MIRVAC REAL ESTATE INVESTMENT TRUST (“MRZ”)
GENERAL MEETING TO BE HELD AT 11.00AM ON WEDNESDAY 25 NOVEMBER 2009
IN RELATION TO THE ACQUISITION OF MRZ BY MIRVAC GROUP

PRESENTATION BY INDEPENDENT DIRECTOR, PAUL BARKER

Before we commence the formal business to be conducted at today's Meeting, I would like to talk to you in general terms about the unconditional Proposal received from Mirvac, which was outlined in the Explanatory Memorandum dated 23 October 2009.

At the outset I would like to assure you that during this difficult economic climate we have been proactively managing the Trust in what we believe to be your best interests. Garry Wilcox, the Trust Manager for MRZ will take you through some of the measures we have taken to protect the value of your investment.

I understand that this has been a difficult period for investors within the listed property trust sector, however we believe that the opportunity the Mirvac Proposal offers MRZ Unitholders is superior to all of the alternate options that have been thoroughly investigated on your behalf.

The Proposal between MRZ and Mirvac was initially announced on 12 October 2009. The Proposal was outlined in the Explanatory Memorandum, which was lodged with the Australian Securities and Investments Commission for review well before the despatch of the Memorandum to MRZ Unitholders on 30 October 2009.

On 18 November 2009 we were pleased to receive an increased offer on the Cash and Scrip Options from Mirvac. The details of the increase were outlined in further correspondence to you, dated 18 November 2009.

MRZ Unitholders are being asked today to vote on Resolutions to approve the implementation of Mirvac’s Proposal by way of a Trust Scheme. Any proxy or Election Forms that were already lodged before the increased offer was received are still valid and all Unitholders on the Register at the Record Date will receive the increased consideration under the Scheme.

I know the Explanatory Memorandum was quite bulky, and there was a lot of detail, but I'm afraid this was necessary given the legal requirements of what is a complex transaction.

The Memorandum included a report from the Independent Expert who concluded that the Proposal was not fair but that it was reasonable. The Independent Expert has also concluded that the Proposal is in the best interests of Non-Associated Unitholders, in the absence of a superior proposal.

Having considered the Proposal, the Independent Directors recommend that you vote in favour of the Proposal.

Having received the revised offer, both the Independent Expert and the Independent Directors reaffirmed their conclusions.

I will get into the details shortly, but essentially, the Independent Directors believe you should vote in favour of the Proposal due to:

> the benefits for MRZ Unitholders as Investors in Mirvac;
> the prospects for MRZ as a stand alone entity;
> the Proposal being superior to the alternative strategies available to MRZ; and
> the conclusions of the Independent Expert

In assessing the Mirvac proposal, your Board established a sub-committee comprising of Independent Directors. Those Directors are Mr Matthew Hardy and myself, and until his leave of absence, Mr Ross Strang. Each Independent Director is considered to be independent in accordance with the Board Charter and the ASX Corporate Governance Council's principles and recommendations. A corporate governance protocol was adopted by the Independent Directors to provide clear direction in managing conflict of interests across MRZ. An example of the procedures implemented include the physical relocation of the MRZ management team; establishment of a Due Diligence Committee chaired by Neville Allen from Holding Redlich - an external legal firm, segregation of records and working documents and engagement of a separate set of experts and advisers to those of Mirvac.

The Independent Directors considered various reports and advice during its evaluation process, which included a thorough assessment of a number of alternatives available to MRZ and its Unitholders. Some of the material considered included verbal presentations from the Independent Expert; the final Independent Expert's Report; financial adviser's negotiations;

management expertise; legal, financial and taxation advice. The sub committee's conclusion and recommendations to your Board were made independent of Mirvac's Board and management team.

If Mirvac's Proposal is approved today, each MRZ Unit will be transferred to Mirvac Funds Limited as responsible entity of Mirvac Property Trust. Under the offer outlined in your Explanatory Memorandum which was updated to include Mirvac's increased offer on 18 November 2009, you will receive Scheme Consideration of either:

> 55 cents cash per MRZ Unit, up to 20,000 MRZ Units, plus one Mirvac Security for every 2.6 MRZ Units in excess of 20,000 Units, which represents the Cash and Scrip Option, **or**

> one Mirvac Security for every 2.6 MRZ Units, which represents the Scrip Option.

In addition to the choice of Scheme Consideration, MRZ Unitholders will also be entitled to a one-off special distribution of 1.0 cent per MRZ Unit.

Should the Proposal be implemented, a Sale Facility will be available for MRZ Unitholders wishing to sell Mirvac Securities acquired under the Proposal. Details of the Sale Facility are outlined in the Explanatory Memorandum.

The Independent Directors took a number of considerations into account in assessing the Proposal outlined in the Memorandum and the increased offer provided by Mirvac on 18 November 2009.

The revised offer represents:

> an increase in forecast distributions, including the Special Distribution, for MRZ Unitholders who elect to receive Mirvac Securities;

> premiums to closing prices and VWAPs to the relevant dates as shown on the screen; and

> an implied value of 59.4 cents based on the closing price of Mirvac Securities yesterday, 24 November 2009.

Secondly, the Independent Directors considered the issues the Trust is facing over the next two years. The Trust's debt covenants, the likelihood of increased interest costs as a result of upcoming refinancing and a decrease in net income over the next two years will affect the

Trust's prospects as a stand alone entity. I will ask Garry Wilcox to speak to you in more detail in a moment, about the challenges faced by the Trust over the next two years.

Given the issues that the Trust is facing, and in light of the Proposal from Mirvac, a number of alternate strategies for MRZ were considered and assessed in terms of their likely ability to provide MRZ Unitholders with a superior outcome than that available under Mirvac's Proposal. These included a managed wind up process, raising new equity, further asset sales and a combination of raising equity and asset sales.

Other considerations taken into account were the potential disadvantages, including:

> A reduction in forecast earnings to MRZ Unit holders for the financial year ended 30 June 2010;
> Increased risk profile due to a change in nature of your investment;
> A discount to NTA; and
> Potential capital gains tax implications for MRZ Unitholders.

The reasons why you may consider voting against the Proposal are outlined in the Explanatory Memorandum.

Your Independent Directors, after careful consideration of:

> the benefits for MRZ Unitholders as Investors in Mirvac;
> the prospects for MRZ as a stand alone entity;
> the alternative strategies available to MRZ; and
> the conclusions of the Independent Expert,

believe the Proposal provides a superior outcome for MRZ Unitholders than the alternate options and therefore, recommend that MRZ Unitholders vote in favour of the Mirvac Proposal.

I'd now like to hand over to Garry Wilcox, Trust Manager of Mirvac Real Estate Investment Trust, to speak to you further on the details of the Trust, and the options considered for the Trust.

There will be a time for you to ask questions in relation to both the Proposal and the Resolutions, so I would ask that you hold your questions until later.

I will now like to ask Garry to the microphone:

PRESENTATION BY MRZ TRUST MANAGER, GARRY WILCOX

Thank you Paul, and thank you everyone for joining us here today.

I would like to take you through some background information about Mirvac Real Estate Investment Trust and the rationale behind the MRZ Management team's recommendation of Mirvac's Proposal to the Independent Directors.

Firstly, I would like to start with some significant steps that have been made with respect to the Trust over the last 12 months.

In September 2008, we were proactive in securing the refinancing of the Trust's debt facility ahead of its expiry. The term achieved, which is typical in the current market environment, was for a 2 and 3 year term and the rates achieved on this refinancing were competitive. This was a significant achievement in light of the constrained market conditions that continue to exist in the Australian and world credit markets. It is made even more significant given that there has also been a contraction of lenders who provide capital to the markets with St George being absorbed by Westpac and Bankwest now part of the Commonwealth Bank.

We have also continued our active asset management program which is demonstrated by the Trust's high tenant retention of 73.5 per cent and occupancy rates across the portfolio remain strong at 94 per cent by area.

Finally, the previous financial year saw a successful year for the rationalisation of many of the Trust's non-core assets. A total of seven assets were sold before 30 June 2009, representing $154 million in sales before costs which is a very positive result in current market conditions. In addition, two more assets were sold post 30 June 2009, for a total of $27 million.

All proceeds from the sales were used to repay debt in order to keep within our debt covenant requirements. Covenant pressure remained high as asset values continued to significantly decline during the period.

Unfortunately, despite our undertakings and some excellent achievements by the Trust in what has been a very difficult economic climate, these measures have not been enough to counter the issues the Trust now faces today.

As we outlined in the Explanatory Memorandum, MRZ on a stand alone basis, faces several challenges going forward. These issues are likely to have a negative impact on the earnings and distributions to MRZ Unitholders, and could therefore negatively impact the trading price of MRZ. They include:

> The impending expiry of the leases to Macquarie Group and GHD at 10-20 Bond Street, Sydney on 31 December 2009, which will present significant challenges to MRZ during the financial year ending 30 June 2010 and onwards. Following the tenant departures, a major refurbishment project is necessary in order to upgrade and modernise the building to attract new tenants. MRZ's share of the refurbishment cost is approximately $25 million which will be funded by debt and will further increase gearing and interest payments. Due to the refurbishment, re-letting and potential rent free periods at the commencement of the new leases, the property is not expected to generate positive cash flows for at least 18 months from the date of vacancy. 10-20 Bond Street has historically contributed approximately 10 per cent of MRZ's total income.

> The risk of MRZ breaching its debt covenants remains significant. As at 30 June 2009:

- The Trust's gearing was 44.6 per cent versus covenant of 45 per cent. Further, the gearing covenant threshold will reduce from 45 per cent to 40 per cent in September 2010.

- The Trust's Interest Cover Ratio was 1.91 times versus a covenant of 1.75 times; and

- The Trust had a Tangible Net Worth of $532 million versus a covenant of not less than $475 million.

The Trust has approximately 43 per cent of its debt maturing in September 2010 with the remainder in September 2011.

Two off-shore lenders, part of the current syndicate, have since indicated their intention to exit the Australian property lending market, which potentially increases the risk to MRZ's refinancing in September 2010.

If MRZ is successful in refinancing the loans, it is likely that there will be an increase in debt margins, which is expected to be materially higher than the current rates paid by the Trust. An increase in the debt margins will impact the earnings and distributions of MRZ. If it is unsuccessful, then the lenders may impose penalties, foreclose or take other enforcement action.

Given these issues, and in light of the Proposal from Mirvac, a number of alternate strategies for MRZ were assessed in terms of their likely ability to provide MRZ Unitholders with a superior outcome than that available under the Proposal. These included:

> A **managed wind up process**, where all of MRZ's assets are sold and the net proceeds are returned to MRZ Unitholders. The responsible entity believes that a reasonable timeframe for MRZ to sell its 22 assets, including joint venture and minority interests in investments, is approximately three years. A managed wind up would likely trigger MRZ's debt facility covenants and would therefore require a renegotiation of MRZ's debt facilities, which is expected to result in higher interest costs and lower distributions to MRZ Unitholders. Depending on the time taken to complete the wind up, MRZ Unitholders would need to wait a considerable time to receive any net proceeds, most of which would likely be returned to MRZ Unitholders in the final year, given the need to prioritise the repayment of the debt facilities. In addition, under a wind up scenario, the price at which assets could be sold may come under pressure as potential buyers attempt to capitalise on any perceived sale pressures. Pending the ultimate outcome of the managed wind up, liquidity in MRZ and the MRZ Unit price are likely to fall reflecting the uncertain timing, proceeds and execution risks;

> A **capital raising** was another alternative considered. A significant capital injection would be required to stabilise MRZ. A capital raising, which we expect to be at a discount in the order of 20 to 30 per cent, would materially dilute the Trust's NTA, earnings and distributions, in particular for those MRZ Unitholders who choose not to

participate in the capital raising. The structure of MRZ's Register is not conducive to underwriting.

> As an alternative to a capital raising, **the sale of selected assets** both individually and in discreet packages were considered in order to repay sufficient debt to stabilise MRZ. This strategy requires MRZ to sell sufficient assets to remain compliant with its debt covenants and is subject to the risks in the managed wind up scenario. The timing and proceeds from this strategy are uncertain given the quantum of asset sales required, potential acquirers' funding capacity and the suitability of certain Trust assets for immediate sale. Even if this strategy is successful, MRZ would substantially reduce in size and have limited growth prospects. This is likely to diminish Investor appetite, impact liquidity, impact debt covenants and the trading price of MRZ Units.

> Finally, a combination of **asset sales and a capital raising** was considered. Whilst this alternative reduces the level of asset sales and the size of the capital raising required, the uncertainties surrounding timing, pricing and execution risk remain the same.

We believe that Mirvac's unconditional Proposal provides a superior outcome for the MRZ Unitholders than each of the alternate options discussed.

In respect of the Woden Development, as we have previously advised MRZ Unitholders, we have conducted an extensive expressions of interest campaign early this year due to the Trust's in ability to fund the final development price.

Mirvac's offer was considered better than any other offer received during the campaign and as such the Trust has entered into a put and call option agreement in relation to the sale of the Woden Development, which, if exercised would result in the sale of MRZ's interest in this asset to Mirvac for $208.8 million.

Any such sale would only proceed in the event that the Scheme is not successful and only after MRZ Unitholders approval at a subsequent Meeting.

On a stand alone basis MRZ's earnings for the year ended 30 June 2010 is forecast to be 4.65 cents per unit.

MRZ Unitholders who receive Mirvac Securities will obtain exposure to earnings from Mirvac Property Trust and Mirvac Limited. On this point, for the current financial year, 30 June 2010, Mirvac forecasts that 100 per cent of its distributions will be derived from Mirvac Property Trust.

Under the Proposal the forecast earnings from Mirvac Property Trust will equate to 4.12 cents per equivalent MRZ Unit.

Should the Proposal be implemented, the implied value of the scrip component of the Scheme Consideration of 59.4 cents per MRZ Unit represents a 30.1 per cent discount to MRZ's NTA of 85 cents at 30 June 2009.

I would like to emphasise that NTA does not reflect the issues MRZ is facing such as its current financial position, liquidity concerns, general risk associated with the current operating conditions and pressure on debt covenants.

With respect to distributions, MRZ's distribution guidance for the year ending 30 June 2010 is 3.20 cents per MRZ Unit. If the Proposal is implemented, MRZ Unitholders who receive Mirvac Securities will be entitled to receive distributions in relation to these securities from Mirvac, including the distribution for the three months to 31 December 2009, provided they are the registered holder of those securities on the relevant record date. Mirvac has provided a distribution forecast range of 8.0 cents to 9.0 cents per Mirvac Security for the financial year ending 30 June 2010**.** The total Mirvac forecast distribution per equivalent MRZ Unit for the period to 30 June 2010 is 2.31 to 2.69 cents per MRZ unit.

Taking into the account the special distribution being offered to MRZ Unitholders of 1.0 cent per MRZ Unit, the total distribution to MRZ Unitholders who receive and hold Mirvac Securities under the Proposal is forecast to equate to 3.31 to 3.69 cents per equivalent MRZ Unit for the year ended 30 June 2010.

As I outlined earlier the earnings and debt challenges that the Trust is facing may adversely impact MRZ's ability to pay future distributions.

Mirvac's Proposal, if approved at today's Meeting, offers investors improved gearing and considerable headroom to debt covenants; improved cost of capital and financial flexibility; enhanced growth profile; enhanced liquidity; broader geographic, asset and business diversification; increased market capitalisation; and the benefits of inclusion in key property indices.

Put simply, we believe the Mirvac Proposal provides better value and greater security for all Unitholders.

If the Proposal is approved at today's Meeting, the timetable for its implementation will be as shown on the screen.

Finally, as the Trust's Manager, the Management team and I were pleased to receive the offer from Mirvac, particularly the increased offer received on 18 November 2009. It has been reviewed by an Independent Expert and our Independent Directors, who have both reaffirmed their conclusions that the Proposal is in best interest of MRZ Unitholders and I similarly commend this offer to you.

Thank you.