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MIRVAC DELIVERS STRONG FY12 RESULT ABOVE GUIDANCE

Mirvac Group ("Mirvac" or the "Group") [ASX:MGR] reported its full year result for the year ended 30 June 2012 and provided forecast operating earnings guidance ("EPS") for financial year 2013 ("FY13") of 10.7 to 10.8 cents per stapled security ("cpss") and distribution guidance of 8.5 to 8.7 cpss.[1]

FINANCIAL HIGHLIGHTS:

- profit attributable to the stapled securityholders of Mirvac of $416.1m, an increase of 128.0 per cent, which included a gain on investment properties of $148.7m[2], profit of $21.4m from the sale of the Hotel Management business and, as previously announced in February 2012, a provision for loss on inventories of $25.0m in respect of Beachside Leighton, North Fremantle, WA;
- operating profit after tax of $366.3m[3], representing 10.7 cpss; ahead of guidance of 10.5 to 10.6 cpss;
- operating cash flow of $317.0m;
- increased full year distributions to $287.0m, representing 8.4 cpss;
- net tangible assets ("NTA") up 2.5 per cent to $1.66 per stapled security[4]; and
- balance sheet gearing of 22.7 per cent[5] and an average debt maturity of 3.5 years.

OPERATIONAL HIGHLIGHTS:

- successfully delivered on the Group's strategy to simplify its business with the sale of the Hotel Management business and associated assets, realising a profit of $21.4m[6];
- established strategic relationships with K-REIT Asia and Aviva Investors via the sale of 50.0 per cent of 8 Chifley Square, Sydney NSW and Hoxton Distribution Park, Hoxton Park NSW respectively;
- achieved 3.4 per cent like-for-like net operating income growth within the Investment Division's portfolio;
- maintained a high portfolio occupancy rate of 98.4 per cent[7] and a strong weighted average lease expiry of 7.4 years[7] within the Investment Division's portfolio;
- disposed of four non-core retail properties within the Investment Division's portfolio, realising $132.0m in gross sale proceeds;
- exceeded FY12 target to achieve 1,807 residential lot settlements;
- exchanged pre-sales contracts at $907.7m[8] in residential projects; and
- continued the strong focus on sustainability achieving a National Australian Built Environment Rating System ("NABERS") Office energy rating of 4.3 Star average, six months ahead of the December 2012 target of 4.0 stars, and 8 Chifley Square, Sydney, NSW awarded a 6 Star Green Star Design v2 rating.

Commenting on the result, Mirvac's Managing Director, Nicholas Collishaw said, "Today's result is very pleasing and has been achieved at a time when conditions in many parts of the property sector are not buoyant. Since 2008, we have been unwavering in our focus to simplify the Group's operations with the sale of non-core businesses and activities, strengthen our capital position, reposition the Investment portfolio and improve the return on invested capital by the Development Division.

"The FY12 result highlights the progress that has been made on this journey and the benefits flowing from our resilient and high quality Trust. Equally, the Development Division is tracking to the path that we

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1) FY13 guidance excludes operating profit from the Hotel Management business and associated assets.
2) Gross value on fair value investment properties of $163.4m, of which $148.7m was taken to the consolidated statement of comprehensive income and $14.7m taken to the asset revaluation reserve.
3) Operating profit after tax is a non-IFRS measure. Operating profit after tax is profit before specific non-cash items and significant items. Operating profit after tax is used internally by management to assess the performance of its business and has been extracted or derived from Mirvac's full year ended 30 June 2012 financial statements, which has been subject to review by its external auditors.
4) NTA per stapled security based on ordinary securities including employee incentive scheme ("EIS") securities.
5) Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets – cash).
6) After costs.
7) By area, excluding assets under development.
8) Total exchanged pre-sales contracts as at 30 June 2012, adjusted for Mirvac's share of joint ventures, associates and Mirvac's managed funds.

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have previously outlined to normalised earnings in FY14. Our Development Division remains committed to delivering the right product, at the right price, in the right location; and reducing project risk through pre-sales. We have also achieved a higher contribution from commercial developments and have been successful in securing capital partners with the part sale of 8 Chifley Square and Hoxton Distribution Park.

"Our capital position is strong and the Group has no debt expiries until January 2014. Mirvac is positioned for continued success", Mr Collishaw said.

SUMMARY OF OPERATING PERFORMANCE FOR MIRVAC'S TWO CORE DIVISIONS

INVESTMENT DIVISION

The Investment Division ("MPT" or the "Trust") had approximately $6,002.7m[1] of invested capital. For the year ended 30 June 2012, the Investment Division's statutory profit before tax was $495.5m and operating profit before tax was $403.7m.

Overall, MPT achieved a 3.4 per cent like-for-like increase in net operating income. The quality of the portfolio continues to improve with the disposal of four non-core retail assets realising gross proceeds of $132.0m, at a 2.6 per cent premium to book value.

Occupancy remained solid at 98.4 per cent[2], with a weighted average lease expiry of 7.4 years[2]. The Division completed 325 leasing deals over 147,646 square metres of net lettable area or 10.4 per cent of the portfolio.

During the financial year, 29 properties representing 43.9 per cent[3] of the Trust's assets were independently valued resulting in a $163.4m, or 3.0 per cent, increase over the previous book value assessed at 30 June 2011.

The security of MPT's earnings is enhanced by 72.7 per cent of FY13 rent reviews being fixed or linked to the Consumer Price Index ("CPI"), and 72.2 per cent of revenue derived from multinational, Australian Securities Exchange listed and government tenants.

Commenting on the Investment Division's performance, Mr Collishaw said, "The repositioning of the portfolio that commenced in 2010 continues to underpin the solid performance of the Trust. Our strategic overweight position in office and our continued focus on shopping centres with limited exposure to discretionary spending in our retail portfolio is delivering consistent returns."

<u>Office Portfolio:</u>
The office portfolio achieved strong like-for-like growth of 4.5 per cent in net operating income for the year ended 30 June 2012 and delivered a net valuation uplift of 4.0 per cent[4].

Occupancy remains solid at 97.8 per cent, with a weighted average lease expiry of 5.8 years[5]. The quality of the portfolio is best demonstrated by its 91.2 per cent[6] weighting to premium and A Grade assets.

The office portfolio achieved a strong leasing result during the year, with 74,735 square metres leased. The Trust secured its first lease at 8 Chifley Square, Sydney, with Corrs Chambers Westgarth for 42.0 per cent of net lettable area. The Trust's office building at 10-20 Bond Street, Sydney, is now 99.3 per cent[7] leased.

1) By book value, including assets under development.
2) By area, excluding assets under development.
3) By total number of investment properties.
4) Net gain on fair value of investment properties divided by opening fair value at 30 June 2011.
5) By area, excluding assets under development.
6 By book value.
7) Incorporates Heads of Agreement and executed leases as at 30 June 2012.

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Retail Portfolio:
The retail portfolio achieved like-for-like growth of 2.6 per cent in net operating income for the year ended 30 June 2012 and delivered a 1.8 per cent[1] net valuation uplift. Occupancy increased to 99.2 per cent[1] and speciality store occupancy costs remain sustainable at 14.2 per cent[2] for the financial year.

DEVELOPMENT DIVISION
For the year ended 30 June 2012, the Development Division's statutory loss before tax was $10.0m, and the operating profit before tax was $15.2m.

Residential:
For the year ended 30 June 2012, the Division settled 1,807 residential lots and secured future income with $907.7m[3] of residential pre-sales contracts exchanged. Approximately 88.0 per cent of settlements were at a price point of $1.0m or below.

De-risking Development revenue remains a key focus, with 47.8 per cent[4] of budgeted FY13 development operating earnings before interest and tax ("EBIT") secured via pre-sales.

The Division continued to deliver quality residential product, with new release projects targeted at the right price points and the right locations such as:

Apartments:

- Harold Park, Glebe NSW: launched the first residential precinct (296 lots), selling 190 lots or 64.2 per cent[5] and received Master Plan Development Consent post 30 June 2012 with site works expected to commence in August 2012, in line with the development program;
- Rhodes Waterside, Rhodes NSW: achieved 223 settlements for the 12 months ended 30 June 2012, with settlements at Waters Edge (114 lots), Elyina (106 lots) and Amarco (three lots). The Division also commenced construction on the final stage of Rhodes Waterside (Pinnacle, 231 lots); and
- Array, Yarra's Edge VIC: achieved planning approval for Mirvac's seventh apartment tower at Docklands.

Masterplanned Communities:

- Elizabeth Hills NSW: Stage 1 (96 lots) released with 86 contracts exchanged;
- Middleton Grange NSW: 180 settlements with 46 contracts exchanged; and
- Rockbank VIC: the 5,780 lot site located in Melbourne's western growth corridor was identified by the State Government for an accelerated planning approval process.

As at 30 June 2012, the Development Division's residential pipeline totalled 29,787 lots, which was supplemented by the acquisition of a number of key projects, including:
- Googong NSW: acquired in December 2011. Stage 1 was released with 174 exchanged contracts. Googong is a joint venture with CIC Australia to develop a masterplanned community comprising approximately 5,800 lots;
- Clyde North VIC: secured in November 2011, the 200 hectare site located in Melbourne's south east growth corridor will comprise approximately 2,100 lots on completion;
- Alex Avenue NSW: in February 2012 Mirvac secured 259 lots on capital efficient terms. Alex Avenue is located in Sydney's north west growth centre; and
- Green Square NSW: in March 2012 Mirvac executed the project agreement with Landcom and joint venture partner, Leighton Properties, to deliver the Green Square Town Centre core sites. On completion, the core sites will comprise approximately 1,600 lots, 48,000 square metres of office space and 12,000 square metres of retail space as well as substantial public domain and open space.

1) By area, excluding assets under development.
2) Includes marketing levy. Speciality occupancy cost excludes CBD centres (including CBD centres 14.9 per cent).
3) Total exchanged pre-sales contracts as at 30 June 2012, adjusted for Mirvac's share of joint ventures, associates and Mirvac's managed funds.
4) Before overheads and selling and marketing costs.
5) As at 20 August 2012.

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These acquisitions were secured on capital-efficient terms and are consistent with Mirvac's strategy of capturing market demand at mid-market price points. Googong and Clyde North are expected to contribute to the Group's earnings from FY13 and FY15 respectively.

Commercial:
During the year Mirvac progressed various projects within its $1,361.9m commercial development pipeline. Highlights were as follows:

- sale of 50.0 per cent of 8 Chifley Square, Sydney NSW, to K-REIT Asia (capitalisation rate of 6.7 per cent);
- sale of 50.0 per cent interest in Hoxton Distribution Park, Hoxton Park NSW, to Aviva Investors for $97.4m (capitalisation rate of 7.5 per cent) and achieved practical completion on both warehouses five months ahead of schedule;
- progressed the Stage 2 Development Application at 190-200 George Street, Sydney NSW with architectural firm Francis-Jones Morehen Thorp being selected as architect following a design excellence competition;
- approval received for the development of the Old Treasury Building, Perth WA, for 30,000 square metres prime office space that is 100.0 per cent pre-leased to the WA Government for 25 years;
- commenced construction at Orion Springfield, Springfield QLD and Kawana Shopping Centre, Buddina QLD[1] after building approvals for expansions at both centres were approved; and
- completed the final building at Nexus Industry Park, Prestons NSW in October 2011, which is 100.00 pre-leased to HPM Legrand Australia.

With the sale of Hoxton Distribution Park, the Development project EBIT contribution[2] from commercial activities is higher than previous years at 25.2 per cent.

The Division finalised the disposal of its non-core inventory at Magenta Shores, The Entrance NSW and The Royal, Newcastle NSW (Stages 1c and 2).

CAPITAL POSITION AND FUNDING
Mirvac maintains a conservative capital and liquidity position. On 22 May 2012, the Group completed the sale of the Hotel Management business with the proceeds of $293.2m million used to repay debt. The Group had gearing of 22.7 per cent[3] at 30 June 2012, which sits comfortably within the Group's targeted gearing range of 20.0 to 25.0 per cent.

Following the reduction in debt, the Group terminated $463.8m of interest rate hedging at a cost of $41.7m after financial year end, which will see the average cost of debt in FY13 reduce to 7.1 per cent.

The Group also maintains a strong liquidity position with just over $804.4m[4] in cash and undrawn committed debt facilities on hand.

Mirvac has a weighted average debt maturity profile of 3.5 years.

The Group repaid $140.0m of debt facilities, scheduled to mature in January 2013 and has no debt maturities until January 2014.

1) Construction at Kawana Shopping Centre commenced in late July 2012.
2 Before overheads.
3) Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets – cash).
4) Total liquidity includes total available liquidity of $721.1m and cash on hand of $77.3m.

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OUTLOOK AND FY13 GUIDANCE

On the outlook for FY13 Mr Collishaw said, "Following the sale of the Hotel Management business the business simplification process is largely complete. The Group remains focused on being an Australian real estate expert concentrating on its two core divisions. We have a resilient and high quality Trust, and the Development Division is well on its way to improving its return on invested capital. Importantly, the Group's capital position is conservative, with no debt maturities until January 2014."

The Investment Division remains focused on providing secure passive income to the Group, whilst improving the quality of the portfolio via non-aligned asset sales and new development product. The Division also maintains a focus on prime sub-regional shopping centres located in high growth markets. Despite the subdued retail environment, Mirvac's portfolio is comprised of shopping centres that are primarily driven by non-discretionary spend.

The Development Division will continue to improve its return on invested capital and increase its earnings contribution to the Group by selectively restocking the development pipeline and maintaining strong levels of pre-sales to mitigate earnings risks.

With a clear focus on the two core divisions, the Group will continue to seek strategic opportunities with capital partners. This is an important element of the Group's strategy going forward, enabling the Group to de-risk projects, and drive investor returns in a capital-efficient manner.

On 15 August 2012, the Group announced that by agreement, Mr Collishaw would be stepping down as Managing Director on 31 October 2012, and that Susan Lloyd-Hurwitz has been appointed Chief Executive Officer and Managing Director. Ms Lloyd-Hurwitz will take up the role before the end of the 2012 calendar year.

The Group also announced post 30 June 2012, the appointment of Bevan Towning as Chief Executive Officer, Platform, effective 9 July 2012, and the appointment of Greg Dyer as Finance Director, effective 4 September 2012.

Mirvac is forecasting operating EPS of 10.7 to 10.8 cpss and DPS of 8.5 to 8.7 cpss. This is an increase of up to 0.9 per cent and 3.6 per cent respectively compared to FY12.

FY13 guidance excludes operating profit from the Hotel Management business and associated assets, and assumes the proceeds have been used to repay debt. This disposal has a dilutive impact on FY13 operating earnings of approximately 0.5 cpss.

Further information in relation to the full year financial result is contained in the investor presentation, analyst tool kit and additional information which can be found on the Investor Relations section of the website at www.mirvac.com.

Mirvac's FY12 results presentation will be webcast via www.mirvac.com at 10.00am (AEST) today.

ENDS

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