12 February 2021

MIRVAC GROUP HALF YEAR RESULTS – 31 DECEMBER 2020

Mirvac Group (Mirvac) [ASX: MGR] today released its interim results for the half year ended 31 December 2020. Despite the pandemic, the Group delivered solid results for the half year including an operating profit of $276m, an increase of 10 per cent from 2H20.

The Group is pleased to initiate guidance for the full year, providing operating EPS guidance of between 13.1 to 13.5 cents per stapled security (cpss) and distribution guidance of 9.6 to 9.8 cpss for the year ending 30 June 2021.

Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz, said "The pandemic continued to disrupt our operating markets during 1H21 and the world remains in crisis. Mirvac's ability to maintain productivity and respond quickly to our customers' changing needs has underpinned our recovery and safeguarded our business from the worst of the pandemic.

"Mirvac has long believed in the power and importance of cities, and while cities will evolve as a result of the pandemic, they remain more important than ever. Our proven asset creation capability and our $28bn total development pipeline[1] will enable Mirvac to continue to deliver city shaping, mixed-use precincts that cater to our customers' changing lifestyles.

"Australia has managed the pandemic effectively to date and the vaccine roll-out is likely to boost confidence and the economy, so we expect the reactivation of cities and urban areas to strengthen even further over the coming months. Mirvac is well placed to support this progress, as it continues its best-practice management of COVID-Safe work and retail environments.

"Mirvac's young, efficient Office portfolio benefits from a long WALE, low capex and minimal exposure to small tenants, providing strength and resilience throughout the COVID-19 pandemic. And Mirvac's dynamic portfolio of urban shopping centres, while continuing to operate in a challenging environment, is well positioned for the future because of its focus on higher income, higher growth and densely populated catchment areas.

"Industrial and build to rent are both important growth areas for our business. COVID-19 has accelerated the growth in e-commerce which is in turn driving demand for high quality logistics facilities in Sydney. Our Industrial team remains focused on progressing our strategically located sites through the planning process.

"The emergence of the build to rent sector is gathering pace in Australia. LIV Indigo, Mirvac's first build to rent property, is now 48 per cent leased[2] and we are gaining valuable insights that will inform the rollout of our growing pipeline. The team further extended the build to rent development portfolio during 1H21 with the addition of LIV Newstead in Brisbane, taking the future portfolio to approximately 2,200 units across five sites with an estimated total end value of $1.6bn[1].

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[1] Represents 100 per cent estimated end value of committed and uncommitted future developments and is subject to planning approvals, market conditions and COVID-19 impacts.
[2] As at 9 February 2021.

Level 28, 200 George Street
Sydney NSW 2000
Australia

T +61 2 9080 8000
www. mirvac.com

Mirvac Limited
ABN 92 003 280 699

Mirvac Funds Limited
ABN 70 002 561 640 AFSL 233 121
as reponsible entity of the Mirvac Property Trust ARSN 086 780 645

"Our Residential division continues to benefit from current Government housing stimulus measures which have boosted residential housing demand and the economy. Mirvac settled 1,076 residential lots and exchanged 1,365 lots in 1H21. With a robust pipeline of approximately 27,800 lots[3], we are focused on enhancing the designs of our homes and communities to meet changing customer needs, including home offices and flexible family spaces. We are also anticipating more than 2,200 residential settlements for the full year to 30 June," added Ms Lloyd-Hurwitz.

Financial and capital management updates:

- operating earnings before interest and tax of $364m (December 2019: $460m);
- operating profit after tax of $276m[4] (December 2019: $352m);
- statutory profit of $396m (December 2019: $613m);
- half year distribution of $188m, representing 4.8 cpss;
- operating cash flow of $450m (December 2019: $354m);
- net tangible assets (NTA) per stapled security increased to $2.58[5] (June 2020: $2.54);
- gearing at the lower end of the Group's target range of 20 to 30 per cent at 21.4 per cent[6];
- substantial available liquidity of $1.3bn in cash and committed undrawn bank facilities held;
- weighted average debt maturity of 6.8 years;
- average borrowing costs reduced to 3.7 per cent per annum as at 31 December 2020 (June 2020: 4.0 per cent), including margins and line fees; and
- maintained A-/A3 ratings with stable outlooks from Fitch Ratings and Moody's Investors Service (equivalent to A-).

Commercial and Mixed-Use Development updates:

- progressed the redevelopment of the Locomotive Workshop, Sydney. The asset is 86 per cent pre-committed[7] and on track for completion in late FY21;
- progressed construction at 80 Ann Street, Brisbane which is 73 per cent pre-committed with Suncorp as its anchor tenant. Completion is targeted for FY22;
- received planning approval for our proposed mixed-use commercial and build to rent precinct at 7 Spencer St, Melbourne. Construction is due to begin in FY22;
- lodged State Significant Development Applications with the NSW Department of Planning, Industry and Environment for Waterloo Metro Quarter, Sydney; and
- received rezoning approval for stage 1 of the Group's future 244-hectare industrial estate, known as Elizabeth Enterprise at Badgerys Creek, Sydney.

Office updates:

- rent collection rate of 97 per cent[8];
- occupancy of 96 per cent[9], with a WALE of 6.7 years[10];
- like-for-like net operating income growth of 0.5 per cent including COVID-19 impacts (31 December 2019: 5.6 per cent);

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[3] All lot numbers are subject to planning, development and construction decisions, and market conditions.
[4] Excludes specific non-cash items and related taxation.
[5] NTA per stapled security, based on ordinary securities including Employee Incentive Scheme securities.
[6] Net debt (at foreign exchange hedged rate) excluding leases (total tangible assets – cash).
[7] As at 10 February 2021, includes Heads of Agreement.
[8] As at 10 February 2021.
[9] By area, including investments in joint ventures and excluding assets held for development.
[10] By income, including investments in joint ventures and excluding assets held for development.

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- completed 18 lease deals over approximately 28,000 square metres[11]; and
- total office asset revaluations provided an uplift of $141m.

Industrial updates:
- rent collection rate of 100 per cent[8];
- occupancy at 99.7 per cent[12], with a WALE of 7.3 years[13];
- like-for-like net operating income growth of 3.3 per cent (December 2019: 3.1 per cent);
- completed 8 lease deals over approximately 28,900 square metres[11]; and
- total industrial asset revaluations provided an uplift of $44m.

Retail updates:
- rent collection rate of 84 per cent[8];
- occupancy of 98.4 per cent;
- store openings of 95 per cent (98 per cent excluding CBD centres);
- net property income of $72m;
- comparable moving annual turnover sales movement (8.6) per cent and comparable specialty sales movement (18.6) per cent;
- achieved comparable specialty sales productivity of $8,867 per square metre on specialty occupancy costs of 16.8 per cent; and
- executed 131 leasing deals across approximately 24,300 square metres, with spreads of (5.7) per cent.

Build to Rent update:
- opened our first build to rent property, LIV Indigo, Sydney Olympic Park with 48 per cent of leases signed as at 9 February 2021, with pricing per unit consistent with the underwrite.

Residential updates:
- settled 1,076 residential lots including at Pavilions, Sydney, Gainsborough Greens and Everleigh, Brisbane, Olivine, Melbourne, Googong, NSW, and Compass, the final stage of Leighton Beach, Perth;
- exchanged over 1,300 lots driven by masterplanned community (MPC) projects across all states;
- released over 1,260 residential lots[14] including Portman on the Park at Green Square and Georges Cove both in Sydney, and Henley Brook, Perth;
- defaults at 3.5 per cent due to market factors exacerbated by COVID-19 impacts (less than 2 per cent excluding Pavilions, Sydney Olympic Park);
- pre-sales of $946m with 51 per cent attributable to MPC projects;
- achieved a strong gross development margin of 23 per cent; and
- further supplemented the residential pipeline adding over 1,160 lots with an additional 600 lots acquired at Smiths Lane, Melbourne, 55 lots at Waverley Bowling Club, Sydney, and over 500 additional lots at Green Square[15].

[11] Excludes leasing of assets under development.
[12] By area.
[13] By income.
[14] Includes conditional/deposits lots.
[15] All lot numbers are subject to planning, development and construction decisions, and market conditions.

Sustainability updates:

- made significant emissions reductions through the purchase of renewable electricity, including the powering of all retail assets by 100 per cent renewable energy;
- released the Group's first Modern Slavery Statement in accordance with Australia's national Modern Slavery Reporting Requirement under the Federal Government's *Modern Slavery Act 2018*;
- received the Board Leadership of the Year award at the Climate Alliance Leadership Awards, in recognition of the Board's demonstrable commitment to managing the risks and opportunities of climate change across the company, while taking a leadership role in climate response within the business community; and
- maintained a AAA rating in the MSCI ESG Index, reflecting Mirvac's robust investment framework and ESG governance.

Following the announcement on 10 December 2020 that Courtenay Smith was appointed as Mirvac's Chief Financial Officer to replace Shane Gannon, the Group is pleased to confirm Ms Smith will commence as CFO on 8 March 2021.

REPORTING SUITE

Mirvac's interim reporting suite sets out the Group's financial and operational performance for the half year ended 31 December 2020 across the following documents which accompany this announcement:

- MGR Appendix 4D and Distribution Notification
- MGR 1H21 Results Presentation
- MGR 1H21 Interim Report
- MPT 1H21 Interim Report
- MGR 1H21 Additional Information
- MGR 1H21 Property Compendium

For more information, please contact:

Media enquiries:
Kate Lander
General Manager, Communications
+61 2 9080 8243

Investor enquiries:
Bryan Howitt
General Manager, Investor Relations & Capital Allocation
+61 2 9080 8749