

26 February 2009

Dear Investor

RE: MIRVAC AQUA INCOME FUND (IF), MIRVAC AQUA ENHANCED INCOME FUND (EIF) & MIRVAC AQUA HIGH INCOME FUND (HIF) (the Funds)

Quarterly redemption offer

Further to our letter to you dated 28 November we are pleased to advise details on the March quarter redemption offer.

The redemption offer is available to unitholders in the:

- Mirvac AQUA Income Fund
- Mirvac AQUA Enhanced Income Fund
- Mirvac AQUA High Income Fund

Mirvac Funds Management Limited (MFML), the Responsible Entity (RE) of the Funds, has determined that some of the liquidity in the Funds is surplus to the RE's assessment of the Funds' requirements. It has, therefore, determined to offer a pro-rata redemption facility to those investors who wish to redeem part of their investment.

The offer will be available to all investors who lodge their redemption request before 3 pm on Friday 20th March, 2009. Payments for applications received will be made on Monday 14th April, 2009.

The value of the redemption will be calculated using the unit price prevailing on Tuesday 31st March 2009 and will comprise a return of capital and income for the period 1st April 2009 to 11th April 2009.

The percentage of Units available for redemption is the same for each Fund which is 2.5% of the unit balance. Please note that the offer to redeem is set as a fixed percentage of units owned by the investor and we are unable to either increase or decrease the percentage.

Liquidity of the Mirvac AQUA Income Funds (Funds)

We continue to build the Funds cash levels and shortly will commence lending into new loans – reflective of today's risk and return opportunities. As always, the liquid investments of the Funds are currently held in a mixture of cash and at call deposits with major Australian banks. The Funds have no investments in fixed income securities.

The liquidity position of the Funds (on a look through basis), including cash in the Funds and the relevant proportion of that held in the Mirvac AQUA Debt Pools to which each Fund is exposed, has changed since we last wrote to you. As at 31st January, 2009 the balances stood as follows:

	As at 31st January 2009 % of FUM	Dollar value (\$m)
Mirvac AQUA Income Fund	35.19	16.00
Mirvac AQUA Enhanced Income Fund	59.81	2.46
Mirvac AQUA High Income Fund	49.20	94.31

Some of these liquid funds will be applied to:

- o fund existing loan commitments (approximately \$7.4 million in aggregate as at 31st January 2009);
- o fund new lending;
- o fund capitalised interest payments paid monthly to investors in the EIF and HIF; and
- o fund other costs incurred in managing the Funds and the underlying mortgages.

Following the redemption the estimated liquidity of the Funds will be as follows:

	Percentage offered for pro-rata redemptions	Approximate dollar value this represents of potential redemptions if all investors take up the offer	Estimated liquidity position as a proportion of FUM post redemptions	
Mirvac AQUA Income Fund	2.5%	\$1.14m	32.68%	\$14.86m
Mirvac AQUA Enhanced Income Fund	2.5%	\$0.12m	56.65%	\$2.33m
Mirvac AQUA High Income Fund	2.5%	\$3.94m	40.32%	\$77.28m ¹

The redemption will be paid to the nominated bank account of the investor. The effect of this redemption would be to reduce an investors investment by the same proportion and from this a corresponding reduction in the future income distribution payments.

As advised in previous communication dated 30th September 2008 and 28th November 2008, the unit prices of the EIF and HIF have taken into account the \$12 million provision for impaired loans which was applied to the value of mortgage investments in the Mezzanine Debt Pool, to which the EIF and HIF have exposure. Therefore, the pro-rata redemptions will be calculated using a unit price which is at a reduced value to that which you initially entered these Funds.

It is important to note that should any monies accounted for in the previous provision relating to the EIF and HIF be recovered, the proportion of your investment redeemed from these two Funds would not have the benefit of such recovery. Similarly, any future potential losses would also not affect the portion of your investment which you have redeemed.

You are not required to accept the offer of this pro-rata redemption. If you choose not to participate, no further action is required.

Should you wish to take up the offer, please complete the attached form and return it to us using one of the methods detailed on the form no later than 3 pm on 20th March 2009. The proceeds of the redemption will be paid by 14th April 2009.

Future Redemption Program

The Manager intends to continue to offer pro-rata redemptions on a quarterly basis for the balance of 2009.

¹ In February 2009, the Manager acquired the first mortgage of a financier to an existing loan in the Mirvac AQUA Mezzanine Debt Pool for \$15m. This will allow access to income of approximately \$160k per month effective April 2009. This together with the pro-rata redemption is the reason for the difference between the liquidity shown as at 31 January 2009 and that shown post the redemption.

Redemptions will be paid on a pro-rata basis using funds surplus to requirements, as determined by the Responsible Entity (RE), and paid to investors who have lodged redemption requests by this date. Please note that there is no queuing and, as such, investors who lodge redemption requests before this date will have no advantage over those that lodge on the date.

Financial Hardship and Redemptions

The RE has approved the financial hardship policy in relation to the Mirvac AQUA Income Funds and this is now operational. Details of the policy and the forms required to make application will shortly be available from our website at www.mirvacacqua.com.au.

Portfolio commentary and future performance

The majority of the mortgage loans in which the IF, EIF and HIF invest are set at variable interest rates. This means that the loans are reset on a financial quarter basis with reference to the 90 day BBSY rate. A consequence of this that we have reset the loans lower as official interest rates have declined over recent months – this flows through to the performance of the Funds and has resulted in a lowering of returns. As well, we have built up high levels of cash liquidity in advance of new lending and the returns from these has also declined – similarly impacting returns to unitholders.

In the case of the HIF in particular and the EIF to a lesser degree, the returns from these Funds have been further impacted by loans that were placed on non-accrual as advised in our letter of 30th September 2008. We expect that a number of these loans will either be partially repaid or able, in part or full, to be taken off non accrual during coming months. As this occurs, we expect income to slowly increase as the Funds benefit from either cash or mortgage interest returns.

The IF is not impacted by non-accruals and as such its returns are in line with the returns from underlying investments. As surplus cash is gradually lent out in 2009, the returns from the Fund will reflect any improvements in the performance of investments.

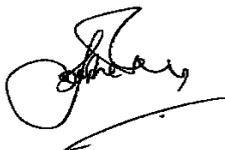
Overall the outlook is for lower returns in the near term with a gradual increase as 2009 unfolds.

Where to from here?

The dislocations evident in the financial markets in recent months show no signs of improvement. The Federal governments deposit guarantee continues and at the same time the returns from cash and term deposits with banks and other ADI's steadily decline – a reflection of the shift in official rates and the weight of money the banks and ADI's have received. In many instances the returns from these investments have fallen by 40-50% in recent months. Mortgage Trusts meanwhile have proven more resilient and whilst returns have declined they have done so less than bank term deposits.

It's our view that as investors recognise the differential between bank type income returns and those available from well managed mortgage trusts that there will be an increase in demand for this form of investment.

Kind regards



Stephen Tunley
CEO
Mircvac AQUA

- Please complete form using blue or black pen, printing within the boxes in clear capital letters.
- Mark answer boxes with a cross (X).
- If you have any questions in regards to filling out the form please contact our registry provider on (02) 9229 9482.
- **Please mail completed form to: Mirvac AQUA c/ Perpetual, P.O. Box 2737 Sydney NSW 2001**
- **This form is required to be received no later than 3pm on Friday 20th March 2009 to be eligible for this offer.**

My/Our investor ID is:

I/We wish to accept the offer to redeem the stipulated pro-rata percentage of my/our investment in the following Mirvac AQUA Funds:

- Mirvac AQUA Income Fund – 2.5%
- Mirvac AQUA Enhanced Income Fund – 2.5%
- Mirvac AQUA High Income Fund – 2.5%

I/We am aware that I/we cannot vary the percentage amount offered in this pro-rata redemption. I/We acknowledge that the Responsible Entity has removed the option of daily redemptions and this offer is subject to the availability of surplus cash in the relevant Fund.

Please pay the proceeds from our pro-rata redemption to the following financial institution details:

Bank/Building Society/Credit Union:

Branch:

Branch number (BSB): - Account number:

Account name:

Address:

I/We acknowledge that direct credits not accepted by my/our bank, building society or credit union will be held in trust by Mirvac AQUA until I/we provide accurate financial institution details.

I/We declare that all the details given in this form are true and correct.

I/We authorise you to act in accordance with my/our instructions as set out above.

I/We acknowledge that I am/we are providing personal details in this form and I/we agree to be bound by the privacy notices and consents set out in the Product Disclosure Statement that was current at the time of our investment.

Applicant 1 or Director or Company Secretary:	Date:	Applicant 2 or Director:	Date:
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Note: When signed under Power of Attorney, the attorney states that they have not received a notice of revocation. Please send a certified copy of the Power of Attorney with this form for Mirvac Funds Management Limited to view.