

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, set against a clear blue sky. The perspective creates a sense of height and architectural scale.

# by mirvac

## investor day

1 may 2012

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# MIRVAC PROPERTY TRUST (MPT) AND SUSTAINABILITY

## MPT Strategic Overview

Andrew Butler, CEO – Investment

- > MPT
- > Office
- > Retail

## Integrated Model

- > Acquisitions and Development
- > Leasing and Marketing
- > Portfolio Management
- > Property and Facilities Management

Chris Luscombe, General Manager – Mirvac Asset Management

## Sustainability at Mirvac

Alicia Maynard, Manager – Sustainability

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# MPT STRATEGIC OVERVIEW

**ANDREW BUTLER**  
CEO – INVESTMENT

## INVESTMENT – MPT 80%

- > Focus on high quality assets:
  - > Office
  - > Retail
- > Internal portfolio management:
  - > Sector overweights
  - > Continuous portfolio upgrade
  - > Active asset management
- > Utilise Development Division for organic portfolio growth

## DEVELOPMENT 20%

- > High quality residential developments:
  - > Apartments
  - > Masterplanned communities
- > Commercial development expertise:
  - > Delivers high quality assets to MPT and earnings contribution from project part share sell down

### STRATEGIC EXTERNAL PARTNERS

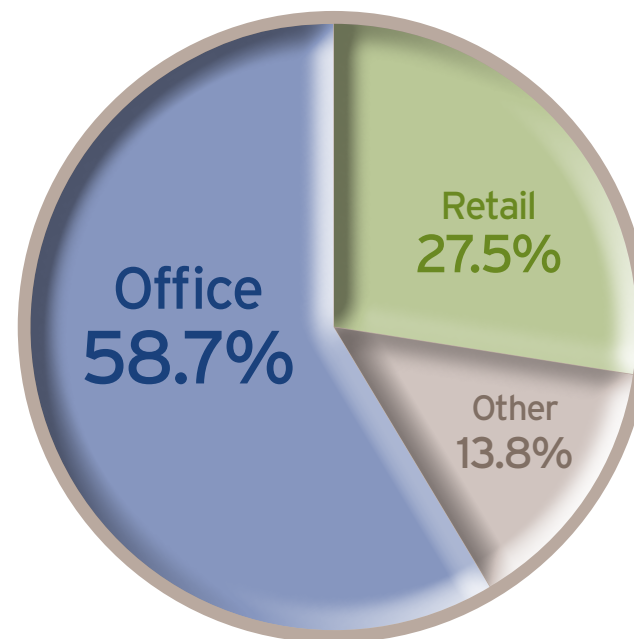
Part share sell down of projects to external parties releasing capital back into the business

## MPT's mandate:

To provide high quality secure income → underpinning the Group's earnings

Invested capital

**\$5,850.1m<sup>1</sup>**



1) By book value as at 31 December 2011, including assets under development and indirect investments.

# MPT TRANSFORMATION



Mirvac has engineered a significant uplift in MPT's asset quality over the past five years due to strategic decisions and active asset management

MPT portfolio snapshot	1H07	1H12	Peer ranking <sup>1</sup>
Occupancy <sup>2</sup>	95.4%	97.8% <sup>3</sup>	→ 2nd
Like-for-like NOI growth	2.7%	3.3%	→ 2nd
WALE <sup>2</sup>	5.2yrs	5.9yrs	→ 1st
Office – Premium and A grade	78.9%	89.2%	
Retail – Sub-regional weighting	63.5%	78.5%	

1) Peer group consists of diversified large cap AREIT's: Dexus Property Group, GPT Group and Stockland.

2) By area, excluding assets under development.

3) As at 31 March 2012.

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# OFFICE – STRATEGIC DECISIONS

**ANDREW BUTLER**  
CEO – INVESTMENT

## PORTFOLIO LEVEL

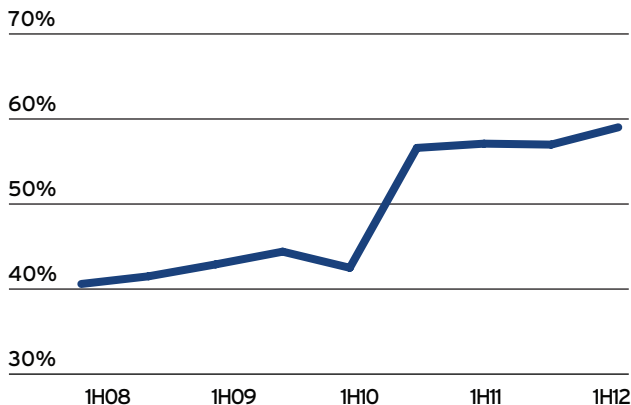
Mirvac made the strategic decision to increase portfolio Office weight:

- > Office oversold during the GFC compared to other sectors
- > Office construction subdued during GFC → supply outlook benign

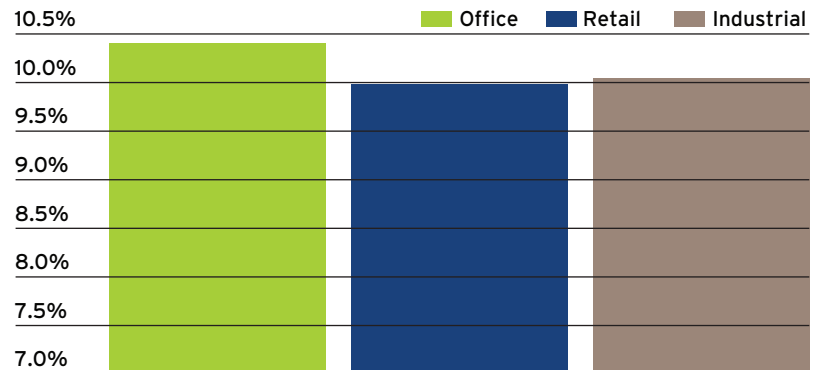
Outcomes:

- > IPD data shows Office outperformed Retail and Industrial
- > MPT Office has benefited from strong three year average like-for-like NOI growth of 4.7%<sup>1</sup>

MPT office weighting since 1H08



1H12 annual returns



1) Average from 1 July 2008 to 30 June 2011.



## ASSET LEVEL

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The Office team has focused on two primary objectives:

- 1) Improve asset quality through the development pipeline
- 2) Grow and secure passive income

### Outcomes:

- > Development pipeline delivery:
  - 10-20 Bond Street, Sydney, NSW
  - 8 Chifley Square, Sydney, NSW
  - Old Treasury Building, Perth, WA
- > Maintain quality income:
  - Average three year like-for-like NOI growth of 4.7%<sup>1</sup>
  - WALE<sup>2</sup> 5.9 years
  - High quality tenant covenants



20 BOND STREET, SYDNEY, NSW

1) Average from 1 July 2008 to 30 June 2011.  
2) By area, excluding assets under development.

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# RETAIL – STRATEGIC DECISIONS

**ANDREW BUTLER**  
CEO – INVESTMENT

## PORTFOLIO LEVEL

Mirvac made the strategic decision to increase portfolio Sub-regional weight:

› Sub-regional centres focus on food and value retailers → less risk to consumer confidence and online shopping

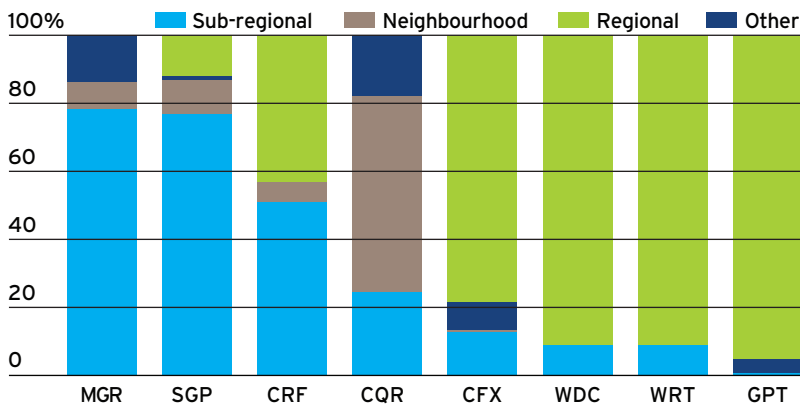
### Outcomes:

› MPT holds the highest weight in Sub-regional's against listed retail peers

› Sub-regional's outperformed Regional and Neighbourhood centres

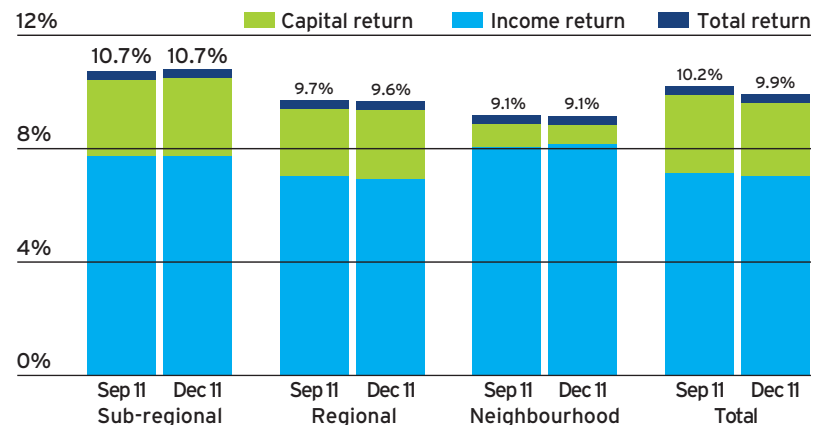
› Exit of Bulky Goods Retail sector

Retail portfolio diversification by type



Source: Company data

Annual performance across retail asset classes



Source: IPD Research

## ASSET LEVEL

The Retail team has focused on two primary objectives:

- 1) Improve asset quality through the re-development pipeline and sale of non-core assets
- 2) Grow and secure passive income

### Outcomes:

- › Non-core asset sales → \$296.8m sold at or above book value over past three years<sup>1</sup>
- › Re-development pipeline delivery:
  - Stanhope Village, Stanhope Gardens, NSW
  - Orion Town Centre, Springfield, QLD
  - Kawana Shoppingworld, Buddina, QLD
- › Maintain quality income:
  - Average three year like-for-like NOI growth of 3.1%<sup>2</sup>
  - WALE<sup>3</sup> 6.0 years
  - Food based tenant focus



KAWANA SHOPPINGWORLD, BUDDINA, QLD

1) Three year period to 31 December 2011.  
2) Average from 1 July 2008 to 30 June 2011.  
3) By area, excluding assets under development.

Delivery of commercial development pipeline

Continued focus on partnerships to release capital

Industrial asset sell down with Aviva Investors strategic partnership

Non-core asset sales → proving up NTA

Maintain quality portfolio income

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# INTEGRATED MODEL

**ANDREW BUTLER**  
CEO – INVESTMENT

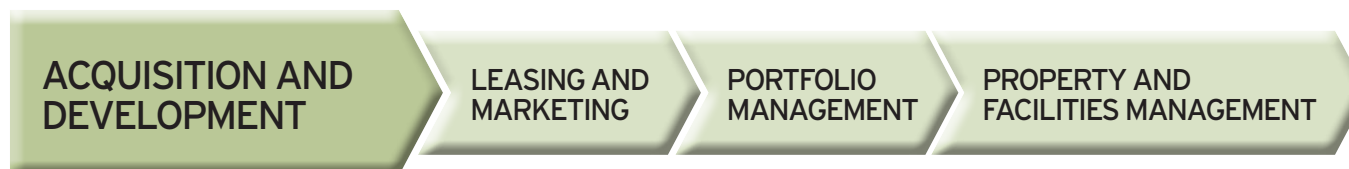
## Integrated model → Mirvac's competitive advantage



### Mirvac's unique end-to-end in-house capability provides:

- > Cost benefits
- > Quality control
- > Enhanced returns
- > Intellectual property retained in-house
- > Flexibility of delivery and timing
- > Relationships maintained in-house

## Integrated model → Mirvac's competitive advantage



- › Acquisition and development teams identify opportunities via market intelligence and relationship management
- › Review process reduces risk by ensuring projects contribute to ROIC and portfolio quality
- › Development Division deliveries provide MPT with improved portfolio quality and cost benefits

**Strong history → Of MPT's 67 assets, 37.3% have been built or enhanced by the Development Division**



ONE DARLING ISLAND, PYRMONT, NSW



## Integrated model → Mirvac's competitive advantage



**Mirvac's Office and Retail leasing team coordinate leasing to maximise rents, minimise downtime and achieve the best result for the asset**

Dedicated Retail and Office teams:

- › Ensures full control and relationships with existing and future tenants
- › Retail leasing focus particularly on national and chains
- › 426,659sqm of leasing activity over the past three years<sup>1</sup>

Development leasing:

- › 8 Chifley Square, NSW
- › 10-20 Bond Street, NSW
- › Old Treasury Building, WA
- › Hinkler Central, QLD
- › Orion Springfield Town Centre, QLD
- › Stanhope Village, NSW



OLD TREASURY BUILDING, WA

1) 3 year leasing period is from 1 January 2009 to 31 December 2011.

## Integrated model → Mirvac's competitive advantage



- › Partnerships focus of part share asset sell down
- › Capital expenditure deployed strategically to enhance the portfolio
- › Total return focus
- › Active asset management selling non-core assets



101 MILLER STREET, NORTH SYDNEY, NSW

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# PROPERTY AND FACILITIES MANAGEMENT

**CHRIS LUSCOMBE**  
GENERAL MANAGER – MIRVAC ASSET MANAGEMENT

## Integrated model → Mirvac's competitive advantage



### Focus on value add to maximise returns to MPT

- › Mirvac's internal Property and Facilities Management capability acts as a key service provider for both MPT assets and external clients
- › Approximately 70 assets housing over 3,700 tenants



BROADWAY SHOPPING CENTRE, SYDNEY, NSW

## Property and Facilities Management

	Office and Industrial	Retail
Property Management	Tenancy Management Leasing Management Capital Expenditure Management Lease Administration	Centre Management Leasing Management Marketing Lease Administration
Engineering and Operations	Health, Safety, Environment and Sustainability Management Facility Operations and Maintenance Risk Management Contractor Procurements and Performance Management Benchmarking and Reporting Lifecycle Management	
Finance	Strategic Financial Consultation Cash Flow Management Budgeting and Business Planning Rent Collection and Disbursements Auditing	

## An owners approach towards managing assets

- › One team – strategically aligned with a sense of ownership
- › Provide operational design and end user input to Development Division
- › In-house management is cost effective and flexible
- › Staff are the face of Mirvac to tenants

275 KENT STREET, SYDNEY, NSW



## Driving asset performance for environmental benefits

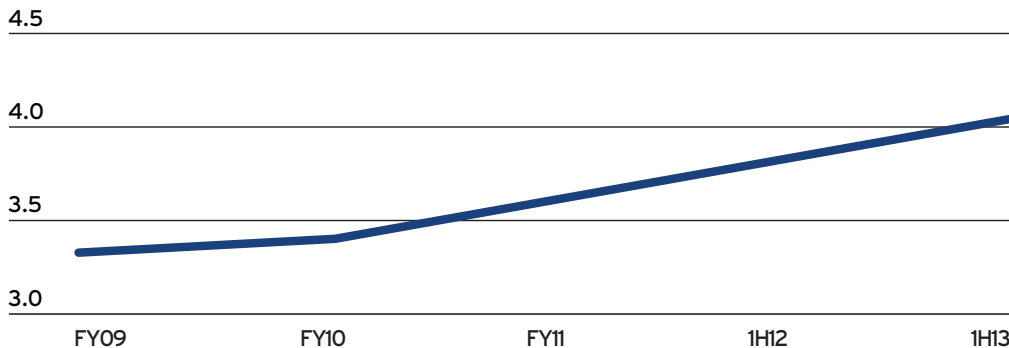
### NABERS energy assessments

- > 68 assets to date
- > On target for an average Office energy rating of 4 Star by December 2012

### Building Energy Efficiency Disclosure (BEED) assessments

- > 22 assessments to date
- > 100% of Mirvac's requirement

Average Office NABERS energy rating



## Driving asset performance for environmental benefits

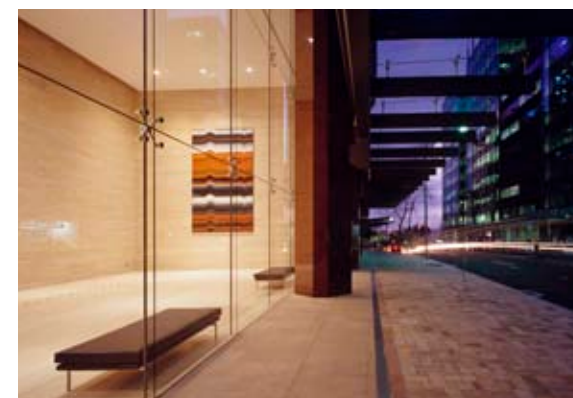
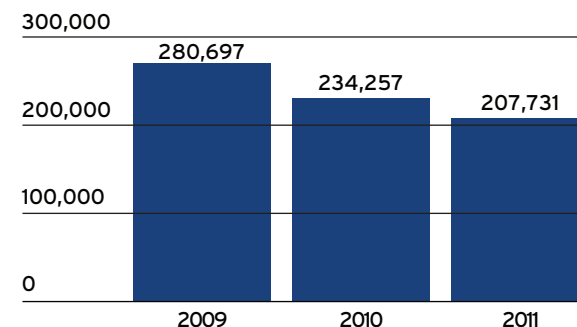
### Energy Efficiency Opportunities (EEO) assessments

- > 82 assets to date
- > Over 80% of Mirvac's load
- > 100% of Mirvac's reporting requirement

### Key achievements:

- > Green Building Funding – \$5.4m to date<sup>1</sup>
- > Ongoing Energy Savings – \$3.9m<sup>2</sup>
- > 101 Miller Street – the first Tri-Generation retrofit in a commercial Office tower

Tonnes of CO<sup>2</sup>



101 MILLER STREET, NORTH SYDNEY, NSW

1) Grants from the Australian Government's Green Building Fund.

2) Based on Mirvac's current purchase prices for electricity and gas over FY09 to FY11.



MPT now has a first class portfolio

Strategic decisions have engineered this outcome

Portfolio supported by integrated model

Sustainability practical application delivering results

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# SUSTAINABILITY AT MIRVAC

**ALICIA MAYNARD**  
MANAGER – SUSTAINABILITY

Mirvac's commitment to Sustainability is outcomes-based, innovative and founded on the belief that we have a wider responsibility for the impact of our operations on the community and the environment



A dark blue circular graphic with the text "Outcomes based" inside.

Outcomes  
based

## → Deliver measurable results

- › MPT targeting 4 Star NABERS Office energy rating by December 2012
- › 23% reduction in Mirvac Group's carbon emissions through our energy efficiency program
- › Annual Corporate Responsibility & Sustainability report – GRI framework, A+ Level of disclosure
- › Climate Change risk review used to inform due diligence processes

A large, dark blue, 3D-style sphere with a gradient, containing the word "Innovative" in a light blue, sans-serif font.

Innovative

## → Recognised leader

- > A history of “firsts”:
  - 2000: First Solar Suburb – Newington, NSW
  - 2007: First 6 Star Green Star Shopping Centre – Orion, QLD
  - 2009: First Carbon Zero Home – Harmony 9, VIC
- > 8 Chifley Square awarded 6 Star Green Star Design v2 rating – “World Leadership”
- > Top Real Estate ranking in Carbon Disclosure Project – for both CDLI and CPLI
- > MirvacPlus Residential Development Scorecard – minimum standards for Sustainability



Wider  
responsibility

## → Creating lasting legacy

- › Launched second cohort of Mirvac Masters of Real Estate (Sustainable Development) with Bond University
- › Signatory to City of Sydney: Better Buildings Partnership
- › Major Climate Partner with The Climate Institute
- › Developing a sustainable supply chain procurement program for Mirvac Group
- › Initiating National Community Engagement program within Development

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INVESTOR DAY 1 MAY 2012

Term	Meaning
BEED	Building Energy Efficiency Disclosure
CDLI	Carbon Disclosure Leadership Index
CFX	CFS Retail Property Trust
CPLI	Carbon Performance Leadership Index
CQR	Charter Hall Retail REIT
CRF	Centro Retail Australia
EEO	Energy Efficiency Opportunities
GFC	Global Financial Crisis
GPT	GPT Group
GRI	Global Reporting Initiative
IPD	Investment Property Databank
MGR	Mirvac Group
MPT	Mirvac Property Trust
NABERS	<p>National Australian Built Environment Rating system – The National Australian Built Environment Rating System is a multiple index performance-based rating tool that measures an existing building’s overall environmental performance during operation. In calculating Mirvac’s NABERS office portfolio average, several properties that meet the following criteria have been excluded:</p> <ul style="list-style-type: none"> <li>i) Future development – If the asset is held for future (within 4 years) redevelopment.</li> <li>ii) Operational control – If operational control of the asset is not exercised by MPT (ie tenant operates the building or controls capital expenditure).</li> <li>iii) Less than 75% office space – If the asset comprises less than 75% of NABERS rateable office space by area.</li> <li>iv) Buildings with less than 2,000sqm office space.</li> </ul>
NOI	Net Operating Income
NTA	Net Tangible Assets
ROIC	Return on Invested Capital
SGP	Stockland
SQM	Square Metre
WALE	Weighted Average Lease Expiry
WDC	Westfield Group
WRT	Westfield Retail Trust



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