



ASX Release / Media Release

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MARKET UPDATE

Capital management

Mirvac [ASX: MGR] has continued to focus on evolving its business activities to meet the challenges imposed by the onset of the Global Financial Crisis. In August 2008, the Group delivered its strategy to the market stating that it would simplify operational activities, cut costs and strengthen its balance sheet. These actions have been taken to ensure Mirvac remains well placed to weather the adverse economic conditions.

The Group has raised equity (\$500 million in November 2008), renewed and extended debt facilities (\$805 million for three years) and altered business processes, significantly reducing the Group's operating costs.

Today Mirvac has further strengthened its financial position by amending its distribution policy. The revised policy is for the Group to distribute to investors taxable earnings.

With immediate effect, the Group will reduce its distribution from 13.4 cents to between 8 and 9 cents per stapled security for the FY09 year. Accordingly, no distribution will be paid in respect of the March quarter with the balance paid for the June quarter. For the year to date, 7.8 cents per stapled security has been paid.

This new distribution policy is expected to change Mirvac's net cash flow from a forecast negative \$110 million to a positive position for the remainder of FY09 and FY10.

Mirvac's Managing Director, Nick Collishaw said, "It is considered prudent to preserve capital and continue to increase the strength of the Group's balance sheet and cash flow position, in the long-term interest of securityholders, at this time of the Global Financial Crisis."

Residential sales

Mirvac has experienced strong sales from its residential division settling 90 lots in January and 171 lots in February, representing approximately \$140 million. The division has also attracted 191 exchanges worth more than \$94 million, since January this year.

These results have been achieved due to Mirvac's flexible delivery model which allows the Group to focus on, and respond to, the strongest market segments at any point in time. This is evidenced by the Group having product available for the first home buyer market as well as the Group's iconic apartment projects, such as The Royal at Newcastle Beach, which has received 64 exchanges, representing approximately \$60 million over the past five months.

“These results demonstrate the strength of the Mirvac brand. First home buyers are active in the market due to the Federal Government’s first home buyer stimulus package as well as the decrease in the cost of financing. It is clear that the Federal Government’s grant has been extremely effective in stimulating demand for construction work in a time when non-residential construction is waning, and the flow on effect of the grant having a significant impact on the greater economy,” said Mr Collishaw.

Rationalisation of non-core funds in Investment Management

Mirvac continues to deliver on its stated strategy to focus on rationalising Investment Management’s product mix and is pleased to announce the settlement of the sale of Domaine Property Funds.

Mirvac is progressing negotiations with a number of parties on identified non-core funds, and expects to make further announcements to the market in relation to unconditional sales agreements before 30 June 2009.

“Mirvac is committed to remaining a leading Australian residential developer and recognised investment manager. We will continue to adjust the Group’s position to take advantage of active residential market segments, align our funds to our core business strengths, and importantly, continue to manage the Group’s capital position in order to remain flexible in current market conditions,” Mr Collishaw concluded.

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