



INDUSTRIAL

RESIDENTIAL

16 AUGUST 2016

# FY16

Results

RETAIL

OFFICE

**EVERYTHING'S**  
connected

# Agenda

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## Overview

Susan Lloyd-Hurwitz, CEO and Managing Director

## Financial Results

Shane Gannon, Chief Financial Officer

## Capital Allocation

Brett Draffen, Chief Investment Officer

## Office & Industrial

Campbell Hanan, Head of Office & Industrial

## Retail

Susan MacDonald, Head of Retail

## Residential

John Carfi, Head of Residential

## Summary and Guidance

Susan Lloyd-Hurwitz, CEO and Managing Director

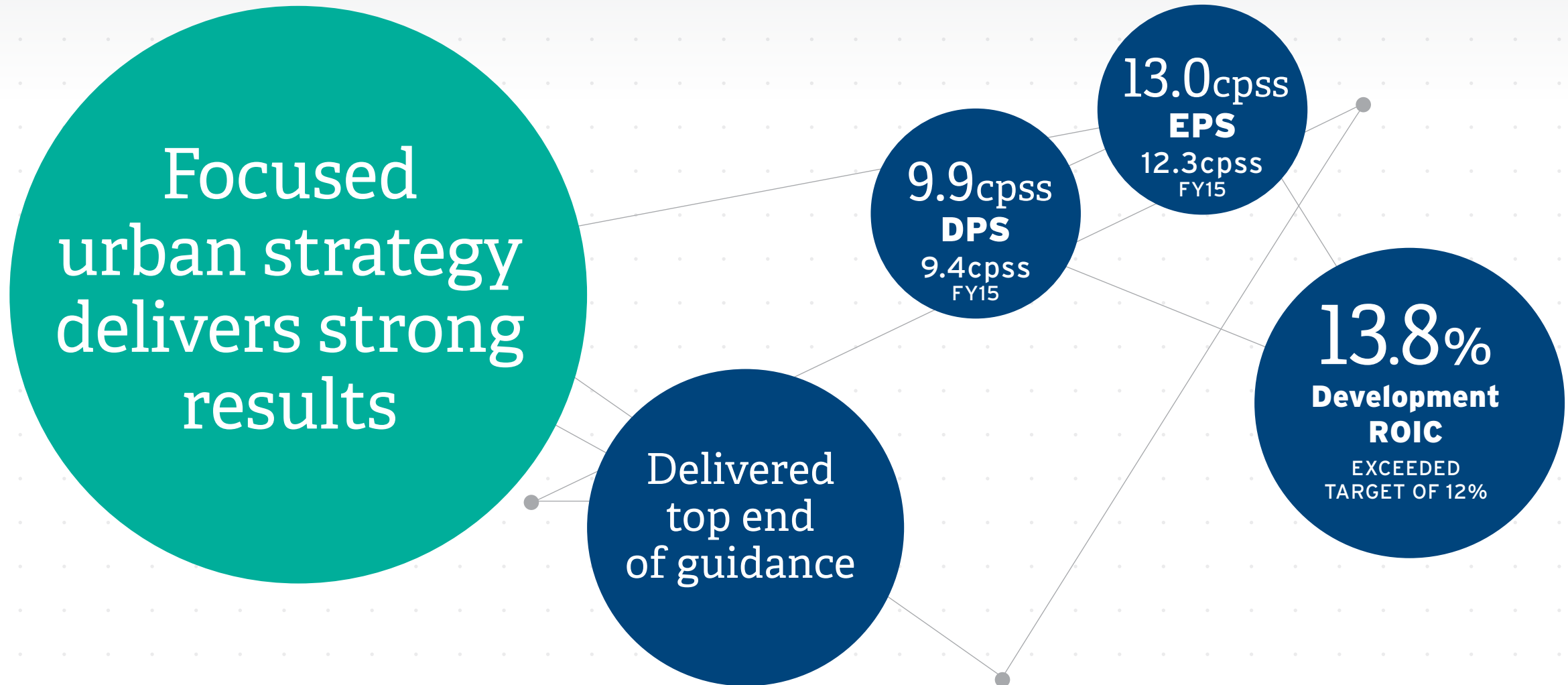


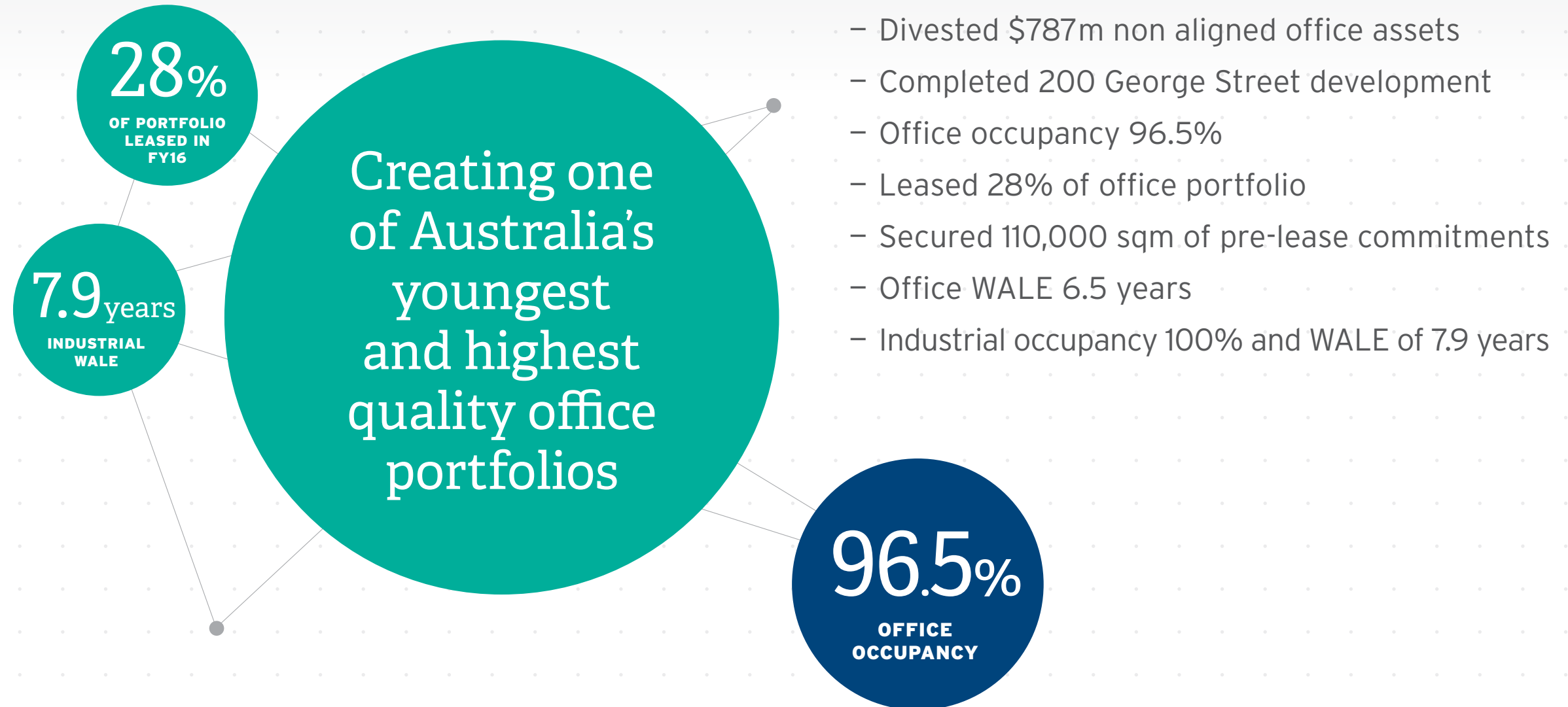


Susan Lloyd-Hurwitz,  
CEO and Managing Director

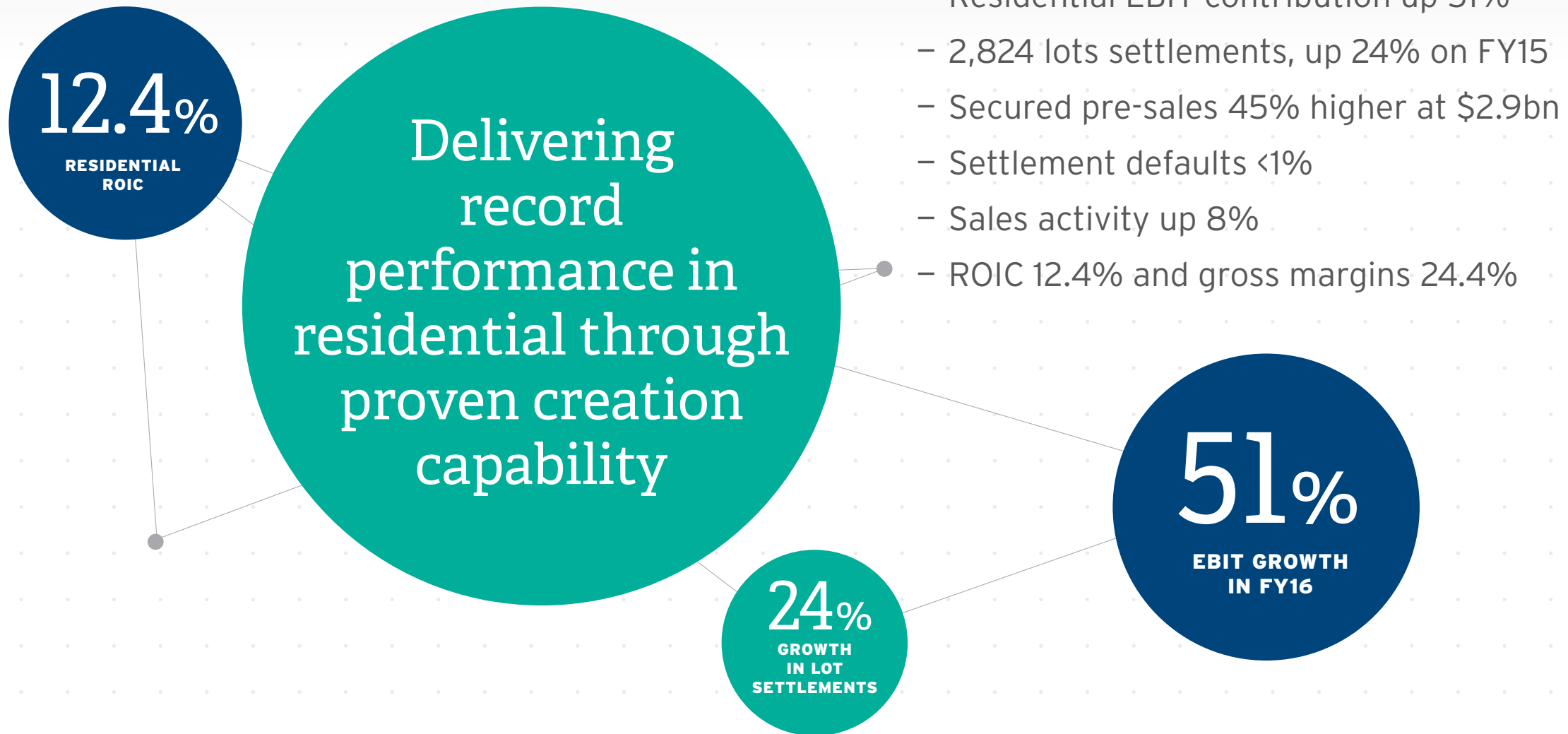
# OVERVIEW











**21.9%**  
GEARING

**\$15m**  
COST  
SAVINGS

Maintain  
agility through  
disciplined capital  
management  
and continued  
focus on costs

- Gearing 21.9%
- \$15m cost reductions on track
- Highly selective in acquisitions
- Greater clarity and visibility in reporting

In summary, this business is extremely well positioned for strong growth over the coming years, providing us with the opportunity to deliver an average 9% ROIC over the next 3 years and 8-11% earnings growth in FY17



# Key enablers supporting value creation

## INNOVATION



- Hatch innovation program progressed to ideation and experimentation phase across targeted missions
- Completed innovation training across senior management team
- Ranked third Most Innovative Company in Australia at the 2015 BRW Most Innovative Companies Awards and won Best Innovation Program

## PEOPLE + LEADERSHIP



- Strengthened leadership team
- 2016 Employee Engagement score up 4 points to 68%
- Awarded PCA's inaugural Diversity Award and WGEA Employer of choice
- Launched the Mirvac Learning Academy
- Established a Flexibility Charter
- Launched the Building Balance initiative in construction

## TECHNOLOGY



- Implemented hardware and software solutions across the business to facilitate flexibility
- Launched a business intelligence platform
- Progressed the implementation of a customer platform
- Delivered initial stage of Building Information Management (BIM) integration across development activities

## SUSTAINABILITY



- Launched Social Return on Investment framework
- Launched Mirvac Energy
- Office portfolio achieved 5.1 star NABERS rating
- Delivered Mirvac's first SMART building at 200 George St, Sydney
- Launched House with No Bills
- Achieved 6 Star Green Star rating at 23 Furzer St, Canberra and 275 Kent St, Sydney

## SAFETY



- Achieved an LTIFR of 2.2 against a target of less than 4
- 19 LTIs over 8.1m man hours worked
- 80 leaders completed officer training
- Alcohol and other drugs training delivered to over 1,100 staff



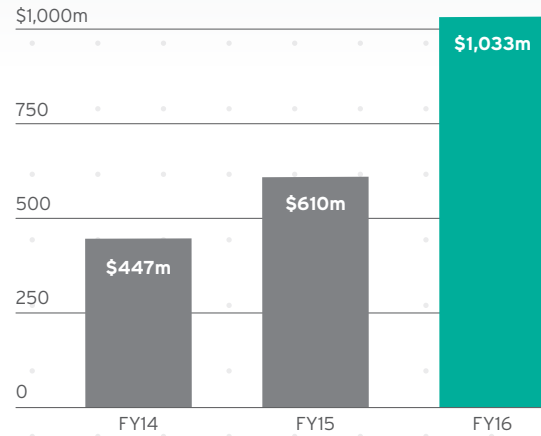
Shane Gannon,  
Chief Financial Officer

# FINANCIAL RESULTS

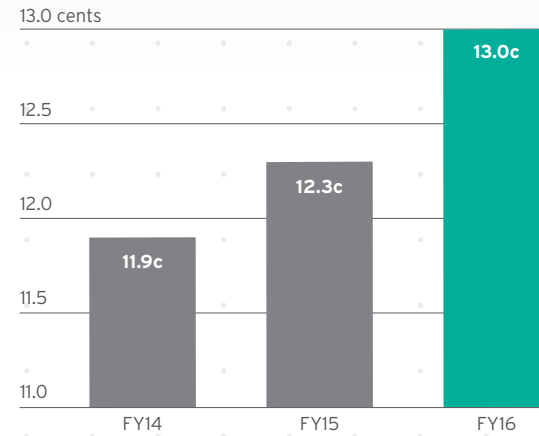


# Achieved top end of guidance with EPS growth of 5.7%

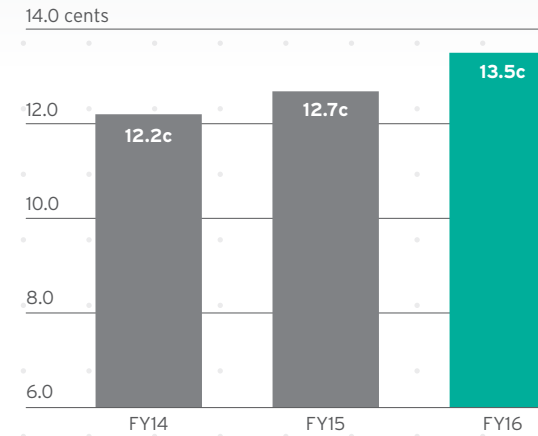
## Statutory profit



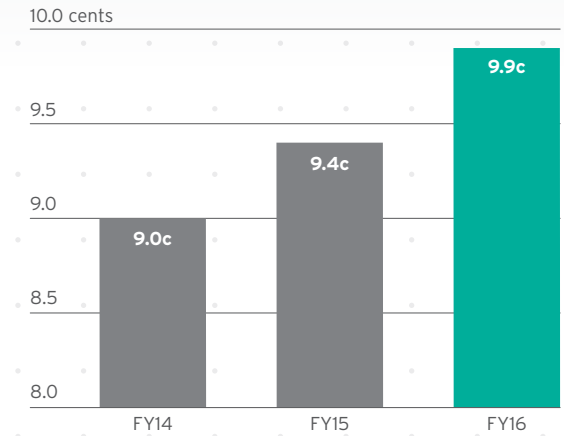
## Operating EPS



## FFO per security



## DPS



# Strength through diversified earnings

## Operating EBIT of \$640m, up 7% on FY15

- Office & Industrial contribution impacted by \$260m of asset sales in FY15
- Retail contribution slightly up on FY15 reflecting operating model review initiatives
- Residential contribution significantly up on FY16 reflecting improved margins and 24% growth in lot settlements

## Management expense focus

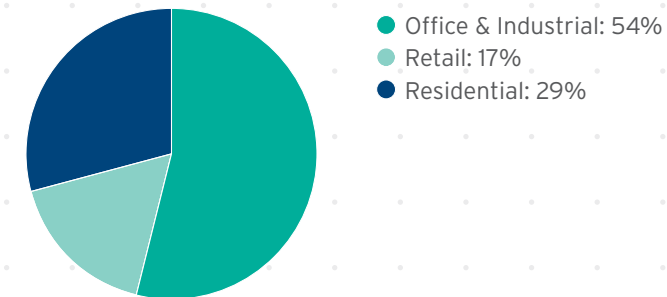
- Operating model review (announced Jun 15) including offshore outsourcing completed
  - Target savings ~\$15m pa from FY17
- Strengthened accountability through simplified reporting and corporate cost allocation framework
- Improved management expense ratio
  - Office & Industrial: 0.15% (FY15: 0.21%)
  - Retail: 0.30% (FY15: 0.52%)
  - Group: 0.55% (FY15: 0.75%)

### Operating results

	FY16 \$m	FY15 \$m
Office & Industrial	358	388
Retail	117	113
Residential	196	130
Corporate & other	(31)	(31)
<b>Operating EBIT</b>	<b>640</b>	<b>600</b>

↑ 7%

### EBIT contribution





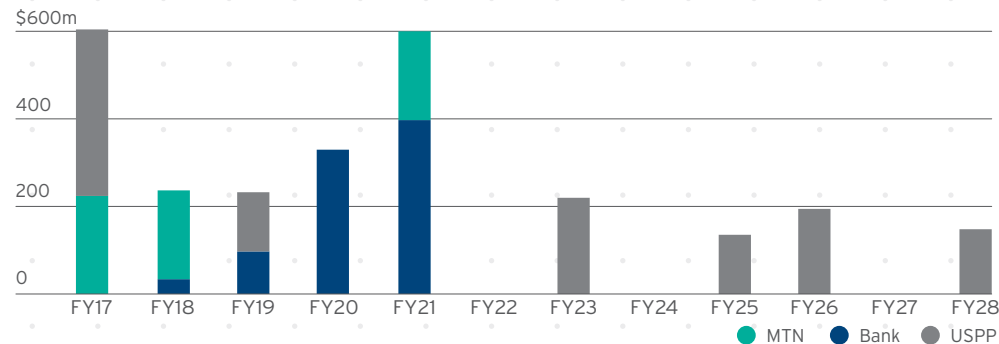
# Maintaining an optimal capital structure

- Maintained gearing within target range of 20-30%
- Average borrowing cost reduced to 5.0%
- Average debt maturity of 4.0 yrs expected to increase to 5.4 yrs following:
  - repayment of Sep and Nov 16 debt expiries
  - completion of oversubscribed \$536m USPP issuance, with tenor of 11, 12 and 15 years, in Sep 16
- Received Baa1 long-term issuer rating from Moody's and maintained S&P BBB+ credit rating
- \$1,187m of cash and undrawn committed bank facilities

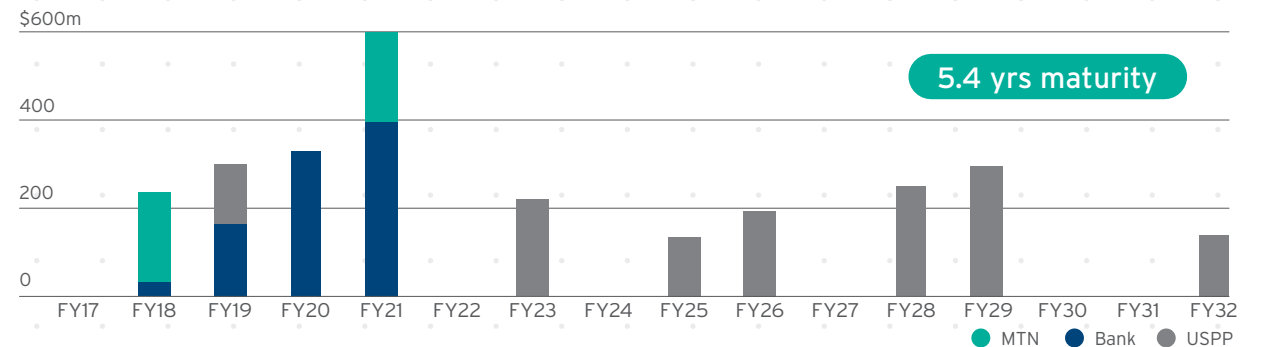
## Capital management metrics

	FY16	FY15
NTA	\$1.92	\$1.74
Balance sheet gearing <sup>1</sup>	21.9%	24.3%
Look-through gearing	22.8%	25.2%
ICR <sup>2</sup>	5.2x	4.5x
Total interest bearing debt <sup>3</sup>	\$2,707m	\$2,565m
Average borrowing cost <sup>4</sup>	5.0%	5.2%
Average debt maturity	4.0 yrs	4.3 yrs
Hedged percentage	70%	61%
Average hedge maturity	4.5 yrs	5.2 yrs

## Drawn debt maturities as at Jun 16



## Proforma drawn debt maturities as at Jun 16



1. Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets - cash).

2. Adjusted EBITDA/finance cost expense.

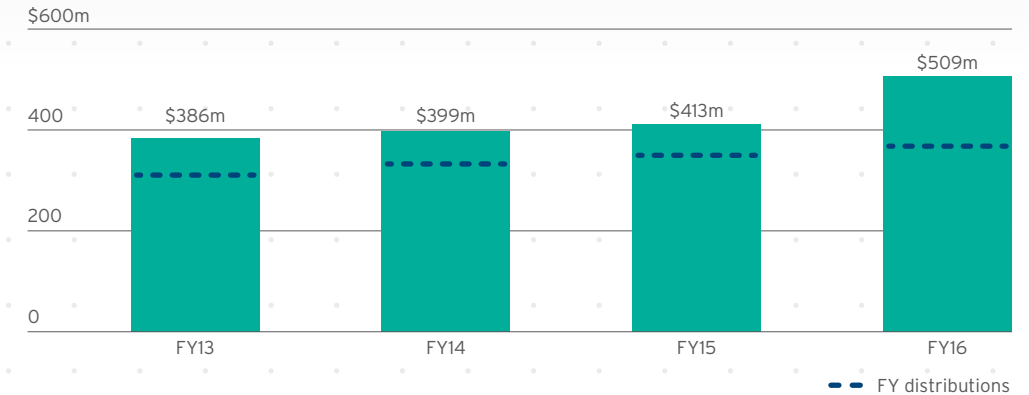
3. Total interest bearing debt (at foreign exchange hedged rate) excluding leases.

4. Includes margins and line fees.

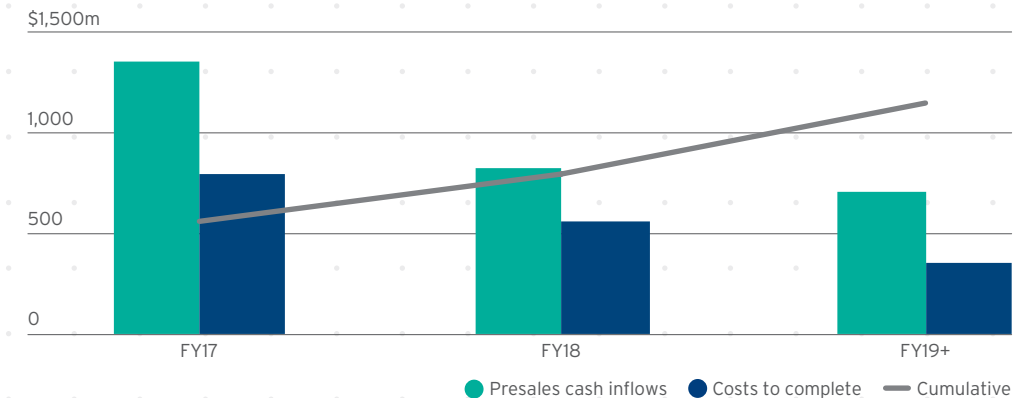
## High level of visibility over future cashflows

- Consistent operating cashflows driven by rental income, residential settlements and commercial fund-through developments
  - Achieved a positive operating cashflow in FY16 of \$509m with distributions cash covered
- Residential pre-sales of \$2.9bn will generate net cashflow (after construction and other costs) of over \$1.1bn by FY20
- Strong operating cashflows expected in FY17, with a skew to 2H17 driven by the timing of residential settlements

### Operating cashflow



### Pre-sales cashflow



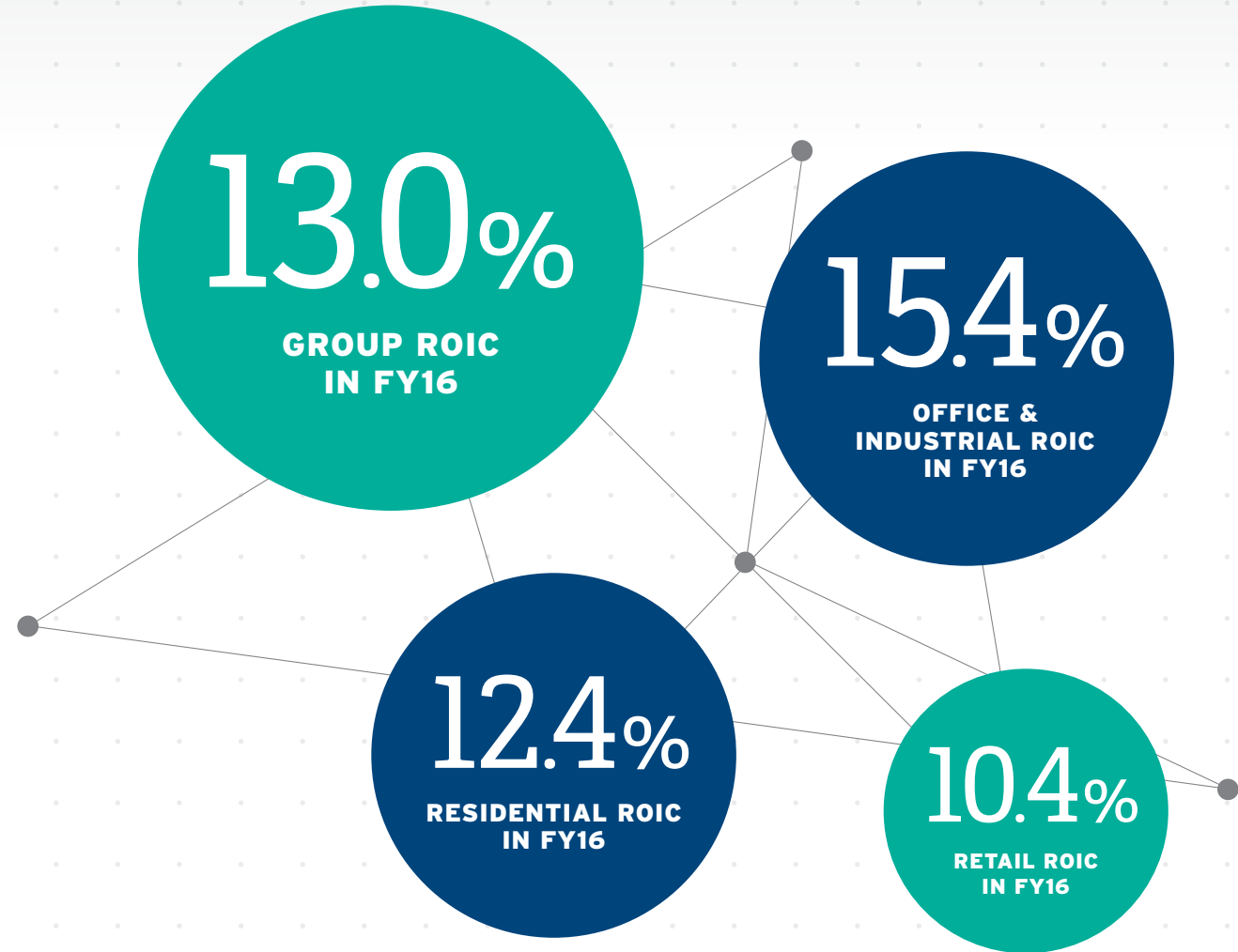
Brett Draffen,  
Chief Investment Officer

# CAPITAL ALLOCATION



## Disciplined allocation of capital delivering solid returns

- 82% of capital in FY16 allocated to investment
  - Stable income that underpins the Group distribution
- 18% of capital in FY16 allocated to development
  - Secured capital partners to fund new opportunities
- Disposed \$885m of non-aligned assets across the office and retail portfolios
- Invested \$370m in acquisitions with the potential to unlock future value
- Maintained an overweight to Sydney and Melbourne





# Capital strategy leveraging our capability

## Office & Industrial

- Deliver \$500m (MGR cost to complete) of active developments
- Increase scale through future pipeline and acquisitions in conjunction with aligned third party capital
- Target to significantly grow third party capital under management

Balance  
sheet assets

Third party capital  
under management



## Retail

- Increase balance sheet weighting organically through development and disciplined acquisitions
- Implement strategy to increase third party capital under management at the appropriate time



## Residential

- Maintain balance sheet capital around \$2bn
- Leverage third party capital to grow market share
- Target \$1bn third party capital under management



## BENEFITS OF DIVERSITY

- Diversified earnings
- Mixed use opportunities
- Development capability
- Changes of use



Campbell Hanan,  
Head of Office & Industrial

# OFFICE & INDUSTRIAL



# Transition to a higher quality portfolio

## Repositioning the portfolio

- NOI impacted by timing differences between non-aligned asset sales and new developments
- Divested \$787m of suburban office assets in FY16<sup>1</sup>
  - Total premium to previous book value of 7%
- Acquired \$76m of industrial facilities in NSW and VIC (\$48m on 1 Jul 16)

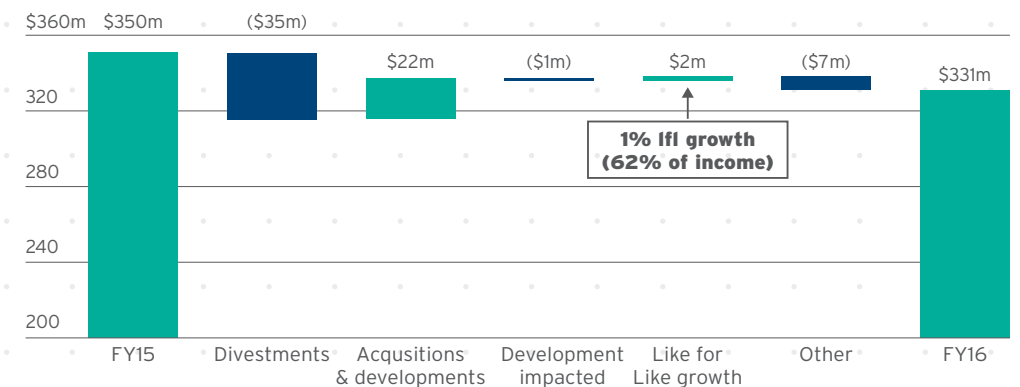
## Reinvesting capital to create new high quality assets

- Completed 200 George St, Sydney development
- Completed Treasury Building in Perth with a 25 year lease to WA Government
- Asset and funds management EBIT up, reflecting increase in FUM
- Strong valuation uplift in FY16 on previous book values of 9.0%<sup>3</sup>
  - 61% of portfolio externally valued (42% 1H16 / 19% 2H16)

### Results

	FY16 \$m	FY15 \$m
Office & Industrial NOI	331	350
Development EBIT	33	52
Asset and funds management EBIT	9	1
Management and administration expenses	(15)	(15)
<b>Operating EBIT</b>	<b>358</b>	<b>388</b>
Revaluation gain <sup>2</sup>	453	118
Gain on sale and other	23	(9)
<b>Total return</b>	<b>834</b>	<b>497</b>

### Office & Industrial NOI Waterfall



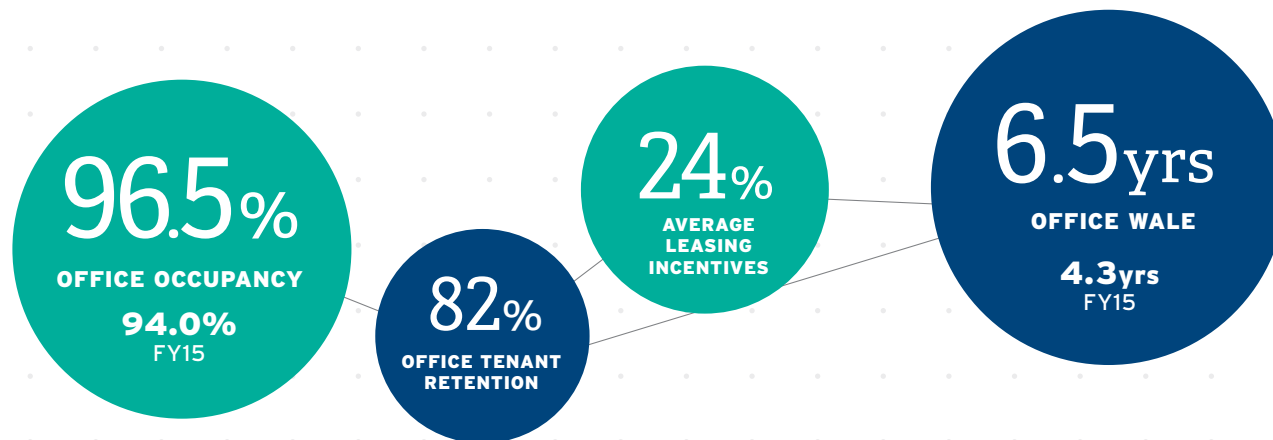
1. Excludes the value of the 1 Woolworths Way carpark development.

2. Includes revaluation of investment properties, IPUC, OOP and Mirvac's share of JVA.

3. Net gain on fair value of investment properties divided by book value prior to revaluation. Excludes transaction costs for acquisitions.

# Strong office portfolio metrics underpinned by record leasing success

- Record leasing activity across the office portfolio, representing 28% of portfolio income
  - 275 Kent St, NSW (58,460 sqm)
  - 1 Woolworths Way, NSW (44,830 sqm)
  - 60 Margaret St, NSW (10,030 sqm)
  - 367 Collins St, Vic (8,920 sqm)
- Strong overall leasing spreads of 5.2%
- Secured commitments for over 110,000 sqm of new office space including:
  - Australian Technology Park: 93,000 sqm
  - 664 Collins St: 8,900 sqm



## Office portfolio metrics<sup>1</sup>

	FY16	FY15
Portfolio value	\$4,402m	\$4,485m
WACR	6.23%	7.01%
Occupancy (by area)	96.5%	94.0%
WALE (by income)	6.5 yrs	4.3 yrs
Tenant retention	82%	56%
Like for like NOI growth	0.8%	2.6%

## Investment portfolio leasing activity

	Area	Leasing spread	Average incentive	Average WALE
Office – Renewals	162,270 sqm	3.4%	23%	6.0 yrs
Office – New leases	53,564 sqm	7.3%	24%	6.8 yrs
<b>Total Office</b>	<b>215,834 sqm</b>	<b>5.2%</b>	<b>24%</b>	<b>6.4 yrs</b>

1. All metrics include equity accounted investments and OOP. Portfolio value includes one asset being held for development, which is excluded from all other metrics.



# Industrial portfolio 100% leased and long WALE

- Further improving already exceptional metrics with >79,500 sqm of leasing activity, representing 17% of portfolio income
  - Retained Pacific Brands on a 7 year lease at 47-67 Westgate Drive, Altona North
  - Secured 10 year renewal (DHL), across 100% of GLA, at recently acquired 26-38 Harcourt, Altona North, VIC
  - 34-38 Anzac Ave, Smeaton Grange, NSW (14,700 sqm)
- 85% of portfolio weighted to Sydney
  - Assets located in core industrial zones or gentrifying areas
  - Portfolio size to increase to \$777m following the acquisition of Rydalmere on 1 Jul 16

## Industrial portfolio metrics

	FY16	FY15
Portfolio value	\$729m	\$661m
WACR	6.56%	7.02%
Occupancy (by area)	100.0%	98.7%
WALE (by income)	7.9 yrs	7.6 yrs
Like for like NOI growth	3.2%	3.4%

Acquired Jun 16

## 26-38 Harcourt, Altona North, VIC



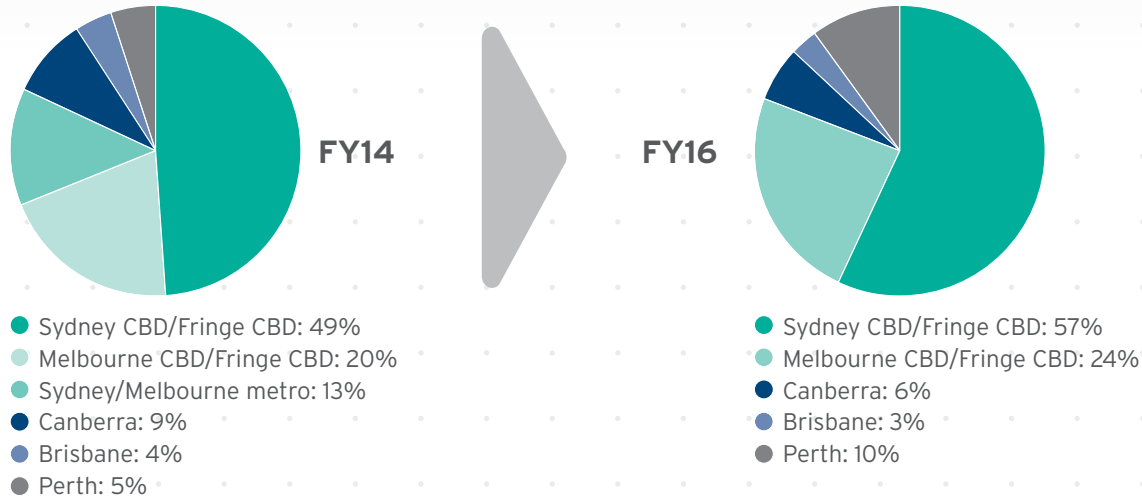
Acquired 1 Jul 16

## 274 Victoria Rd, Rydalmere, NSW



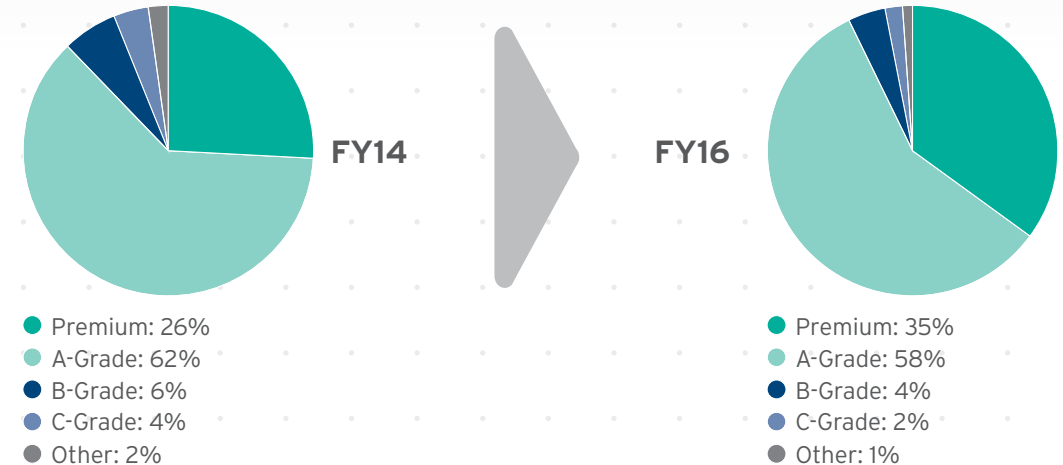
# Young office portfolio heavily weighted to Sydney and Melbourne

## Geographic Diversification



- Overweight to largest markets, Sydney and Melbourne
  - Sydney/Melbourne CBD and fringe CBD weighting 81%, up from 69% in FY14
- Disposed of all assets in metro markets in the past two years
- Increased weighting to Perth with the development of Treasury Building (25-year lease to WA State Government)

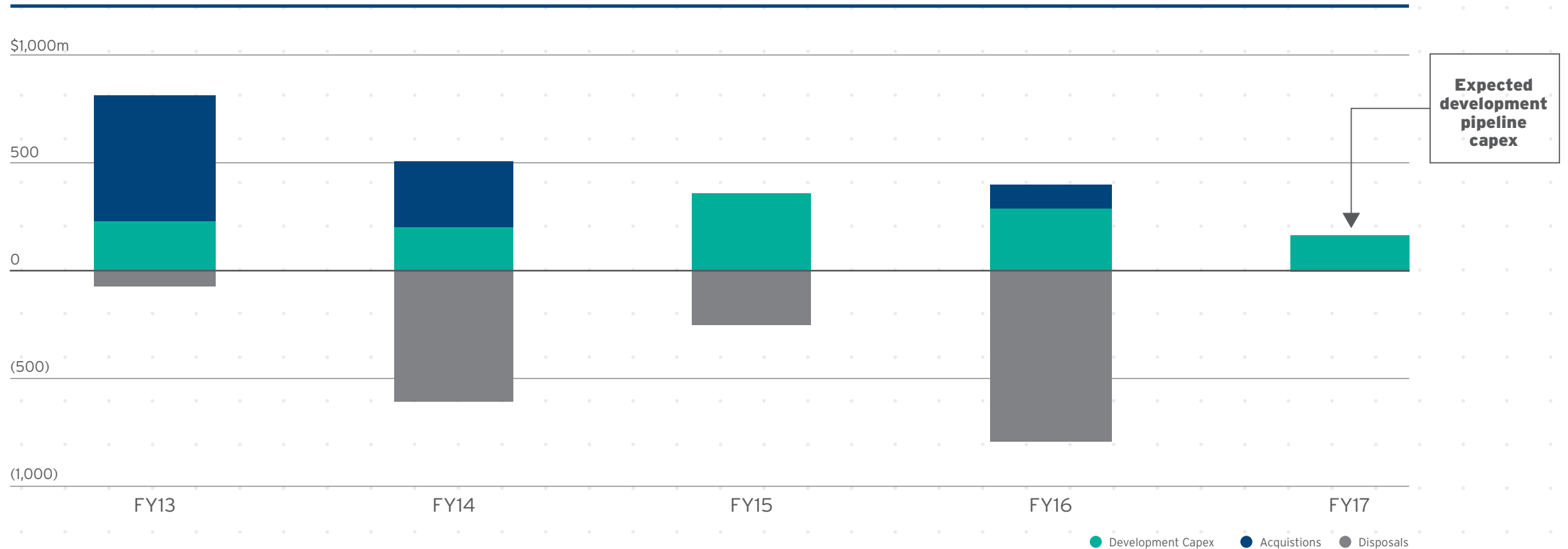
## Grade Diversification



- Increased Prime grade exposure to 93% from 88% in FY14
- 57% of portfolio under 10 years
  - Completed >\$800m of internally developed assets over the past two years
  - Internally developed assets require minimal capex in the medium term
    - 8 Chifley development 0.1% maintenance capex since completion in 2014

## Funding office investments through disposals

- Asset sales of \$1.6bn since 2014, on a passing yield of 7.1%, replaced with new developments at 200 George St, Sydney, Treasury Building, Perth, 699 Bourke St, Melbourne and 8 Chifley, Sydney on a yield on cost of 7.7%



# 200 George Street

## Unlocking value to generate superior returns

UNLOCKING VALUE

### Maximise income

- Maintained rental income during planning and approvals phase

### De-risk leasing

- Secured major tenant EY for a 10-year lease term

### Manage balance sheet

- Agreement with AMP to sell down 50% via a development fund-through structure

### Future proofing

- Built by Mirvac
- Focus on technology

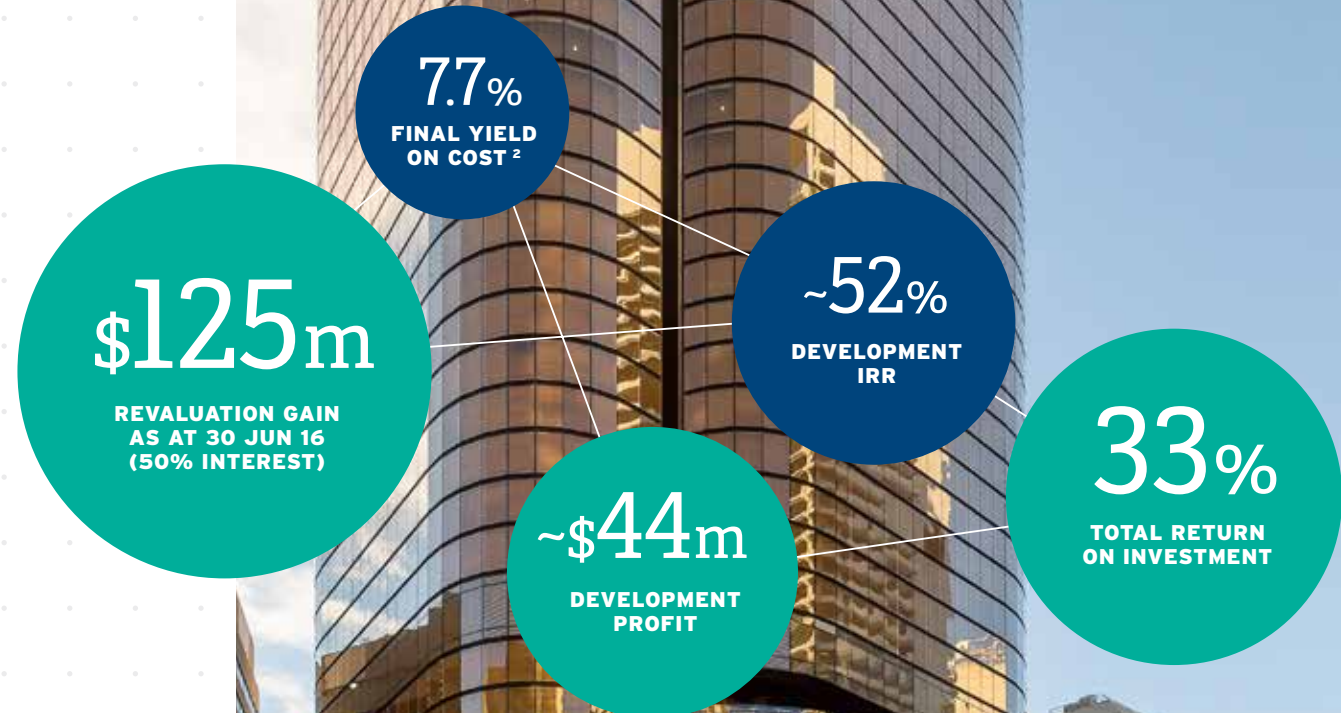
### Management expertise

- Pre-leased 100% prior to completion<sup>1</sup>

### Deliver returns

- Completed development in Jun 16
- Delivered 33% total return

200 George Street	
Value (Mirvac interest)	\$371m
Cap rate	5.38%
Ownership	50%
NLA	38,970 sqm
WALE	10 yrs



1. Includes 1% under heads of agreement.

2. Includes forecast costs to complete relating to incentives and place making.



## Portfolio transition continues

**\$1.5bn of committed development pipeline will further strengthen portfolio quality**



1H17: WAREHOUSE 1,  
CALIBRE INDUSTRIAL ESTATE



2H17: 2 RIVERSIDE QUAY  
MELBOURNE



\$2.9BN POTENTIAL PIPELINE  
100% SYDNEY & MELBOURNE



FY18: 664 COLLINS ST  
MELBOURNE



FY20/21: ATP, SYDNEY



6.8%

AVERAGE TARGET YOC

77%

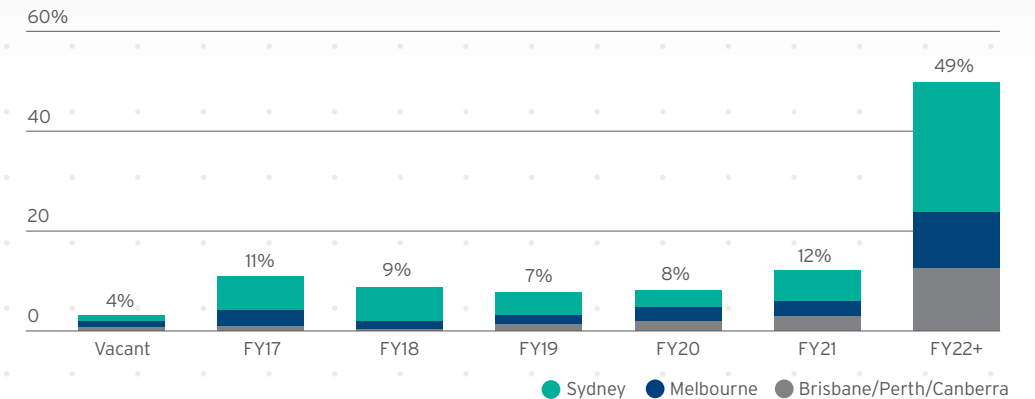
PRE-LEASED

# Focus on maximising income while delivering development pipeline

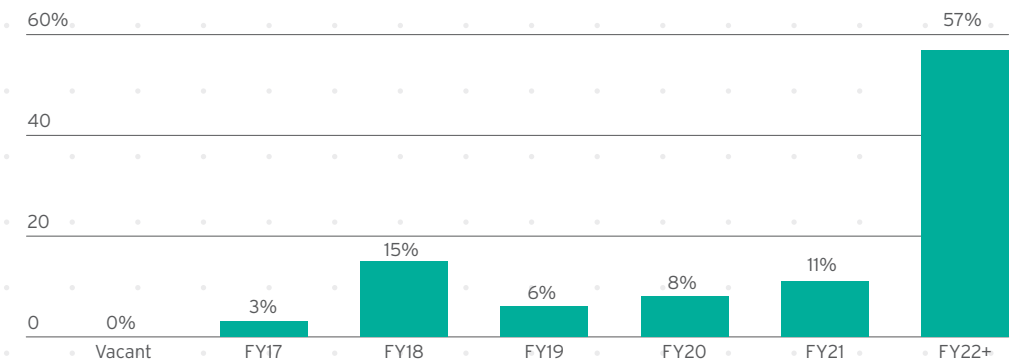
## FY17 outlook

- Office portfolio well-positioned to take advantage of Sydney market
  - 56% of vacancy and FY17 expires weighted to Sydney
  - Major FY17 expires: 275 Kent St (16,130 sqm) and 101 Miller St (15,610 sqm – 32% under HOA)
  - Major FY17 and FY18 expiries in Sydney CBD and North Sydney CBD
- Office NOI expected to be skewed to 2H17
  - 200 George St, Sydney and 2 Riverside Quay, Melbourne income producing in 2H17
- Strong outlook for industrial income
  - Industrial portfolio 100% leased
  - Full year of income from Rydalmere, NSW and Altona, VIC acquisitions
  - Fixed rental increases across 74% of portfolio at an average of 3.6%
- Development contribution supported by completion of carpark development at 1 Woolworths Way in 1H17 and 2 Riverside Quay in 2H17
- Asset and funds management contribution supported by full year contribution from the LAT portfolio

### Office lease expiry profile (by income)



### Industrial lease expiry profile (by income)





Susan MacDonald,  
Head of Retail

# RETAIL

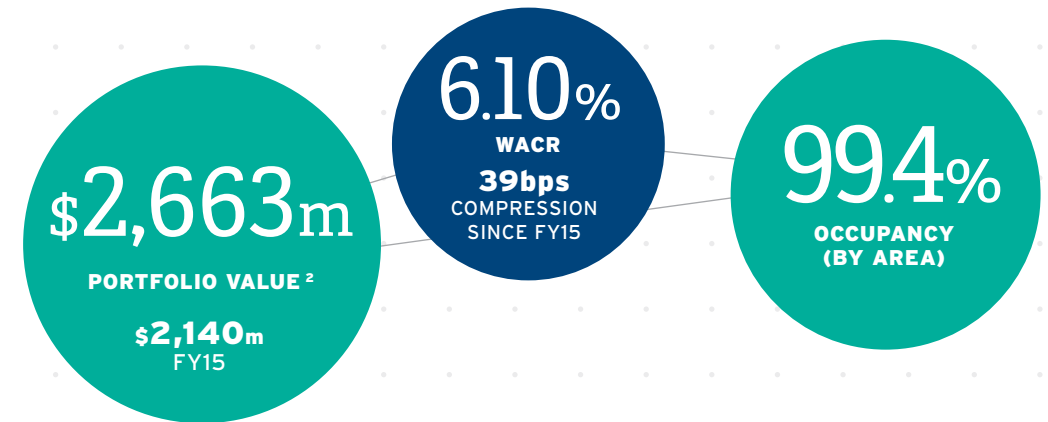


## Delivering value through continued execution of urban strategy

- NOI in line with FY15, with acquisitions and development completions partially offsetting \$158m of asset sales in Jun 15 and development impacted assets
  - Like-for-like NOI growth of 2.4%
- Secured future NOI in growing and densely populated catchments
  - Fully pre-leased Sydney developments Broadway, Tramsheds and Greenwood
  - Completion of Orion Springfield Central, QLD Stage 2 expansion
  - Acquisition of Toombul Shopping Centre, QLD (\$233m)
  - 50% acquisition of East Village, NSW on 1 July 2016 (\$155m)
- Revaluation gains reflecting an uplift on previous book values of 6.3%<sup>1</sup>
  - Cap rate compression of 39 bps from Jun 15 to 6.10%
- Maintained high occupancy of 99.4%
- Management and administration expenses reduced due to initiatives identified in operating model review
- Divestment of Como Centre, VIC at a 32% premium to Dec 15 book value

### Retail

	FY16 \$m	FY15 \$m
Retail NOI	125	125
Asset management EBIT	3	2
Management and administration expenses	(11)	(14)
<b>Operating EBIT</b>	<b>117</b>	<b>113</b>
Revaluation gain <sup>2</sup>	127	42
Gains on sale and other	5	6
<b>Total return</b>	<b>249</b>	<b>161</b>

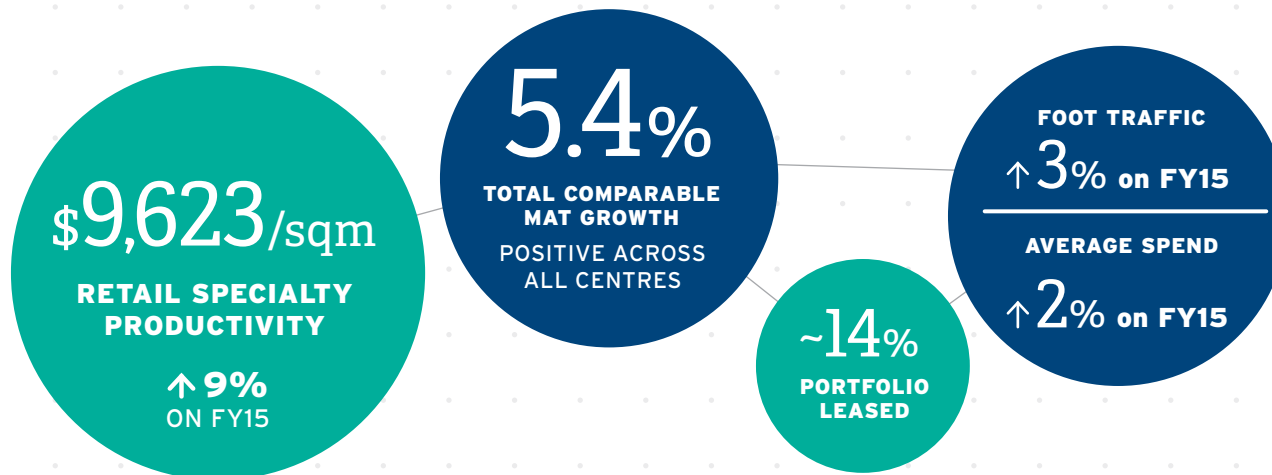


1. Net gain on fair value of investment properties divided by book value prior to revaluation. Excludes transaction costs for acquisitions.

2. Includes revaluation of investment properties, IPUC and OOP.

# Focused portfolio delivering sales and leasing outperformance

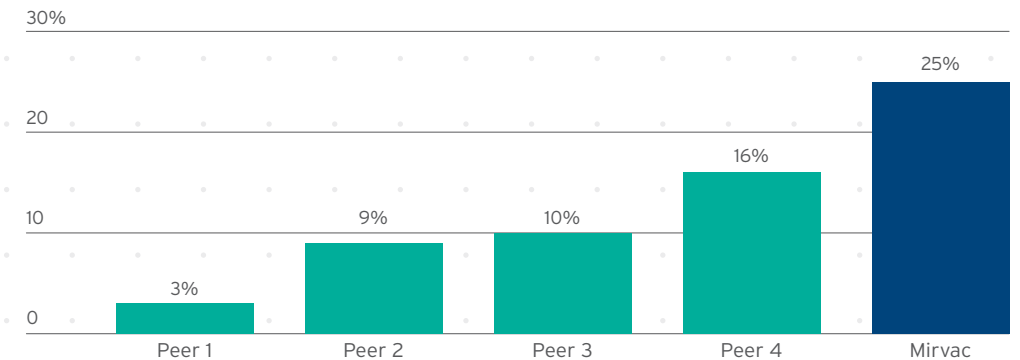
- Leased ~14% of portfolio GLA (410 transactions across over 52,000sqm)
  - Positive leasing spreads of 3.5%
  - 16 consecutive quarters of positive leasing spreads
- Delivered strong total comparable MAT growth of 5.4%
  - Includes growth in specialties of 4.2%<sup>1</sup>
- Major tenant productivity >25% above Urbis benchmarks
- Comparable specialty sales productivity up 9% to \$9,623/sqm, and specialty occupancy costs reduced 70bps to 15.3%
  - Sales productivity growth ahead of peers
- Foot traffic up ~3% and average spend up >2% on like for like portfolio



## Retail sales by category

	FY16 Total MAT	FY16 Comparable MAT growth	FY15 Comparable MAT growth
Supermarkets	\$944m	3.9% <sup>2</sup>	7.3%
Discount Department Stores	\$247m	5.4%	2.8%
Mini-majors	\$433m	9.6%	4.2%
Specialties	\$1,006m	4.2% <sup>1</sup>	3.8%
Other Retail	\$211m	9.8%	1.4%
<b>Total</b>	<b>\$2,841m</b>	<b>5.4%</b>	<b>4.7%</b>

## Growth in comparable specialty sales productivity: Jun 13 to Dec 15



1. Includes Toombul Shopping Centre, acquired in Jun 16 and Broadway Sydney with specialties impacted by development (growth 5.6% excluding Broadway).

2. Impacted by replacement of Bi-Lo supermarket with Bunnings Warehouse at Toombul, QLD.

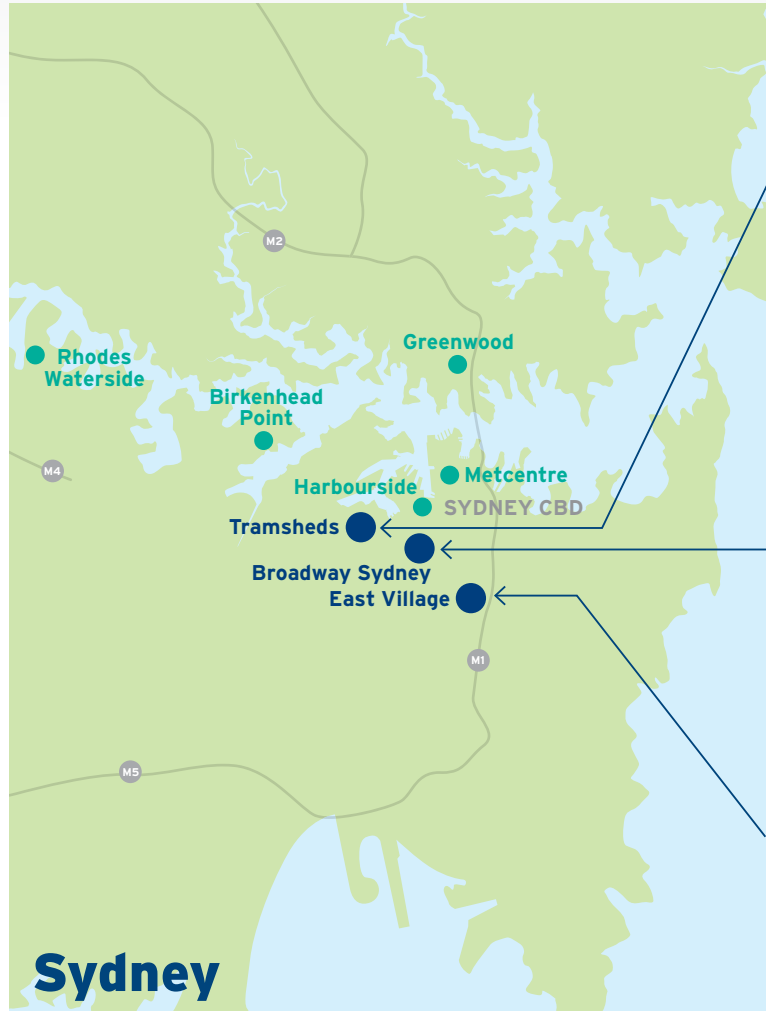


# Trends support clear strategy

	Outlook	Mirvac strategy
Urbanisation	<ul style="list-style-type: none"> <li>Densification of eastern seaboard cities</li> <li>Higher population growth and lower unemployment</li> <li>Record infrastructure investment</li> </ul>	<ul style="list-style-type: none"> <li>100% urban and metropolitan markets</li> <li>Overweight to Sydney</li> </ul>
Changing economic drivers	<ul style="list-style-type: none"> <li>Lower Australian dollar driving growth in services and knowledge economy</li> <li>Tourism and education sectors continue to grow</li> </ul>	<ul style="list-style-type: none"> <li>Newly appointed Tourism Manager focused on opportunities at six key assets including Sydney waterfront locations</li> <li>Inner Sydney assets and Orion to leverage education exposure</li> </ul>
The evolving customer experience	<ul style="list-style-type: none"> <li>Demand for quality of services, technology, dining, entertainment and convenience</li> </ul>	<ul style="list-style-type: none"> <li>Improve dining, entertainment and leisure offers</li> <li>Leveraging night-time economy</li> <li>Roll out of digital initiatives</li> <li>Launched 'Experience Retail' brand</li> </ul>
Strong demand for quality retail	<ul style="list-style-type: none"> <li>Continued deep demand for quality assets</li> <li>AREITs focus shifted to growth through developments</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio 100% on strategy</li> <li>Capture organic growth through development and repositioning, 13 of 15 assets identified               <ul style="list-style-type: none"> <li>Scale of developments supported by sub-market fundamentals</li> </ul> </li> <li>Demonstrated ability to create and acquire on-strategy assets</li> </ul>



# Increasing our inner urban footprint in FY17



## TRAMSHEDS, SYDNEY

- 3km from Sydney CBD
- New 6,200 sqm urban village
- Densely populated infill site
- Light rail access
- Key retailers: Gelato Messina, Bodega 1904, Fish & Co, Butcher & The Farmer and Supamart IGA



## BROADWAY, SYDNEY

- 2km from Sydney CBD
- Expansion of the most productive shopping centre in Australia<sup>1</sup>
- Key retailers: H&M, Sephora, Calvin Klein, MAC, Din Tai Fung and Victoria's Secret



## EAST VILLAGE, SYDNEY<sup>2</sup>

- 3km from Sydney CBD
- 33,000 sqm centre acquired Jul 16
- Population growth forecast 7% pa next 10 years
- Retail spending growth forecast >9% pa next 10 years



## TOOMBUL, BRISBANE

- 7km from Brisbane CBD
- 44,000 sqm centre acquired Jun 16
- Gentrifying and densifying trade area
- Excellent arterial and public transport links
- Repositioning opportunity

1. Over 50,000 sqm. Source: Big Guns Survey Mar 16.

2. 49.9% equity accounted investment.

# Acquisitions and developments underpin EBIT growth in FY17

## ACQUISITIONS

### East Village, Sydney

- Acquired 1 Jul 16
- Strong sales growth continues
- Expected IRR >8.5%
- Management commenced Dec 15

### Toombul Shopping Centre, Brisbane

- Acquired Jun 16
- Expected IRR >8.5%
- Master planning underway to reposition the asset to better meet the needs of its trade area

6.4%

BLEND  
ED  
ACQUISITION  
YIELD

## DEVELOPMENT PIPELINE

### Orion Springfield Central, Stage 2, QLD

- 97% retail leased, completed 2H16

### Greenwood Plaza, Sydney

- 100% leased, completed Jul 16

### Tramsheds, Sydney

- 100% leased, expected completion 1H17

### Broadway, Sydney

- 100% leased, expected completion 1H17

### Future near term developments

- DAs approved at Birkenhead Point, Sydney and Kawana Shoppingworld, QLD

7.1%

BLEND  
ED  
DEVELOPMENT  
YIELD

## FY17 OUTLOOK

### CONTINUE TO DRIVE HIGH-PERFORMING PORTFOLIO

#### FY17 Targets

- Increase sales productivity to \$10,000/sqm
- Occupancy >99%
- Leasing spreads >2%
- EBIT growth >25% on FY16

\$10k/sqm

SALES  
PRODUCTIVITY  
TARGET



John Carfi,  
Head of Residential

# RESIDENTIAL

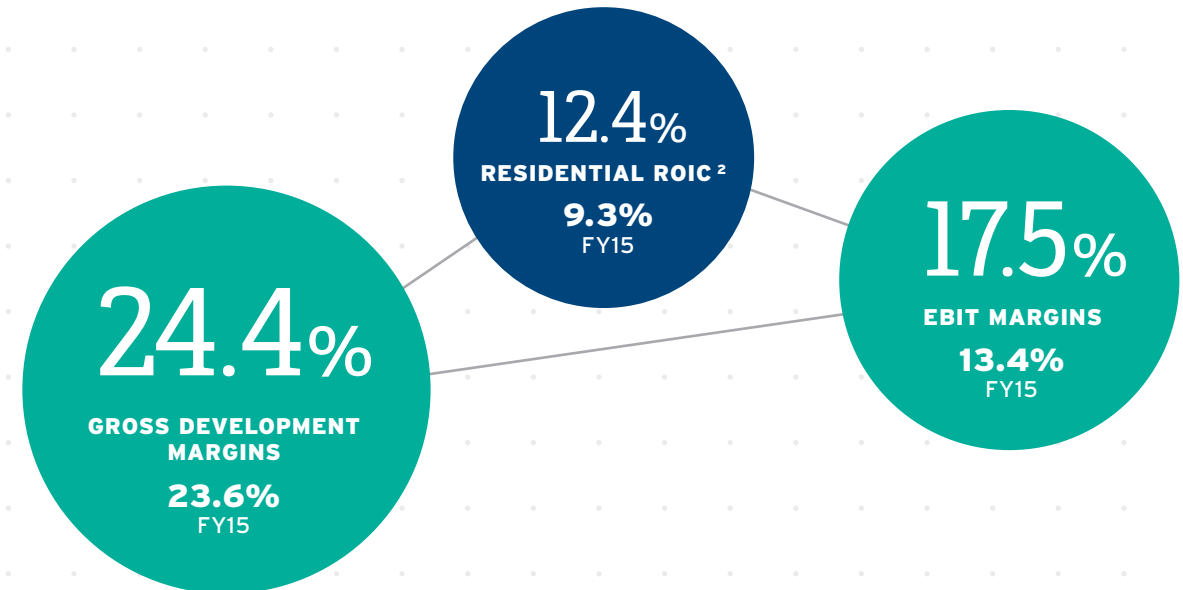


## Residential results up 51% on FY15

- EBIT growth of 51% driven by
  - NSW: Harold Park, The Avenue and Googong
  - VIC: Yarra's Edge and Tullamore
- Completed 2,824 gross settlements, up 24% on FY15
  - 81% weighted to masterplanned communities
  - Includes 258 FIRB settlements (142 completed 4Q16)
  - Defaults maintained at less than 1%
- Secured a record \$2.9bn<sup>1</sup> of pre-sales, up from \$2.0bn at FY15
- Entered in to a JV partnership with Ping An Real Estate for the development of projects, The Finery and St Leonards Square, NSW

### Residential results<sup>1</sup>

	FY16 \$m	FY15 \$m
<b>Revenue</b>	<b>1,119</b>	<b>964</b>
Development EBIT	209	142
Management and administration expenses	(13)	(12)
<b>Operating EBIT</b>	<b>196</b>	<b>130</b>
Invested capital <sup>2</sup>	1,625	1,377
Average invested capital	1,575	1,398



1. Includes MGR share of JVA and Mirvac managed funds unless noted otherwise.

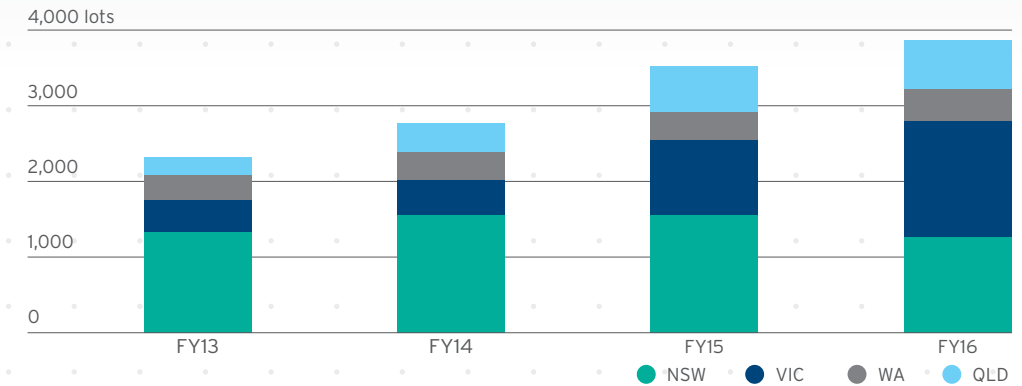
2. Refer to Additional Information for detailed calculation.



# Market delivered strong levels of activity in FY16

- Sales activity of 3,830 lots, up from ~3,540 in FY15
  - 72% weighted to Sydney and Melbourne
  - 1H16: 51%, 2H16: 49%
- Strong sales at existing masterplanned communities projects
  - Woodlea, VIC (889 lots)
  - Googong, NSW (343 lots)
  - Tullamore, VIC (145 lots)
  - Brighton Lakes, NSW (117 lots)
- Strong sales at existing apartment projects
  - Hope St, QLD (199 lots)
  - Yarra's Edge, VIC (175 lots)
  - Harold Park, NSW (151 lots)
- Activated over 3,400 lots with the launch of new projects, including:
  - St Leonards Square, NSW: Stage 1, 90% pre-sold
  - The Finery, NSW: Stage 1, 89% pre-sold
  - Gledswood Hills, NSW: Various stages, 83% pre-sold
  - The Eastbourne, VIC: 55% pre-sold
  - Ascot Green, QLD: Stage 1, 43% pre-sold

Sales activity by lots



889

LOT SALES  
AT WOODLEA, VIC

90%

PRE-SOLD STAGE 1  
ST LEONARDS  
SQUARE

151

LOT SALES AT  
HAROLD PARK, NSW

# Managing our FIRB exposure

## FY16 observations

- Settlement delays post restrictions
- Alternative funding sources accessed
- Defaults maintained below 1%
- FIRB buyers remain active post restrictions

## Our exposure

- 27% of pre-sales offshore
- Diversified across 20 projects
- Weighted to Sydney and Melbourne market

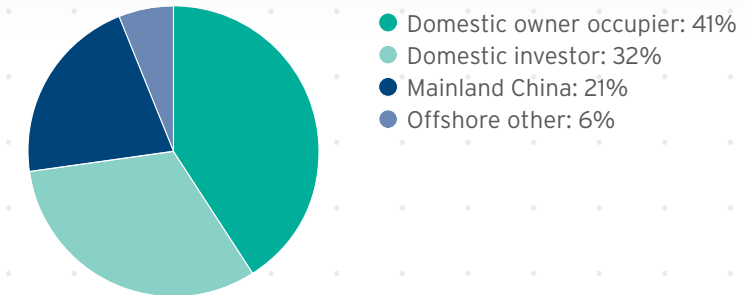
## Managing our risk

- Internal approval processes and limits
- Robust sales contracts
  - Full recourse and unconditional
- In-house sales and marketing team
- Commission structures that incentivise settlement
- Pro-active engagement program with customers and lenders

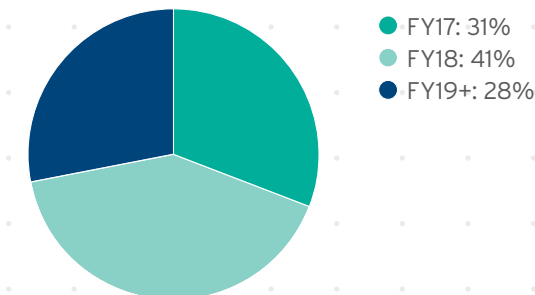
## FY17 outlook

- 31% of FIRB apartment pre-sales roll off in FY17
- FY17 settlement target includes a contingency for settlement delays
- Expect to maintain FIRB pre-sales exposure below 30%

## \$2.9bn pre-sales by buyer profile



## Pre-sales expected FIRB roll-off – Apartments



# Outperformance in a lower growth environment

## Market

- Markets well supported by very low interest rates and competitive lending environment
- Mature stage of supply cycle means brand, certainty and location at forefront
- Future demand expected to be well balanced between apartments and housing

## Revenue

- \$2.9bn of revenue pre-sold, securing 84% and 55% of expected FY17 and FY18 EBIT respectively
- Brand, quality and project locations supports continued demand for Mirvac product
- High level of repeat buyers
- No reliance on escalation in feasibilities near term
- Increase in fee income as assets under management grow
- Well-balanced portfolio across product type

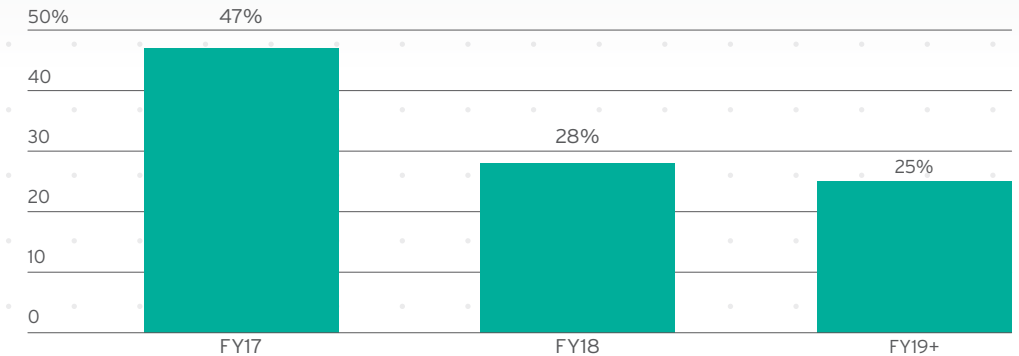
## Cost

- Expect gross development margins to remain above through cycle target in near term
- Construction cost escalation included in feasibilities
- Capitalised interest 9% of inventory
- Target 70-80% trade coverage prior to commencement of construction

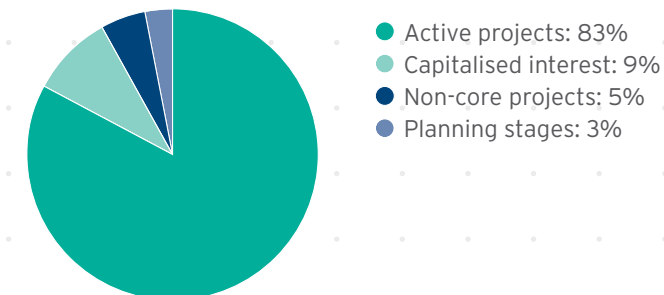
## Investment

- Current pipeline supports approximately 10 years of volumes
- Selective and disciplined future acquisitions
- 83% of inventory relates to projects under construction or released to market
- Pre-sales support positive cash flow outlook

### Pre-sales expected settlement profile



### 83% of inventory in active projects



# Targeting significant uplift in returns underpinned by earnings visibility

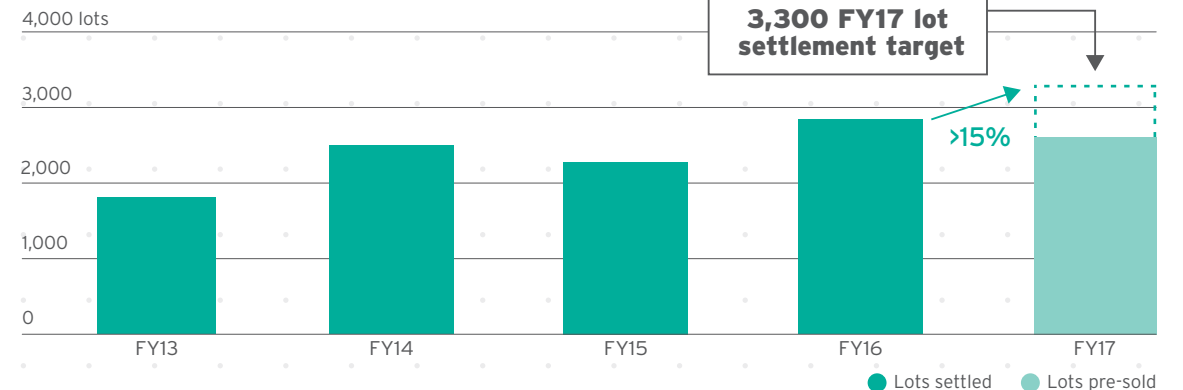
- Expect to achieve Residential ROIC in FY17 of >15%
- Targeting >3,300 lot settlements in FY17
  - 2,600 of target lots pre-sold
  - >15% growth on FY16
  - Includes a contingency for settlement delays
- 84% of expected FY17 Residential EBIT secured by pre-sales
- Top 10 projects expected to contribute ~80% of FY17 earnings
  - Five major apartment projects
    - ~\$660m of secured pre-sales
    - ~\$175m FIRB pre-sales
    - Expected average age on settlement: 1.6 years
  - Five major masterplanned communities projects
    - \$392m of secured pre-sales
    - All projects located in NSW and VIC
- Current pipeline supports over 14,000 potential lot settlements over the next four years

## FY17 major EBIT contributors

Apartments	FY17 lot target	% pre-sold	Masterplanned communities	FY17 lot target	% pre-sold
1 Moreton Bondi, NSW	191	99%	1 Tullamore, VIC	177	100%
2 Waterfront, QLD <sup>1</sup>	290	86%	2 Brighton Lakes, NSW	157	55%
3 Yarra's Edge, VIC <sup>2</sup>	128	95%	3 Gledswood Hills, NSW	140	66%
4 Green Square, NSW	164	100%	4 Jack Road, VIC	119	82%
5 Hope St, QLD	107	100%	5 Woodlea, VIC	573	98%

**90% PRE-SOLD**

## Lot settlements



1. Stages 1 & 2.

2. Tower 10.

Susan Lloyd-Hurwitz,  
CEO and Managing Director

# SUMMARY & GUIDANCE





# Clear and focused strategy expected to deliver attractive securityholder returns

Urban strategy with overweight to Sydney and Melbourne

Flex our activity through the cycle

Unlock the full potential and maximise the value of our assets

Maintain an appropriate and diversified capital structure and cost base

## Highly visible and defensive cash flows

- 98.3% investment portfolio occupancy
- 5.8 year investment portfolio WALE
- 84% and 55% of expected FY17 and FY18 Residential EBIT secured by pre-sales

## Attractive return on invested capital

- Target 3 year average Group ROIC 9%+
- Target Residential ROIC in FY17: >15%
- Expect to continue to exceed our WACC through cycle

Targeting attractive securityholder returns

POTENTIAL TO DELIVER

9%+

3 YEAR AVERAGE GROUP ROIC

8-11%

EPS GROWTH IN FY17

## FY17 Guidance

Operating EPS guidance	14.0 - 14.4 cpss 8-11% growth
DPS guidance	10.2 - 10.4 cpss 3-5% growth
Residential ROIC target	>15%



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