

Property Investment Advice Discussion Paper

General

Mirvac Group is a leading diversified property group - listed on the Australian Stock Exchange with a market capitalisation of more than \$4 billion - active in property investment and management, property development, funds management and hotel management. Established in 1972, Mirvac has more than 32 years of experience in the property industry and has an unmatched reputation for delivering quality product and services across all of its businesses.

The Group operates in WA, Victoria, NSW, Queensland, ACT and New Zealand and is responsible for some of Australia's best residential projects including Newington, Newbury Estate and Walsh Bay in NSW; Arbour on Grey and Cutters Landing in Queensland; Yarra's Edge, The Heath and The Melburnian in Victoria and The Peninsula in WA.

Mirvac's investment property portfolio is spread across Australia. Mirvac owns and manages commercial office towers, retail centres and industrial properties valued at more than \$2.4 billion. Mirvac employs more than 3,500 people. Its turnover in FY2004 was \$1.4 billion.

Mirvac Hotels and Resorts has more than 2,700 rooms under management in Australia and New Zealand, operated predominantly under the Quay West, Quay Grand, Sebel and Citigate Sebel banners, making it one of the largest Australian-owned hotel groups.

Mirvac employs an internal management model from design, construction through to marketing and sales. Through the States in which we operate Mirvac would employ around 50 sales people who are all trained and qualified in all aspects including contract management, Trade Practice issues as well as sales skill training. We operate under both an AFSL licence as well as State regulated licensing laws. Our AFSL representatives are authorised to provide general investment advice only.

Mirvac's View

Agree with the principle that there are those who have taken advantages of investors in the current market. Action should be taken to ensure the investors are supplied with accurate information to make informed decisions in a timely fashion.

We are however in the business of developing and selling real estate and over regulation may have a significant effect on our business operation as well as increasing compliance and purchase costs for the investor.

We believe there are a number of State and Federal Laws providing protection for the consumer. In addition recent changes in consumer protection have included but are not limited to:

Compulsory on-going training for Real Estate sales people in NSW
Sales contract and Real Estate Licensing changes and disclosures in QLD
Cooling off periods in Victoria

In an attempt to increase the investors awareness of the pitfalls and risks involved in investing in real estate the following solution would assist the purchaser in asking the appropriate questions before making an investment decision. This solution should be simple to administer across the states enabling a uniform national approach to property investment

We suggest the following:

The front page of all contracts for sale should state:

If you are buying the property for investment purposes

Do make sure you can afford the property

Do remember that investing in property is a long term proposition

Do your own 'due diligence' on the developer and builder

Do seek independent legal tax or financial advise

Do not purchase for speculation

Do not assume a stable or increasing rental market

Do not assume the property will increase in value from exchange to settlement