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ASX Release / Media Release

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MIRVAC GROUP HALF YEAR RESULTS – 31 DECEMBER 2010

Financial results

Key financial results for Mirvac Group ("Mirvac" or the "Group") [ASX: MGR] for the six months ended 31 December 2010 included:

> net operating profit of $200.1 million[1], an increase of 54.6 per cent over the previous corresponding period;
> statutory net loss attributable to the securityholders of Mirvac of $12.7 million[2]
> net tangible assets ("NTA") per stapled security of $1.60[3];
> operating cash flow of $62.6 million;
> total assets of $8.8 billion and net assets of $5.5 billion;
> weighted average debt maturity[4] of 4.2 years from 2.6 years, which was increased via the $1.85 billion debt refinance;
> balance sheet gearing of 27.3 per cent[5]; and
> distribution of $136.6 million, representing 4.0 cents per stapled security.

Operational highlights

Key operational highlights for Mirvac for the six months ended 31 December 2010 included:

> achieved 4.2 per cent like-for-like net operating income growth within the Mirvac Property Trust ("MPT") portfolio;
> continued to improve the quality of the MPT portfolio with the sale of eight assets that no longer met the Group's high performance criteria, realising $149.9 million[6];
> continued the development of large-scale, masterplanned, residential projects in core markets and restocked the residential pipeline via the acquisition of a further 2,749 lots;
> achieved strong residential sales with 721[7] lot settlements; and
> achieved a 19.5 per cent increase in exchanged contracts to $841.0 million[8] for new residential projects.

Mirvac's Managing Director, Nick Collishaw said, "Our half year result reflects our focus on maximising performance from our quality Australian investment portfolio and delivering Australia's pre-eminent residential developments.

"The high quality of our Investment portfolio, strong residential sales from our core markets and proactive management has delivered strong financial performance during the half year period."

1. Excludes specific non-cash items, significant items and related taxation.
2. Included in the statutory loss was a provision for loss on inventories totalling $215.0 million.
3. NTA per stapled security based on ordinary securities excluding Employee Incentive Scheme securities.
4. Excludes the Westpac office portfolio associated CMBS which is fully cash collateralised.
5. Net debt after Cross Currency Interest Rate ("CCIR") swaps excluding leases / (total tangible assets – cash).
6. Includes Lake Haven Megacentre, NSW, settled 2 February 2011.
7. Including Mirvac's share of Joint Venture interests and Mirvac managed funds.
8. Total exchanged contracts, adjusted for Mirvac's share of Joint Venture interests and Mirvac managed funds.

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Capital management
The Group's prudent approach to capital management ensured it was able to continue to meet its strategic objectives without increasing its overall risk profile.

During the six months to 31 December 2010, the Group issued and priced a new $200.0 million six year fixed Medium Term Note ("MTN") into the domestic bond market, at a margin of 250 basis points per annum.

The Group's balance sheet gearing at 31 December 2010 was 27.3 per cent[1] and the Group maintained its BBB/A-2 credit rating from Standard & Poor's.

Post 31 December 2010, the Group announced it had successfully refinanced its syndicated bank facilities. The transaction involved refinancing existing debt tranches maturing in June 2011 and January 2012 to a new $1.85 billion facility. This refinance significantly extends Mirvac's debt maturity[2] profile from 2.6 to 4.2 years and reduces the amount of debt expiring in any one year.

Divisional results

<u>Investment Division</u>
Mirvac's Investment Division (comprising MPT) continued to deliver the core earnings and distribution for the Group. The Division's statutory net profit before tax was $234.7 million and operating profit before tax was $199.0 million.

As at 31 December 2010, the Investment Division had a total portfolio value of $5.8 billion with investments in 70 assets, predominantly covering the office, retail and industrial sectors.

Key highlights for the Division for the six months ended 31 December 2010 included:

> achieved a 4.2 per cent like-for-like net operating income growth;
> disposal of eight non-aligned assets realising $149.9 million (before costs), representing a 1.3 per cent premium to carrying value[3];
> increased the portfolio occupancy from 96.7 per cent to 98.2 per cent[4]; and
> increased the commercial development pipeline to $1.4 billion.

MPT's earnings continue to be secure with 94.8 per cent of Financial Year ("FY")11 rent reviews being fixed or linked to the Consumer Price Index ("CPI"), and 83.9 per cent of revenue derived from multinational, national, Australian Securities Exchange ("ASX") listed and government tenants.

Outlook
The Investment Division remains focused on optimising asset performance and enhancing the quality of its portfolio. MPT will focus on its $1.4 billion commercial development pipeline which will be delivered by the Group's in-house Development Division, providing quality assets at enhanced returns.

Hotel Management
Mirvac's Hotel Management business manages 47 hotels throughout Australia (44) and New Zealand (three) under a suite of brands comprising Sea Temple (five star resorts); Quay Grand (five star deluxe apartment hotels); Quay West (five star all-suite hotels and resorts); Sebel (four and a half star hotels and resorts); and Citigate (four star hotels).

For the six months ended 31 December 2010, the business unit achieved a statutory net profit of $4.8 million and an operating profit before tax of $5.9 million before tax.

1. Net debt after CCIR swaps excluding leases / (total tangible assets – cash).
2. Excludes the Westpac office portfolio associated CMBS which is fully cash collateralised.
3. Includes Lake Haven Megacentre, NSW, settled 2 February 2011.
4. By area, excluding assets under development.

Outlook
The Group believes the current operating environment for the majority of the Hotel's portfolio will assist in the strategy of expanding its managed hotel portfolio and reinforcing the market presence of its suite of hotel brands.

Investment Management
Mirvac's Investment Management ("MIM") business unit provides capital interaction between the Group's two core Divisions - Investment and Development - through the establishment of investment partnerships with major financial institutions and institutional investors.

For the six months ended 31 December 2010, MIM recorded a statutory net profit before tax of $1.7 million and an operating profit before tax of $2.4 million.

Outlook
Following the ongoing rationalisation of non-aligned and unscaleable funds, MIM is now well positioned to focus on its core area of operation, being investment partnerships with wholesale clients.

Development Division
The Group's Development Division conducts residential and commercial developments across Australia. For the six months ended 31 December 2010, the Division's statutory net loss before tax was $199.4 million and operating profit before tax was $15.8 million. The Division's statutory result was impacted by a $215.0 million provision for loss on inventories announced by the Group on 25 January 2011.

Residential
Mirvac's residential product offering includes apartment and house and land packages. For the six months to 31 December 2010, Mirvac settled 721 residential lots (including Mirvac's share of joint venture interests and Mirvac managed funds.

State based settlements by product for the six months ended 31 December 2010 were as follows:

State	**House/land (%)**	**Apartments (%)**	**Total (%)**
NSW	60.9	48.3	58.4
VIC	15.2	-	12.2
QLD	12.5	14.0	12.8
WA	11.4	37.8	16.6
TOTAL			**100.0**

The Division's future earnings are secured with $841.0 million[1] of exchanged contracts, a 19.5 per cent increase over the corresponding period. Underpinning this success was the release of seven large fast-tracked projects that are forecast to deliver over $500 million in revenue over the next three years. Key projects include:

Project	**Type**	**Lots**
Parkbridge Middleton Grange, NSW	House	112
Laureate Melbourne, VIC	House	32
Waverley Park Mulgrave, VIC	House	35
Waterfront Newstead, QLD	Apartments	42

Commercial
Mirvac's commercial development pipeline covers the office, retail and industrial sectors.

During the six months ended 31 December 2010, the Division commenced demolition work on 8 Chifley Square in the financial core of Sydney's central business district. 8 Chifley Square will comprise approximately 19,000 square metres of net lettable area across 21 office levels. Completion is expected towards the end of FY13.

1. Total exchanged contracts, adjusted for Mirvac's share of Joint Venture interest and Mirvac Managed funds.

Outlook
The Division's strategy is to build on its extensive in-house experience and proven track record to continue to deliver Australia's pre-eminent residential developments and focus on large-scale, masterplanned residential communities in core markets. The Division will also continue to expand its commercial development projects in prime locations.

Outlook and FY11 guidance
"For the remainder of the financial year, the Group's strategic focus will be to continue to deliver solid performance from our leading, diversified investment portfolio and build on our position as Australia's pre-eminent residential developer.

"We will continue to optimise asset performance within our high quality Investment portfolio and progress our development pipeline. Within Development, our focus is to redeploy capital into core markets to maximise commercial and residential development returns," Mr Collishaw said.

The Group is positioned to deliver its earnings guidance for FY11 and today confirms it has revised upwards its FY11 EPS guidance range to 10.4 - 10.6 cents per stapled security. DPS guidance is forecast to be 8.0 to 9.0 cents per stapled security.

Amended service agreement with Managing Director
Mirvac also announces today that it has agreed key terms of an amended service agreement with Nick Collishaw. The new agreement will have an indefinite term and revised remuneration arrangements. Mr Collishaw's service agreement would otherwise have expired on 26 August 2012.

The amended contract will come into effect from 1 April 2011, at which time Mr Collishaw's fixed remuneration will be rebased from $2.0 million to $1.5 million per annum.

All key aspects of Mr Collishaw's entitlement to future incentive-related remuneration, as set out in the 2010 Remuneration Report included in the 2010 Annual Report, will remain in place without adjustment. As Mr Collishaw's short-term incentive ("STI") and long-term incentive ("LTI") amounts are calculated as a proportion of fixed remuneration, the 25 per cent reduction in fixed remuneration that comes into effect on 1 April 2011 will correspondingly reduce future STI and LTI awards.

In addition, in recognition of Mr Collishaw's acceptance of reduced fixed remuneration for the period from 1 April 2011 to 26 August 2012, a one-off cash award linked to Group performance will be payable in April 2015. A threshold to any payment will be Mirvac delivering average annual Total Shareholder Return ("TSR") of 12 per cent over the period from April 2011 to December 2014. If the TSR hurdle is met, an award will be made based on the Mirvac security price at the end of the performance period. If a minimum target security price of $1.60 is achieved, the award payment will be $702,000 (less applicable tax). A maximum entitlement of $1.23 million (less applicable tax) will be payable if the closing share price is $1.95, with a sliding scale applying between these minimum and maximum targets.

The amended service agreement may be terminated by Mirvac at any time, in which case Mr Collishaw will be entitled to six months notice (or payment in lieu) and six months severance payment.

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