



16 FEBRUARY 2017

1H17 Results

INDUSTRIAL

RETAIL

OFFICE

RESIDENTIAL

EVERYTHING'S
connected

Agenda

Overview

Susan Lloyd-Hurwitz, CEO and Managing Director

Financial

Shane Gannon, Chief Financial Officer

Office & Industrial

Campbell Hanan, Head of Office & Industrial

Retail

Susan MacDonald, Head of Retail

Residential

Brett Draffen, CIO and Acting Head of Residential

Summary and Guidance

Susan Lloyd-Hurwitz, CEO and Managing Director

Susan Lloyd-Hurwitz,
CEO and Managing Director

OVERVIEW

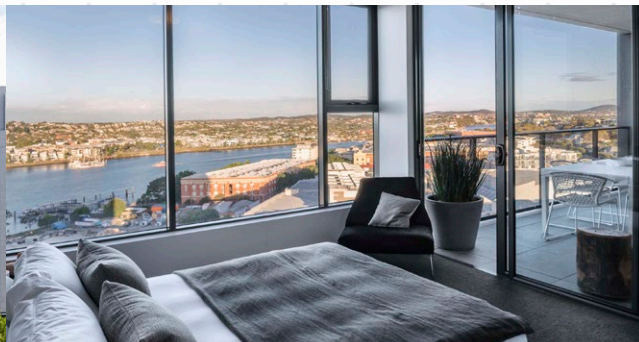
Reimagine urban life



Continued to redefine landscapes in 1H17, creating more sustainable, connected and vibrant urban environments



2 RIVERSIDE QUAY, MELBOURNE



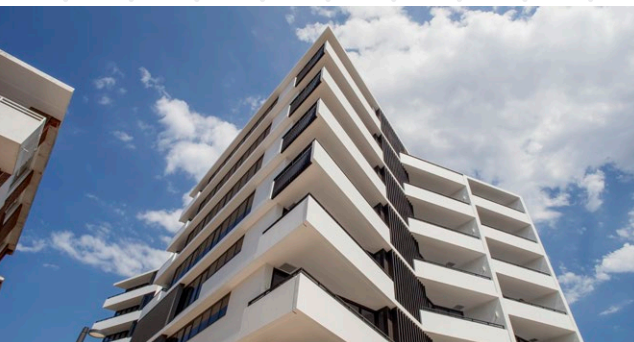
UNISON, BRISBANE



BROADWAY, SYDNEY



TRAMSHEDS, SYDNEY



BONDI, SYDNEY



TULLAMORE, MELBOURNE



BRIGHTON LAKES, SYDNEY



GREENWOOD PLAZA, NORTH SYDNEY

Reimagine urban life



Expect to deliver 9-11% EPS growth in FY17

Positive first half results and targeting upper end of previous guidance

- 1H17 operating EPS 6.2cpss (up 38% on 1H16)
- 1H17 DPS 4.9cpss, consistent with full year guidance
- 1H17 statutory profit of \$508m (up 7% on 1H16)
- NTA increased 5%, to \$2.01 per stapled security¹
- Revaluation gains of \$277m (3.4% uplift on previous book values)²

Continued strong operational performance

- 98.6% portfolio occupancy and WALE 6.1 yrs³
- >143,000 sqm of leasing activity
- >\$5bn commercial development pipeline
- Completed >\$348m of commercial developments
- \$3.1bn residential pre-sales⁴
- Settled 977 residential lots

Maintained strong financial position

- Gearing of 25.8%
- \$>1bn of debt issuance
- 93% and 63% of expected FY17 and FY18 Residential EBIT secured by pre-sales
- On track to achieve target cost savings of ~\$15m pa from FY17

1. From 30 Jun 16.

2. Net gain on fair value of investment properties divided by book value prior to revaluation. Includes revaluation gains for investments in JV's and excludes transaction costs for acquisitions.

3. Occupancy by area, WALE by income.

4. Includes MGR share of JVA and Mirvac managed funds.

Shane Gannon,
Chief Financial Officer

FINANCIAL

Group financial results in line with expectations

Operating results

	1H17 \$m	1H16 \$m
Office & Industrial	166	162
Retail	81	57
Residential	69	(10)
Corporate & other	(13)	(15)
Operating EBIT	303	194
Operating profit after tax	230	165
Funds from operations	233	170
Adjusted funds from operations	167	134

↑ 2%

↑ 42%

↑ >100%

↓ 13%

↑ 56%

↑ 39%

Increased development contribution offsetting impact of FY16 asset sales

Contribution from acquisitions and development completions

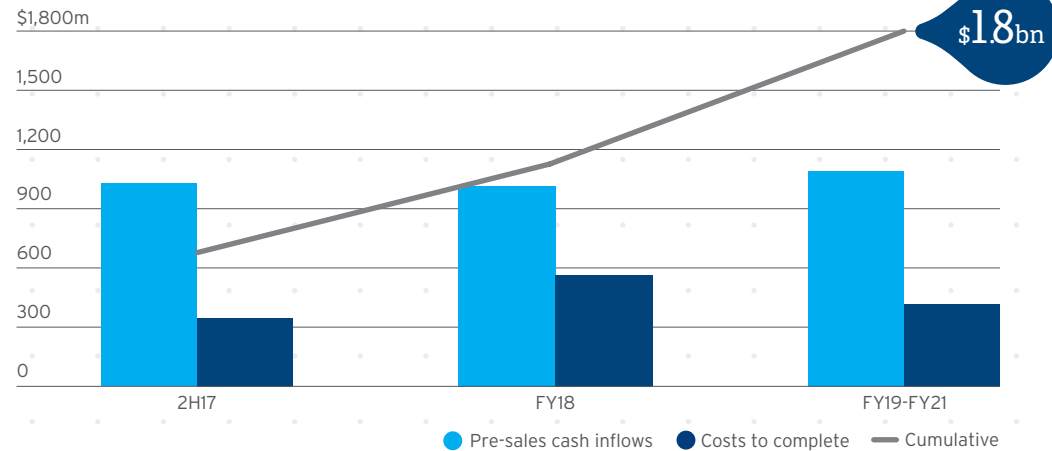
Reflects the timing of residential settlements

Reduction of management and administration expenses reflecting cost saving initiatives

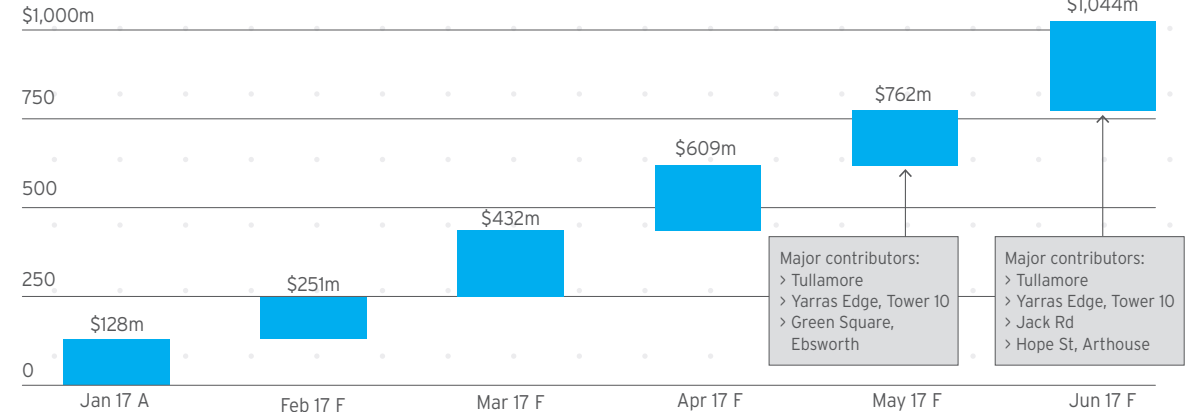
Strong line of sight of future cashflows

- Residential pre-sales will generate net cashflow (after construction and other costs) of over \$1.8bn by FY21¹
- Strong operating cashflows expected in 2H17 driven by the timing of residential settlements
 - ~\$1bn¹ of settlements expected in 2H17
 - \$128m completed in Jan 17
 - FY17 distributions expected to be fully cash covered

Pre-sales cashflow



2H17 expected settlement profile¹



1. Based on Mirvac's share of JVA and managed funds.

Record development pipeline

Office, Industrial & Retail committed pipeline



AUSTRALIAN TECHNOLOGY PARK, SYDNEY



477 COLLINS STREET, MELBOURNE



BIRKENHEAD POINT, SYDNEY

\$1bn
cost to complete¹

14%
TARGET
AVERAGE
IRR RETURNS

Residential committed pipeline



ST LEONARDS, SYDNEY



EASTBOURNE, MELBOURNE



TULLAMORE, MELBOURNE

>\$1bn
cost to complete¹

18%
TARGET
AVERAGE
IRR RETURNS

Future pipeline



HARBOURSIDE, SYDNEY



55 PITT STREET, SYDNEY



GREEN SQUARE, SYDNEY

~\$10bn
end value²
over next 10+ years

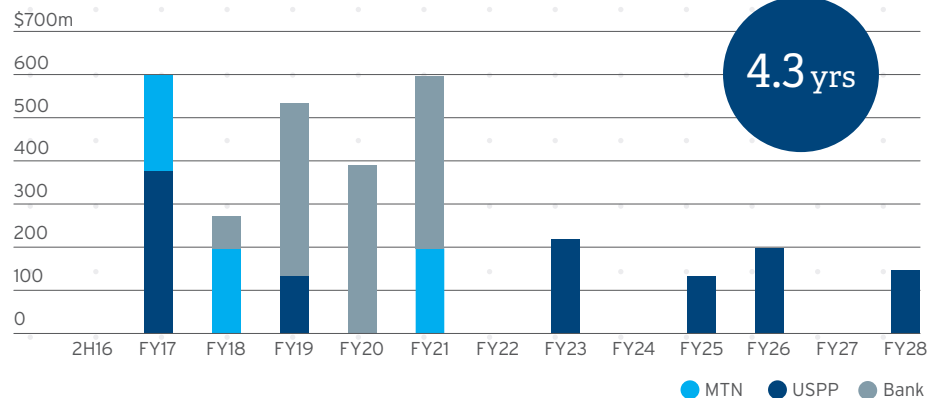
1. Estimated cost to complete (MGR share) of all committed projects as at 1H17. Images are a sample of major projects only.

2. Commercial pipeline based on estimated value on completion and residential pipeline based on Mirvac's share of expected revenue.

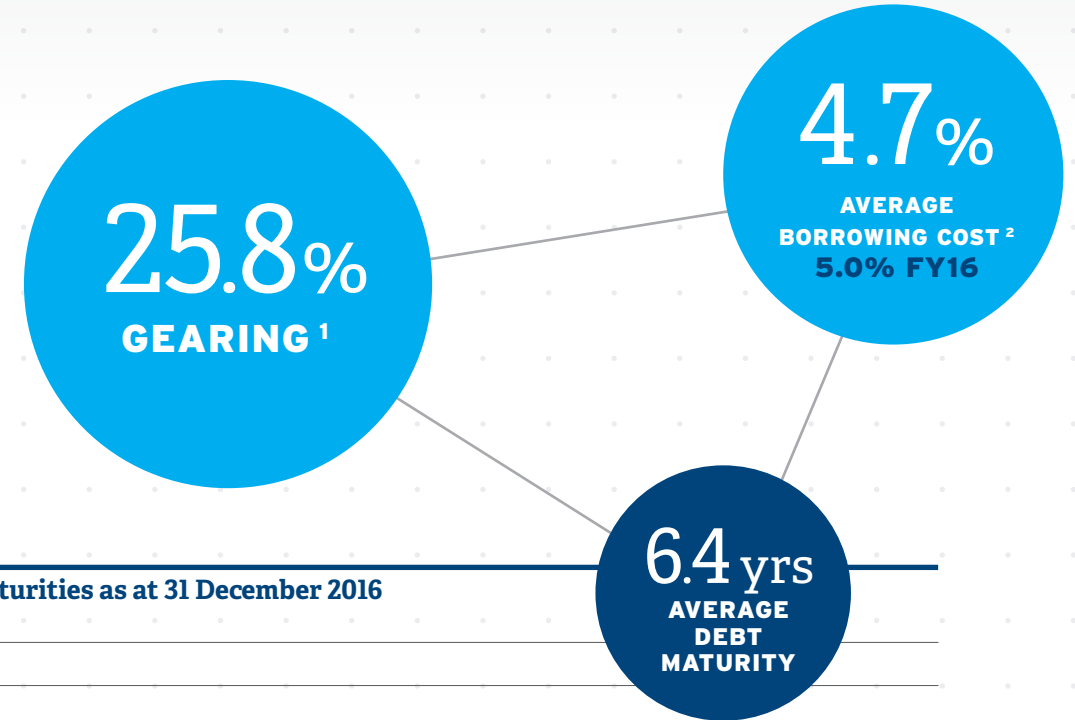
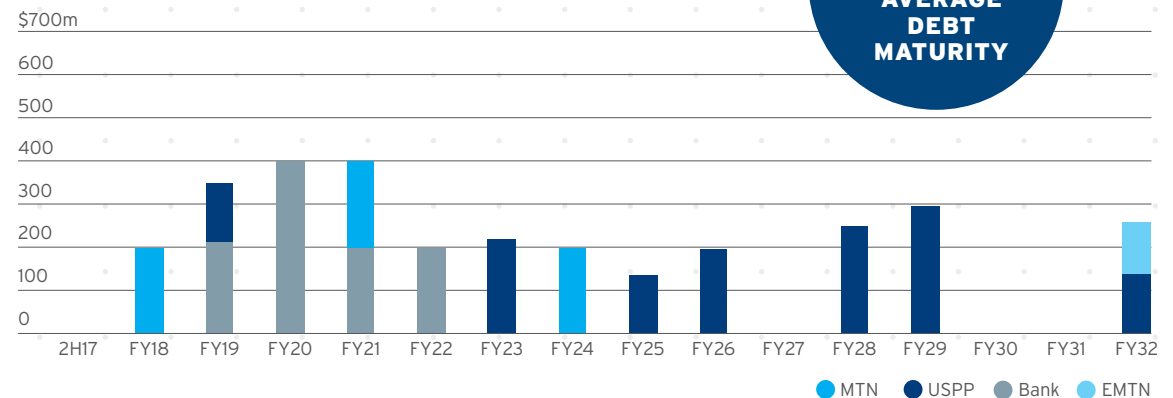
Solid platform to generate future earnings

- Strong capital position
 - Gearing within target range 20-30%
 - 81% of capital allocated to investment portfolio
 - Average debt maturity extended by over 2 years since 31 Dec 15 to 6.4 years
 - \$594m of cash and undrawn committed bank facilities
 - Significant headroom under financial covenants
- Disciplined cost management will support profitability

Drawn debt maturities as at 31 December 2015



Drawn debt maturities as at 31 December 2016



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

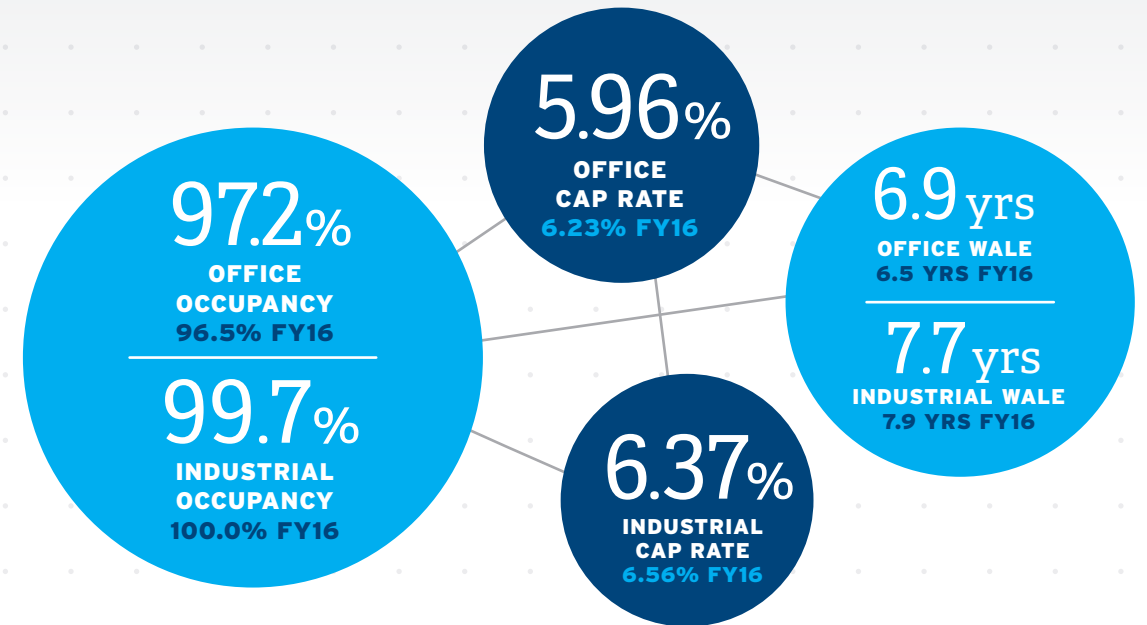
2. Includes margins and line fees.

Campbell Hanan,
Head of Office & Industrial

OFFICE & INDUSTRIAL

Continued to strengthen the quality of income

- Maintained leading portfolio metrics
- Strong valuation uplift of 4.6%¹ supported by strategic overweight to prime Sydney and Melbourne assets
 - 62% of assets externally valued
- Completed \$248m of developments²
- Commenced development of 477 Collins St, Melbourne
- >124,000 sqm leasing activity
 - 76,340 sqm investment portfolio
 - 48,070 sqm development pre-leases³
- Office leasing spreads of 5.0%, with average incentives of 19%
- Like-for-like growth: 2.5% office and 0.7% industrial
- \$78m of strategic industrial acquisitions⁴



Major lease deals

Tenant	Asset	Sector	Area (sqm)
Deloitte	477 Collins St, VIC	Office	22,000
Ceva ⁵	60 Wallgrove Rd, NSW	Industrial	18,970
Various	101 Miller St, NSW	Office	16,635
Westpac	275 Kent St, NSW	Office	15,715
Undisclosed ⁵	664 Collins St, VIC	Office	7,100
Clarke Equipment	1-47 Percival Rd, NSW	Industrial	5,435
WPP	380 St Kilda Rd, VIC	Office	3,815

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

2. Based on 100% end value. Calibre, Building 1 based on cost to date, asset to be revalued 2H17.

3. Includes 7,100 sqm secured post 31 Dec 16.

4. 274 Victoria Rd, Rydalmere and 36 Gow St, Padstow (settled Jan 17).

5. Secured post 31 Dec 16.

Asset creation model important at this point of the cycle



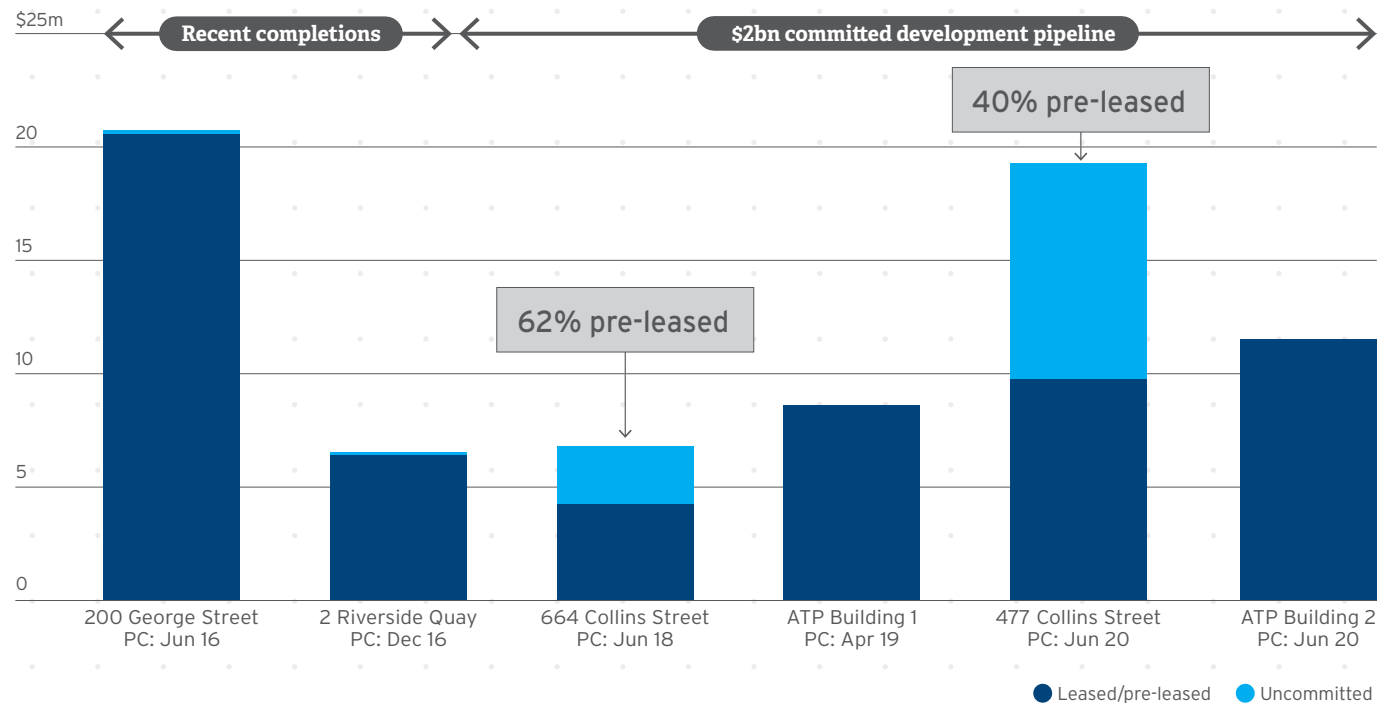
1. Office occupancy.

2. Based on costs to date, asset to be revalued 2H17.

Modern, resilient portfolio supported by future high quality income

- Recent completions and \$2bn committed development pipeline has the potential to deliver >\$70m of additional NOI by FY21¹
 - FY17 NOI impacted by \$788m of asset sales in FY16
 - 2H17 NOI positively impacted by development completions 200 George St, 2 Riverside Quay and Calibre, Building 1

Additional high quality income from office developments¹



**COMMITTED
DEVELOPMENT
PIPELINE**

76%

**LEASED/
PRE-LEASED**

>230,000_{sqm}

**LETTABLE
AREA**

1. Based on 100% occupancy and 50% ownership, other than ATP at 33.3% ownership.

VICTORIA'S SECRET

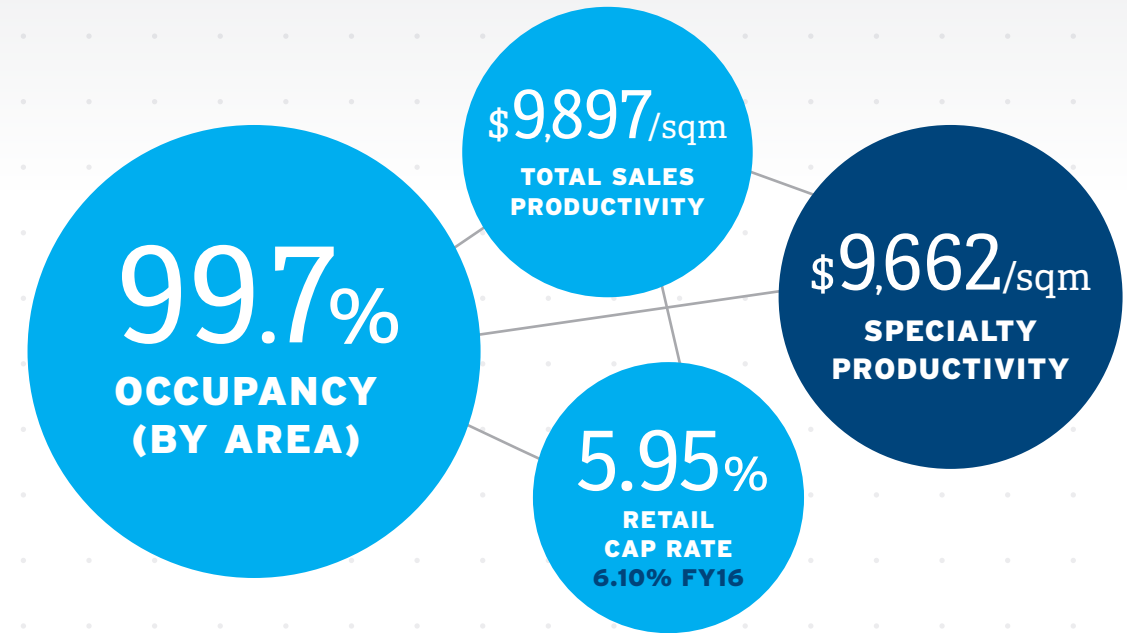
Susan MacDonald,
Head of Retail

RETAIL

PASSIONTREE
VELVET
Bring a little Velvet to your day and celebrate
the best of what Europe has to offer
A world of edible luxury

On track to achieve FY17 targets

- Completed >\$100m of developments across three assets
- Completed \$155m acquisition of East Village
- Net property income growth of 37%
- Maintained high occupancy and like-for-like growth of 3.2%
- Total comparable MAT growth of 4.1%
 - Includes growth in specialties of 3.5%
- Comparable specialty sales productivity up and specialty occupancy costs reduced 70bps to 14.6%
- 183 leasing deals across 19,000 sqm of GLA
 - Leasing spreads of 3.1%
- Net valuation uplift 1.2%¹



FY17 targets

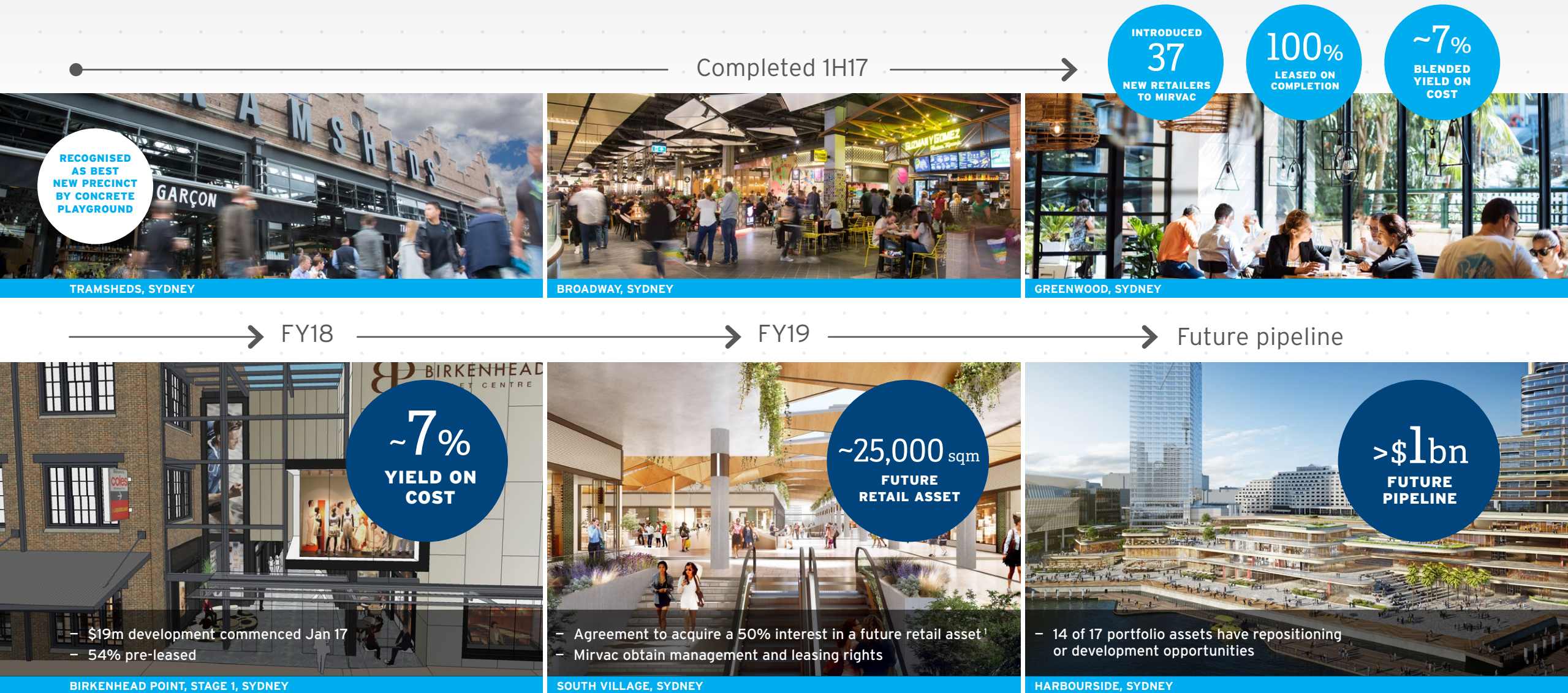
- Increase sales productivity to \$10,000/sqm
- Occupancy >99%
- Leasing spreads >2%
- EBIT growth >25% on FY16

Retail sales by category

	1H17 Total MAT	1H17 Comparable MAT growth	FY16 Comparable MAT growth
Supermarkets	\$1,055m	3.4%	3.9%
Discount Department Stores	\$247m	(1.2)%	5.4%
Mini-majors	\$495m	8.5%	9.6%
Specialties	\$1,095m	3.5%	4.2%
Other Retail	\$222m	5.6%	9.8%
Total	\$3,114m	4.1%	5.4%

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

Improving portfolio quality both organically and via selective acquisitions

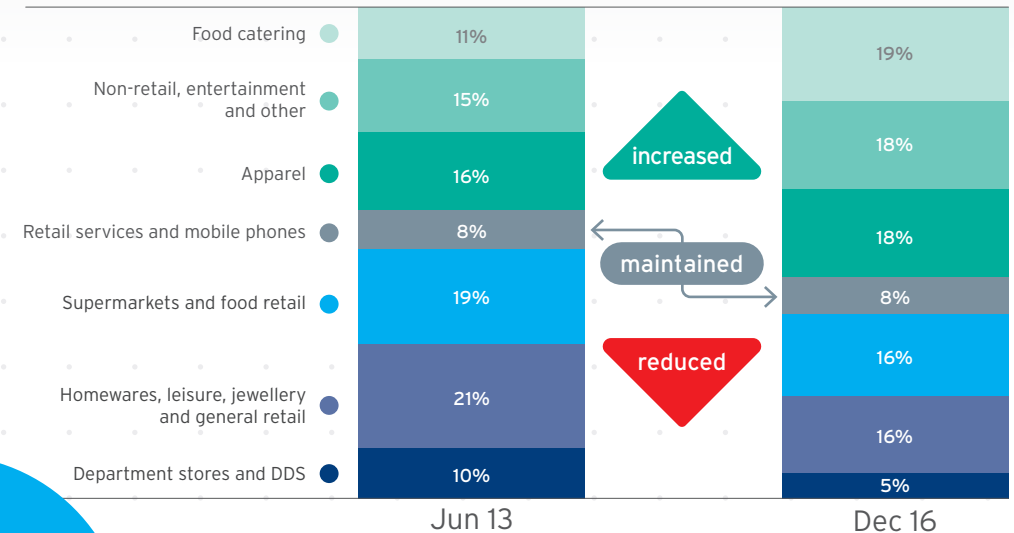


1. Price based on a 6.0% capitalisation rate of leased income on completion.

Defensive earnings driven by urban footprint and retail composition

- High quality assets in catchments with strong fundamentals expected to support outperformance
 - 64% of portfolio weighted to Sydney
 - 70% of portfolio weighted to inner/middle ring areas
- Retail mix supports continued customer demand
 - Reduced weighting to DDS and supermarkets
 - Increased experiential dining offer to reflect trend as an emerging anchor
 - Non-retail and entertainment key categories, as centres offer more than just shopping
 - Upweight to higher quality and international fashion has seen specialty apparel productivity increase by 44% since Jun 13

Strategically evolving retail mix for future growth



Birkenhead Point, Sydney



31
NEW
RETAILERS

23%
SPECIALTY SALES
PRODUCTIVITY
INCREASE
SINCE ACQUISITION

94
LEASING DEALS
– DOUBLE DIGIT SPREADS
– BELOW AVERAGE
INCENTIVES

CUSTOMER INITIATIVES

- WIFI
- SHOPPER HOPPER
- UNION PAY



The background is a photograph of a modern residential development at dusk. A large, semi-transparent white circle is centered over the image. A network of thin white lines connects several white circular nodes, some of which are located on the circle's perimeter and others on the background image. The text is centered within the white circle.

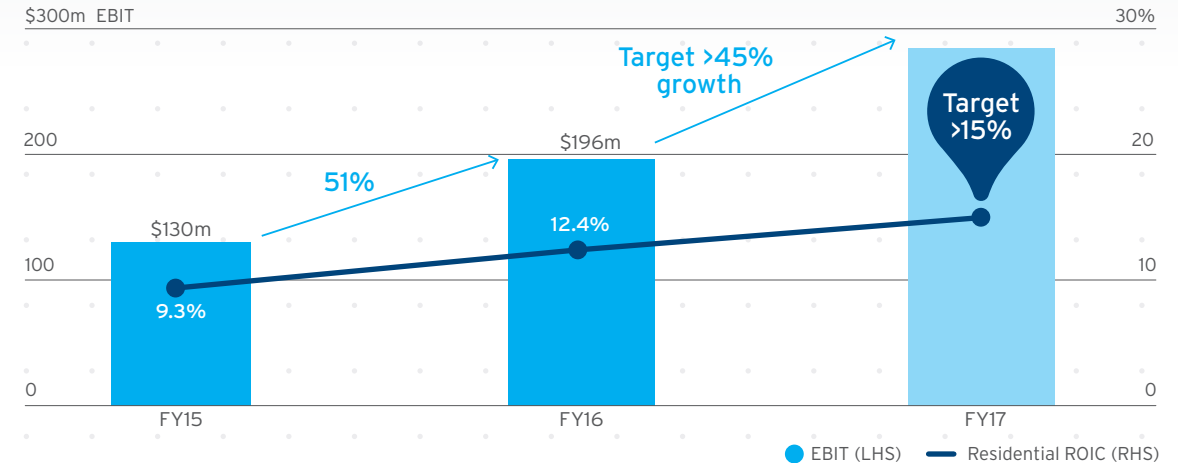
Brett Draffen,
CIO and Acting Head of Residential

RESIDENTIAL

FY17 Residential earnings expected to be up >45% on pcp with ROIC >15%

- Expect to achieve >45% Residential earnings growth in FY17
- On track to achieve >3,300 lot settlements (>15% growth)
 - Completed 977 settlements in 1H17
 - 1H17 settlements behind expectations due to planning and construction delays including Bondi, Tullamore, Gledswood Hills
 - 173 settlements completed in Jan 17
- 1H17 gross margins of 20% (in line with through-cycle target 18-22%) and EBIT margin of 14.9%
 - FY17 margins expected to be broadly in line with FY16, with higher margin projects skewed to 2H17
- 93% of expected FY17 Residential EBIT secured
 - 95% of lot target secured at major projects

Strong residential performance



FY17 major EBIT contributors

Apartments			Masterplanned communities		
	FY17 lot target	% secured		FY17 lot target	% secured
1 Moreton Bondi, NSW	190	100%	1 Tullamore, VIC	164	100%
2 Waterfront, Unison, QLD	272	92%	2 Brighton Lakes, NSW	130	100%
3 Yarra's Edge, VIC ¹	143	100%	3 Gainsborough Greens, QLD	340	91%
4 Green Square, NSW ²	174	100%	4 Woodlea, VIC	647	89%
5 Harold Park, NSW ³	67	100%	5 Gledswood Hills, NSW	140	100%

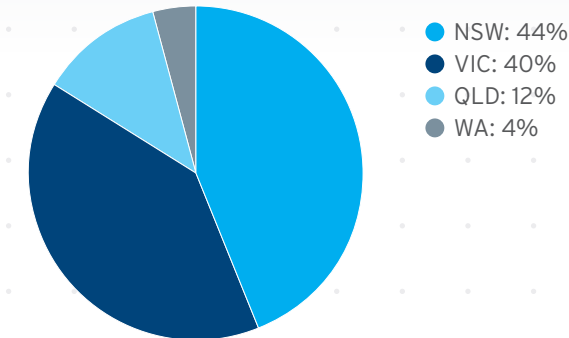
95% SECURED

1. Tower 10.
2. Ebsworth.
3. Precinct 4.

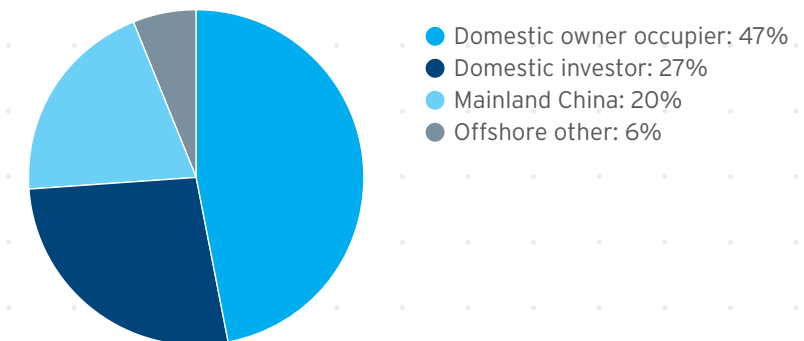
High quality product supports settlement profile

- Secured a record \$3.1bn of pre-sales
- Settlements supported by well-priced, well-located product
 - 84% weighted to Sydney and Melbourne
- 2% default rate to 31 Jan 17
 - Average price \$675k per lot
 - Across MPC and apartments in Sydney, Melbourne and Brisbane
- Over 70% defaults re-sold with financial upside
 - Remaining recently marketed for resale
- Prudently managing our default risk
 - Pro-active and early settlement management
 - FY17 lot target includes contingency for settlement delays
 - Maintain aggregate FIRB pre-sales exposure below 30% (1H17: 26%)
 - Internal approval processes and limits

\$3.1bn pre-sales by geography



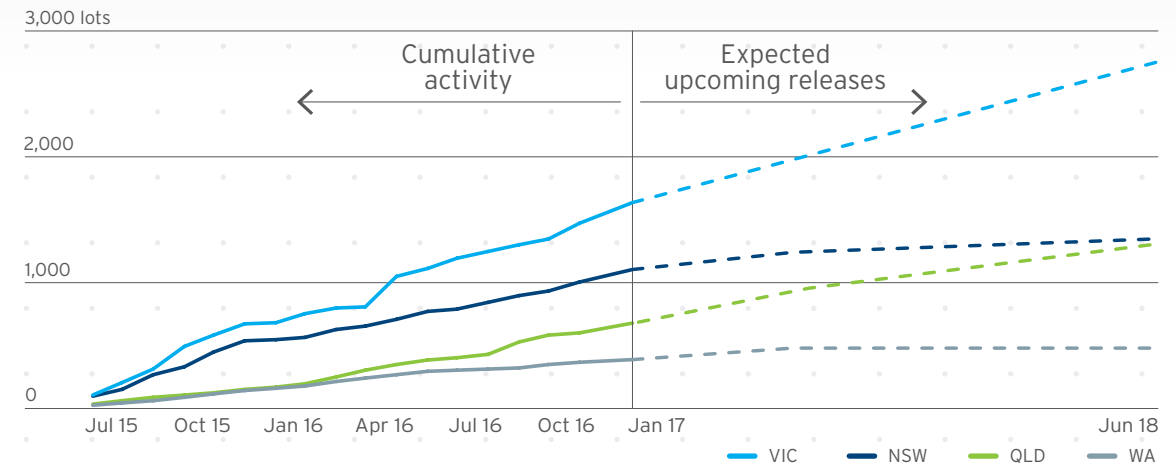
\$3.1bn pre-sales by buyer profile



Strong momentum of MPC activity supports increased EBIT contribution

- Strong MPC sales momentum expected to continue, supported by the release of >2,000 MPC lots over the next 18 months, driven by Melbourne projects
- Launch of new project Donnybrook in Melbourne
- Continued releases at existing strong performing projects including Tullamore and Woodlea, Melbourne, Alex Ave, Sydney and Gainsborough Greens, Brisbane
- Residential EBIT contribution from MPC expected to increase to an average of 57% between FY17-19

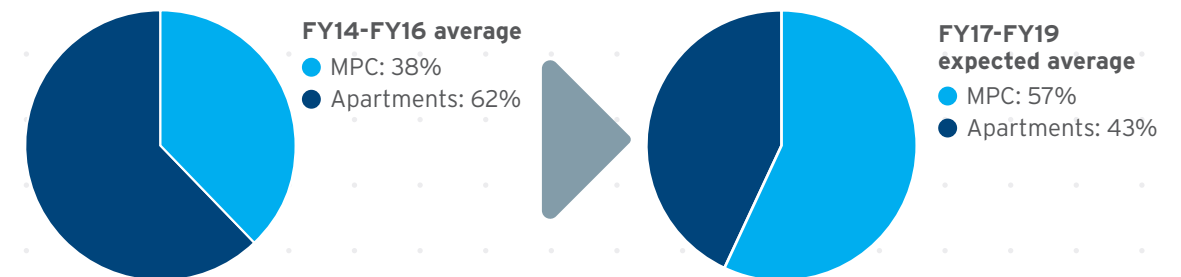
MPC momentum



Donnybrook, Melbourne



Residential EBIT contribution



Committed apartment exposure substantially pre-sold

\$1.1bn capital invested in apartment projects with 78% relating to committed projects

Committed exposure

NSW

- Harold Park, Precinct 5
- Bondi, Moreton
- Green Square, Ebsworth & Ovo
- St Leonards
- Waterloo



VIC

- Yarra's Edge, Tower 10
- The Eastbourne



QLD

- Waterfront, Unison
- Hope St, Art House & Lucid
- Ascot Green, Tower A



WA

- Leighton Beach, Meridian & Prima
- Claremont, Grand Stand & Reserve

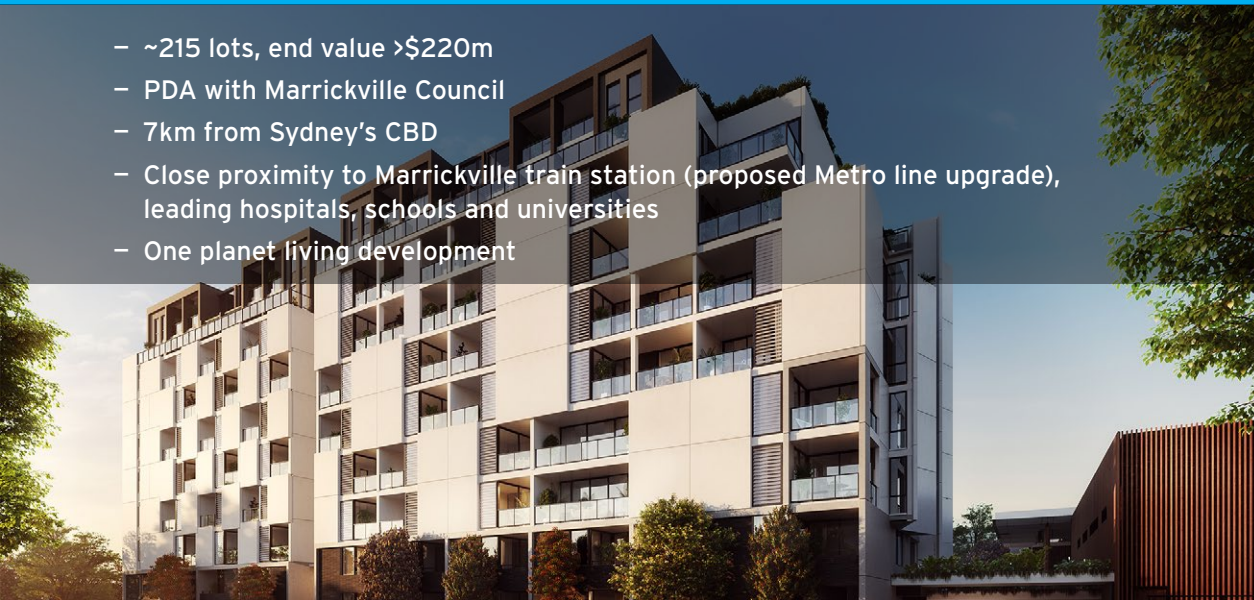


**DELIVERING
EARNINGS
TO FY21**

2H17 major apartment releases

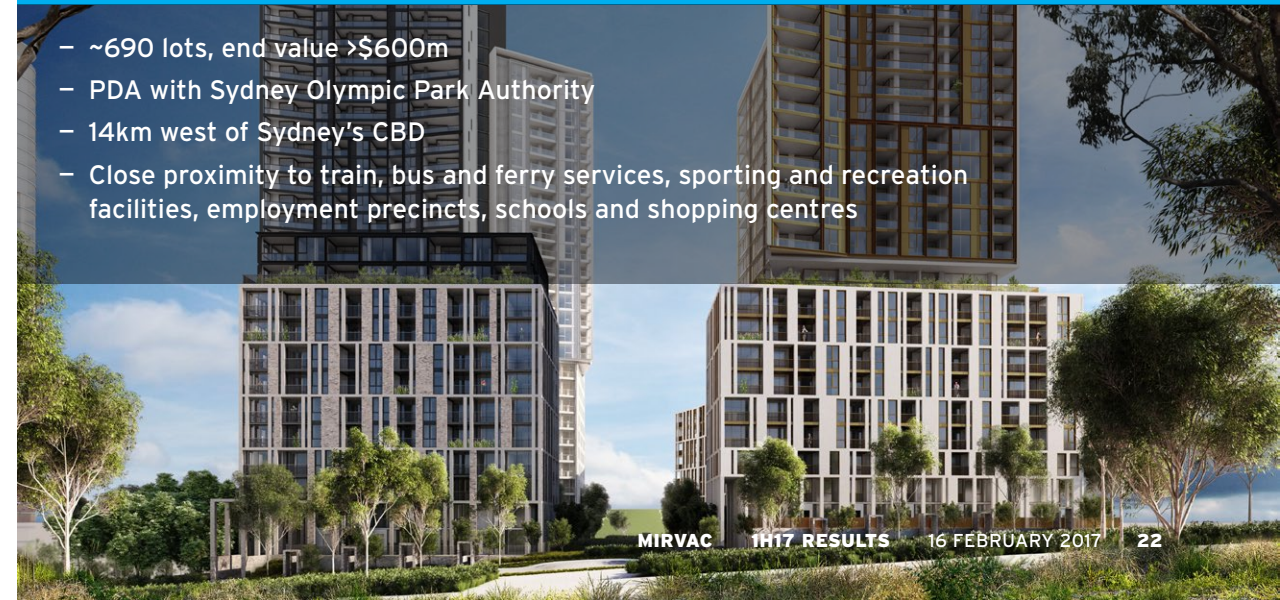
Marrickville, Sydney

- ~215 lots, end value >\$220m
- PDA with Marrickville Council
- 7km from Sydney's CBD
- Close proximity to Marrickville train station (proposed Metro line upgrade), leading hospitals, schools and universities
- One planet living development



Sydney Olympic Park, Sydney

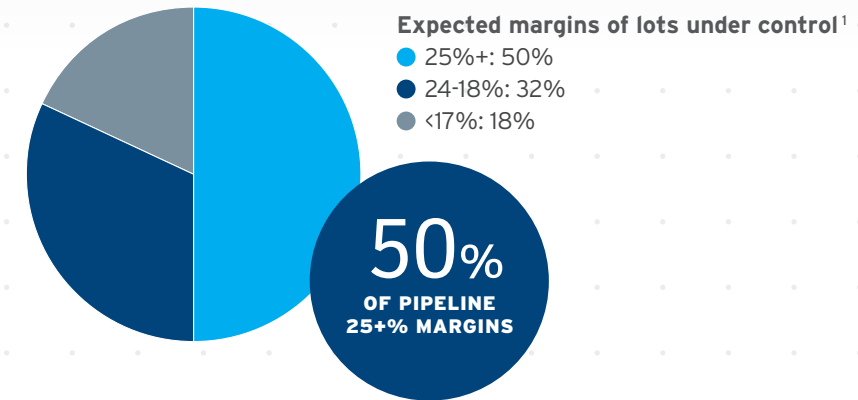
- ~690 lots, end value >\$600m
- PDA with Sydney Olympic Park Authority
- 14km west of Sydney's CBD
- Close proximity to train, bus and ferry services, sporting and recreation facilities, employment precincts, schools and shopping centres



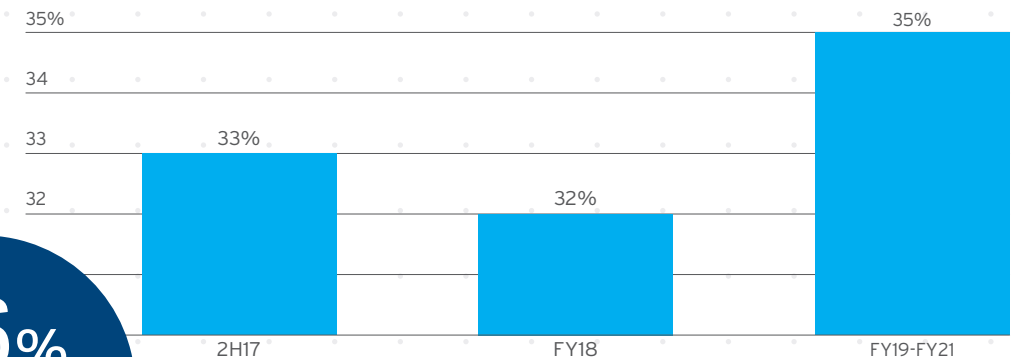
High quality pipeline to continue to add value

- >31,000 lot pipeline supports above through-cycle target gross margins (18%-22%) in the near term
 - 50% of lots have expected margins greater than 25%
 - MPC pipeline weighted to Melbourne
 - Apartment pipeline weighted to Sydney
- Embedded margin secured via \$3.1bn pre-sales will continue to deliver value into FY21
 - >4,900 lots pre-sold across 28 projects
 - 53% apartments / 47% MPC
 - 26% average project margin across pre-sold lots
 - Managing profitability with ~80% construction trade coverage

High quality residential pipeline



\$3.1bn pre-sales expected settlement profile



26%
AVERAGE
PROJECT MARGIN
PRE-SALES

¹. Includes gross margin from JVA and Mirvac managed funds.

Susan Lloyd-Hurwitz,
CEO and Managing Director

SUMMARY AND GUIDANCE

High quality income and growth underpinned by urban strategy

Urban Strategy

Secure yield

- \$8.7bn modern investment portfolio
- High portfolio occupancy
- Long average lease terms
- Embedded rent growth

**POTENTIAL
TO DELIVER**

9%+

**3 YEAR AVERAGE
GROUP ROIC**

Disciplined growth

- Proven development track record
- Superior returns
- Highly visible residential cashflows
- High quality pipeline

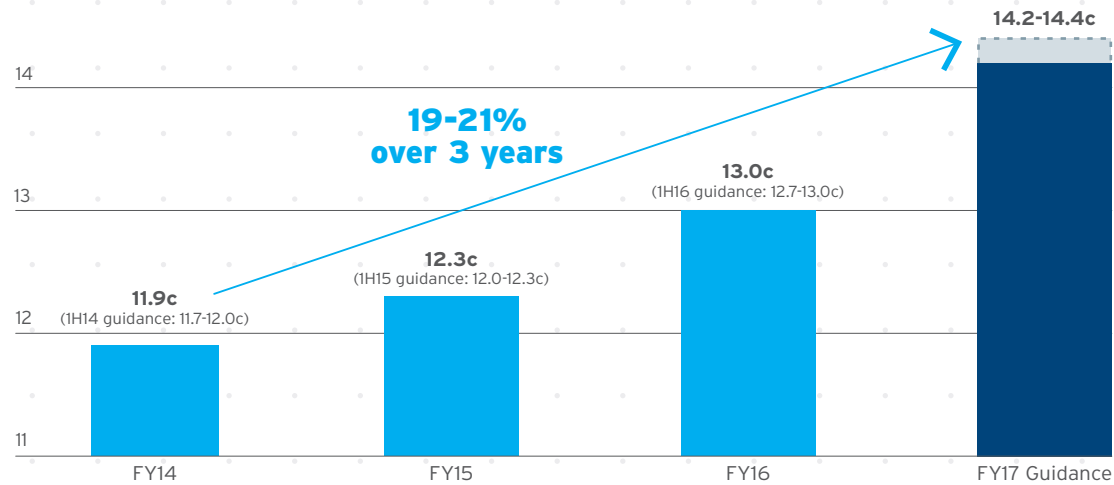
Clear and focused strategy will deliver attractive and stable investor returns

Well positioned to deliver on our FY17 promises

FY17 EPS
**9-11%
GROWTH**
ON FY16

Operating EPS

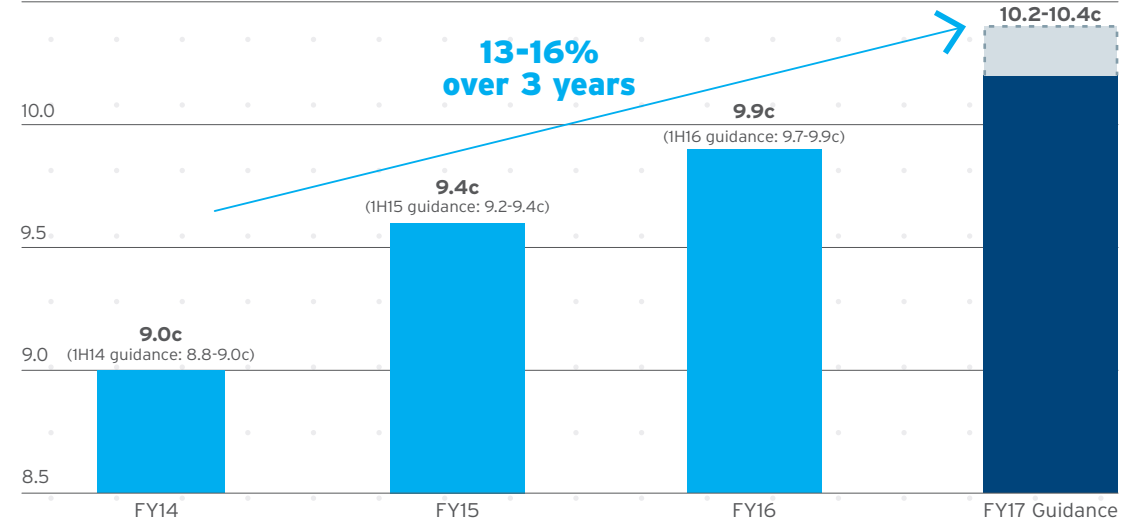
15 cents



FY17 DPS
**3-5%
GROWTH**
ON FY16

DPS

10.5 cents



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THANK
YOU

INDUSTRIAL

RETAIL

OFFICE

RESIDENTIAL

EVERYTHING'S
connected