in due course however it should be anticipated that distributions will be reduced.

Park upgrade works should be completed by June quarter 2008 allowing forecasted earnings to stabilise.

Fund strategy

As Manager, Mirvac will continue to explore opportunities and risks in relation to the Funds stated investment objectives, outlook and management.

Key financial statistics

The Fund's distribution for the quarter ended 31 March 2008 is 1.875 cpu, representing an annualised distribution yield of 9.50 per cent on the original issue price of \$1.00 and 8.96 per cent on the new issue price of \$1.06.

Quarter ended 31 March 2008	
Fund size (\$m)	36.478
Net tangible assets (NTA) per unit (\$)	1.16
Borrowings (\$)	20.365
Borrowings (%)	59.9
Annualised distribution yield (%) - Existing Unitholders	9.50
Annualised distribution yield (%) - New Unitholders	8.96
Management fee (%)	0.65
Distributions (cents per unit)	
September 2007	2.875
December 2007	2.875
March 2008	1.875

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Registered office and postal address
Level 26, 60 Margaret Street
Sydney NSW 2000
Telephone: 02 9080 8000
Facsimile: 02 9080 8174
Email: enquires_mfml@mirvac.com.au
Web: www.mirvac.com.au
(click on the Funds Management link)

Responsible Entity
Mirvac Funds Management Limited

Investor enquiries
Computershare Investor Services
GPO Box 7045
Sydney NSW 2000
Telephone: 1300 855 080

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