



ASX Release / Media Release

24 June 2008

In accordance with Listing Rule 3.17 please find attached a copy of a letter that was today sent to all Mirvac Group securityholders.

Yours faithfully

A handwritten signature in black ink, appearing to read "MGASh".

Michael G.A. Smith
Group Company Secretary

Mirvac is a leading ASX-listed, integrated real estate group with approximately \$28 billion of activities under control across the real estate funds management and development spectrum.

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20 June 2008

A LETTER FROM GREG PARAMOR

Dear Securityholder

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 conditions have posed challenges to investors and real estate owners in both residential and non-residential sectors.

As a Mirvac securityholder you will be understandably concerned that your company is exposed to these market-moving events. You are also entitled to know what actions are being taken by the management of Mirvac to respond to the changed market circumstances in which we operate.

The current period of global market instability was initiated in early 2007 by weakness in the US residential market. Poor mortgage lending practices (often described as "subprime mortgages") and a looming over-supply of new construction were the proximate causes of the US residential downturn.

However, problems in the US residential market rapidly assumed global dimensions because they highlighted a more fundamental problem, which was the mispricing of risk. Inevitably, a decade of global growth, falling interest rates and low inflation has led to a reduction in prudential standards by lenders and investors, along with complacency and the rising popularity of aggressive business models and financing techniques. The Australian listed real estate investment trust sector has certainly not been immune from such trends.

Mirvac is a public company with widely diversified activities. Inevitably we operate in many of the markets experiencing volatility - direct real estate as well as financial markets around Australia. In light of these current conditions, we believe it is prudent to take certain steps to protect the value of our business.

Swift action at this stage is the most appropriate way to tackle the difficulties facing our business and ensure that Mirvac is in a strong position to ride out this volatile period in our markets and also be well positioned to capitalise on significant opportunities we anticipate in the period ahead.

IMPAIRMENTS

In light of the current market conditions we have reassessed the value of some of the assets on the Group's balance sheet and have made adjustments to reflect the current value of these assets.

This has resulted in provisions being taken on a range of assets between \$300 million and \$400 million, a 3.8% to 5.0%¹ decrease in total asset value. In line with continuous disclosure obligations, Mirvac has provided a range of expected changes to carrying values subject to finalisation of year-end audited accounts and acceptance by the Board.

REAFFIRM DISTRIBUTION & CLARIFICATION ON FY08 EARNINGS

Importantly, Mirvac's distribution for the full year remains at 32.9 cents per stapled security, with the June quarter payment of 8.225 cents payable on 25 July 2008.

On 20 June 2008, Mirvac announced to the market that it needed to clarify its operating earnings guidance for FY08 as it is dependant upon work in hand finalising by 30 June 2008. Prior guidance to the market at Mirvac's half year results in February 2008 indicated Mirvac was on target to reach operating earnings of 34.3 cents per stapled security, however the potential for a delay in a number of development sales has resulted in the range below being provided as guidance.

Previous FY08 guidance - 34.3 cents per stapled security

Revised FY08 guidance high end - 34.3 cents per stapled security

Revised FY08 guidance low end - 31.4 cents per stapled security

We will confirm, through an announcement to the Australian Securities Exchange (ASX), if these forecast targets have been met.

¹ Subject to finalisation of year-end audited accounts and acceptance by the Board. External valuations have been received on 35.7% of the portfolio, by number, and internal valuations have been undertaken on the balance with some positive and negative amounts resulting in little change in aggregate.

Whilst it is too early to issue earnings guidance for the financial year 2009 commencing from 1 July, we believe that this coming financial year will present challenging market conditions compounded by Mirvac's internal development cycle, as well as accounting standards, which provide for profit recognition on the settlement of units, land and housing rather than at exchange. This changed several years ago and makes our profit recognition cyclical and whilst residential project delivery to market from 2010-2012 is strong, it is expected to be benign in 2009.

OUTLOOK

Mirvac's business model and premium brand remains strong and the diversity of our earnings places the group on a solid footing to ride out what we believe will be a difficult operating environment for the next two years.

We have been reviewing our operations over the past 12 months and we have implemented a more simplified operating platform. Our exposure to non-core investments in Funds Management and Development has been reassessed, with a divestment program to be completed in the next 12 months.

This program is ongoing and the Board and Management will continue to review operations to focus on those areas which we believe add significant value to the business going forward.

Finally, I take the opportunity to offer you a personal perspective on recent market volatility; I do this from the standpoint of over thirty years experience in real estate and financial markets, through many property market cycles. Market shocks and cycles are inevitably part of our economy. Markets which failed to discriminate carefully between low and high risk strategies and exposures in recent years (while the market was on the way up) are equally non-discriminatory now (when markets have been on the way down). My experience also tells me that prudently managed companies, like Mirvac, inevitably prosper in such times, if the hard decisions are taken early.

Mirvac Management does not welcome the current market instability, but we will not ignore opportunities that may arise. You will recall that in November 2007 Mirvac acquired a cornerstone securityholder, Nakheel, based in Dubai. Nakheel is one of the world's largest privately held real estate developers with an iconic portfolio of innovative landmark projects in Dubai and other parts of the world, across a range of sectors - residential, commercial, retail, hospitality and leisure, a portfolio that is consistent with Mirvac's own development experience. We are currently exploring areas of mutual interest and we are in the process of establishing an office in Dubai with approximately 30 staff to support these joint venture initiatives that will be overseen by a Mirvac senior executive, Chris Freeman.

I'm also pleased to report that in early June we signed joint venture agreements with another UAE-based corporation, Al Badie Group. Al Badie is headquartered in Abu Dhabi and we agreed to provide property development and hotel management to service the UAE and entire Middle East North Africa (MENA) region.

We look forward to updating all securityholders on the progress of our ventures in the UAE, and other developments throughout the year. Our policy over the medium term is to secure our business to face the current market volatility and to emerge with strategic options and earnings momentum.

Yours faithfully,



GREG PARAMOR
Managing Director