MIRVAC GROUP
11 FEBRUARY 2016

# RESULTS 1H16

mirvac

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# 1H16 RESULTS INTRODUCTION

# DELIVERING ON STRATEGIC OBJECTIVES

## Strategy has delivered high quality portfolio

- $366m valuation increase across the portfolio
- Record leasing success and strong portfolio metrics

## Focused and disciplined approach to capital allocation to deliver sustainable growth

- Continued to dispose of assets no longer on strategy and avoided acquiring low cap rate core assets

## Continue to unlock development potential while managing the Group's risk profile

- Increased active office development pipeline to $2.1bn (86% pre-leased)
- Development of four retail projects well progressed (86% pre-leased)
- Residential pipeline delivering above through cycle margins and record $2.6bn of pre-sales secured

## Secured strategic partnerships in both the passive and active business that leverage our asset creation, repositioning and investment management capabilities

- Assets under management have increased to $15.0bn from $9.2bn at FY12
- Investment Management Agreement with a subsidiary of CIC
- Established a residential development JV with Ping An Real Estate

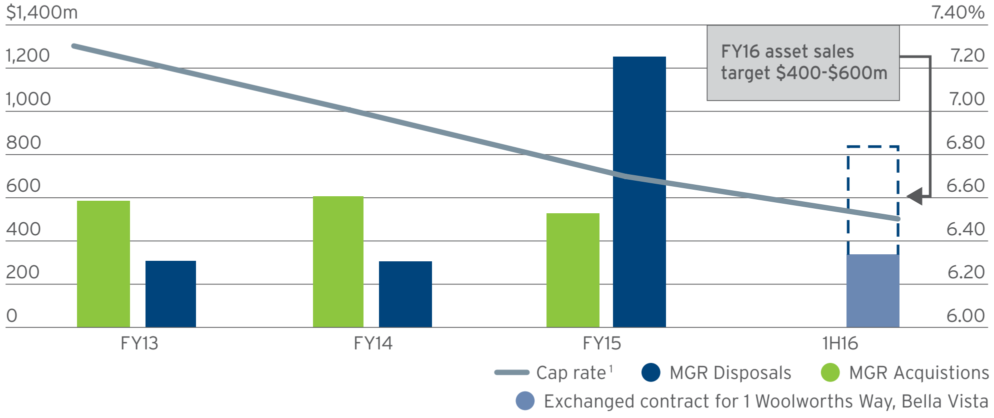
## On track to achieve FY16 full year targets

- Maintained EPS guidance of 12.7cpss – 13.0cpss
- FY16 interim distribution of 4.7cpss, consistent with full year guidance
- Expect to achieve over 12% Development ROIC in FY16, one year ahead of previous guidance
  - 88% of expected FY16 Development EBIT secured

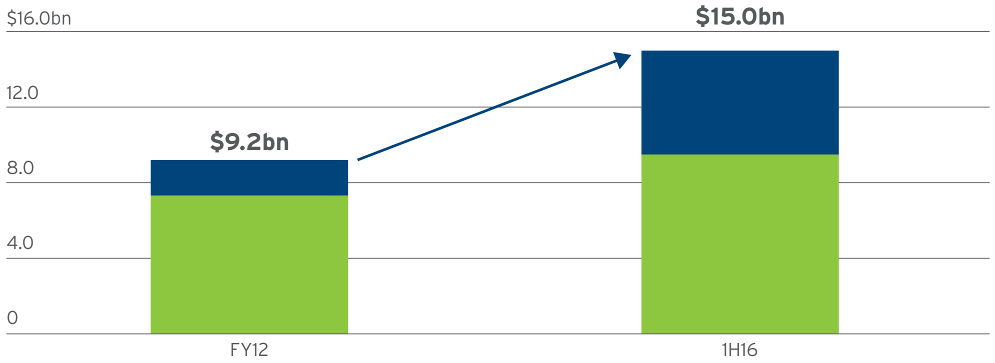
## Continuing to work on identifying potential initiatives to unlock value

- In progress

## PORTFOLIO REPOSITIONING




## ASSETS UNDER MANAGEMENT[2]




1) Based on IPD all property WACR to Sep 15.
2) Includes residential inventory. 1H16 includes CIC portfolio.

# SECURED OPPORTUNITIES ALIGNED WITH URBAN STRATEGY

- Secured the acquisition of five new projects located in densely populated urban catchments
- Strong catchments support future outlook

**OFFICE ASSET AND DEVELOPMENT**

## AUSTRALIAN TECHNOLOGY PARK, SYDNEY[1]


- ATP to be pivotal in extending Sydney's growing digital and innovation industries
- Demand for ICT workers in Australia is forecast to increase by 100,000 over the six years to 2020[2]
- 100% ownership of locomotive workshop and National Innovation Centre (24,540 sqm)
- Mirvac, the Commonwealth Bank and Centuria have established a Tech Incubation Hub

**CBA development:**

- Secured new 15 year lease to the Commonwealth Bank for 93,000 sqm
- Secured co-investors AMP and Sunsuper
- Mirvac appointed as developer and will retain 33.3% interest

1) Settlement expected 2H16.
2) Deloitte Access Economics and the Australian Computer Society Australia – *Australia's Digital Pulse*, 2015.

# SECURED OPPORTUNITIES ALIGNED WITH URBAN STRATEGY

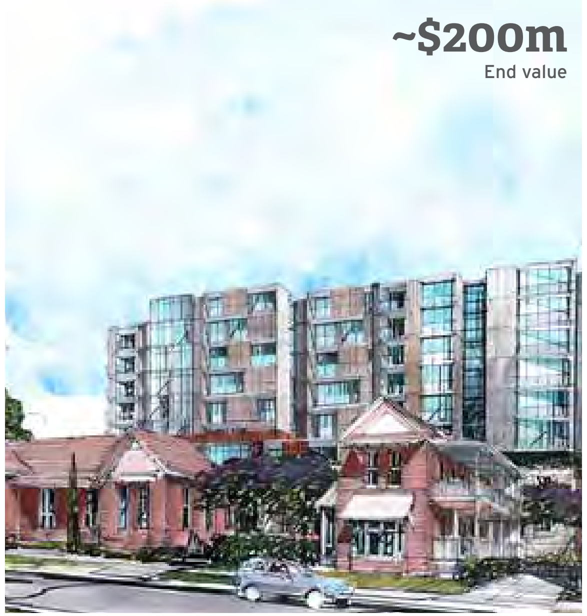
## RETAIL ASSET
## EAST VILLAGE, ZETLAND, SYDNEY[1]


- High-density catchment: 3km from CBD
- Income per capita 43% above Sydney average
- Annual population forecast to grow 7% next 10 years
- Retail spending forecast to grow >9% pa next 10 years

## INDUSTRIAL ASSET
## RYDALMERE, SYDNEY[1]


- Situated in major technology and education precinct
- 3km from Parramatta CBD and Westmead – Australia's largest health precinct
- Rydalmere forecast to accommodate over 11,000 new knowledge worker jobs by 2031
- Major transport enhancements underway

## RESIDENTIAL DEVELOPMENT
## MARRICKVILLE HOSPITAL, SYDNEY




- Located in dense inner west Sydney, 7km south west of Sydney CBD with three frontages to major roads
- Includes new Civic Centre, Library & community facilities
- 500m from Marrickville railway station – to be upgraded to Metro, rapid transit line
- Very few significant developments in last few years

## RESIDENTIAL DEVELOPMENT
## EAGLE FARM, BRISBANE


- Located adjacent Eagle Farm Racecourse, 6km north east of Brisbane CBD
- Highly unique product with new retail, and views over racecourse and internal parklands
- Capital efficient acquisition structure – PDA with Brisbane Racing Club

1) Settlement expected 1H17.

# SUSTAINABILITY AND PEOPLE

## This Changes Everything

- Launched Mirvac Energy: A company that will invest in solar systems for our own assets earning an income stream by selling energy
  - Two pilot projects to commence at One Darling Island and Orion Springfield Central totalling 1.1MW
- Existing asset 275 Kent St achieved a 6 Green Star Performance rating (only the second 6 Star Performance rating in Australia)
- Googong Township received a 5 Star Green Star Communities rating – the first project in NSW to be awarded this rating by the GBCA
- Mirvac launched its first annual Sustainable Supply Chain Report
- Delivered first Net Positive carbon home at Osprey Waters, WA

## Health, Safety and Environment

- The national Alcohol and other Drugs Education Program wrapped up in December 2015 with 82% of all Mirvac employees attending.
- Safety performance tracking below FY16 targets
  - LTIFR at 1.39 against a target of 4

## People

- Recognised as a 2015 WGEA Employer of Choice for Gender Equality
- Launched Mirvac Learning Academy
- Established flexibility charter and commenced roll out of training program

## Hatch

- Ranked third in BRW's Most Innovative Companies list for 2015 and Best Innovation Program
- Progressing each of our strategic missions with a number of ideas reaching experiment stage

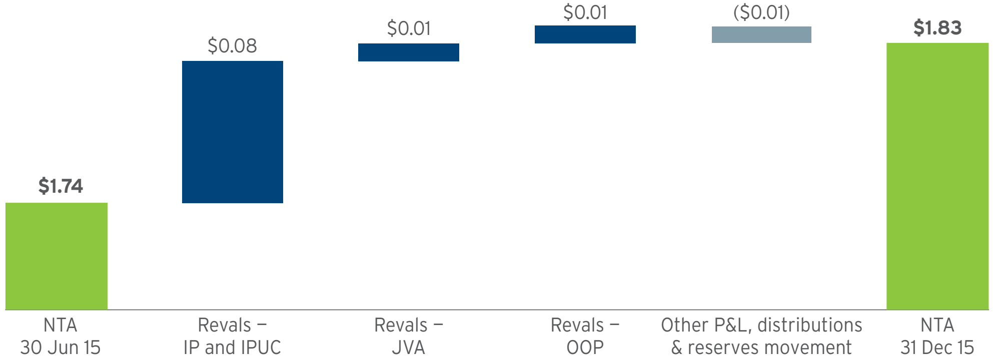
# 1H16 FINANCIAL RESULTS

# HIGH QUALITY PORTFOLIO DRIVING SUBSTANTIAL UPLIFT IN PROPERTY VALUATIONS

- Statutory profit up 69% to $472.7m (1H15: $279.0m), statutory EPS of 12.8cpss (1H15: 7.6cpss)
- 1H16 revaluation uplift of $365.9m (35% of the book externally valued) including:
  - $289.3m in Investment properties and IPUC[1]
  - $42.2m in properties held in JVA
  - $34.4m in owner occupied property (OOP)
- Weighted average investment portfolio cap rate tightened 36bps to 6.50% from FY15
- Overhead cost initiatives resulting in a restructuring cost of $1.4m, consistent with FY16 expected cost of $4m
- NTA[2] increased 5% to $1.83 per stapled security, driven by property revaluation uplifts

| | 1H16 $M | 1H15 $M |
|---|---|---|
| **Statutory profit after tax** | **472.7** | **279.0** |
| Investment property revaluation gain | (289.3) | (50.8) |
| Equity accounted property revaluation gain | (42.2) | (11.0) |
| Unrealised loss on interest rate derivatives | 10.4 | 13.4 |
| Restructuring costs | 1.4 | – |
| Other | 11.6 | 0.6 |
| **Operating profit after tax** | **164.6** | **231.2** |

## NTA MOVEMENT




1) IPUC uplift of $38m, relating to 200 George St revalue at cap rate of 5.50%.
2) NTA per security, based on ordinary securities including EIS securities.

# 1H16 OPERATING RESULTS IN LINE WITH EXPECTATIONS

- 1H16 result in line with expectations, significantly stronger 2H16 contribution expected
  - Investment EBIT supported by acquisitions, development completions and embedded rental growth, however offset by $407m of asset sales in 2H15 and the impact from development and assets held for development
  - Development EBIT materially skewed to 2H16 reflecting timing of residential settlements (75% of FY16 target lot settlements expected in 2H16)
- 1H16 unallocated costs slightly up on 1H15, however expect this to reverse in 2H16 as cost saving initiatives begin to flow through
  - Expect $10-15m saving from FY17
- Delivered 1H16 FFO of $170.3m representing 4.6cpss
- 1H16 distribution of 4.7cpss consistent with full year guidance

| OPERATING RESULTS | 1H16 $M | 1H15 $M |
|---|---|---|
| Investment | 230.7 | 238.9 |
| Investment Management | 3.4 | 3.1 |
| Development | 2.0 | 102.8 |
| Unallocated | (37.2) | (35.0) |
| Elimination | (5.1) | (0.9) |
| **Operating EBIT** | **193.8** | **308.9** |
| **Operating profit after tax** | **164.6** | **231.2** |
| **Funds from operations**[1] | **170.3** | **238.6** |

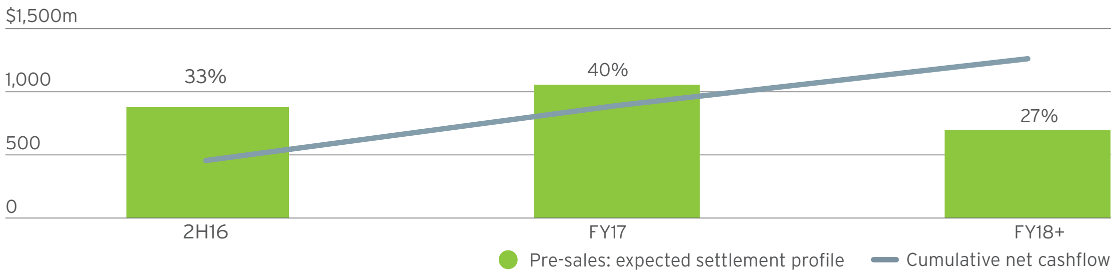
| KEY METRICS | 1H16 | 1H15 |
|---|---|---|
| Operating EPS | 4.5c | 6.3c |
| FFO (per stapled security) | 4.6c | 6.5c |
| Operating DPS | 4.7c | 4.5c |
| % of passive invested capital | 80% | 80% |

1) Funds from operations (FFO) is derived in accordance with PCA guidelines.

# STRONG BALANCE SHEET AND VISIBILITY OF FUTURE CASHFLOWS

- Gearing of 27.6%, within the Group's target range of 20-30%
- Average borrowing costs reduced to 4.9%
- Maintained weighted average debt maturity at 4.3 years
  - Settled $195m of USPP notes which mature in FY26 and FY28
  - Increased bank facilities by $300m with maturities in FY18, FY19, FY20 and FY21
- Residential pre-sales of $2.6bn will generate net cashflow (after construction and other costs) of over $1.2bn by FY18
- Asset sales target of $400m-$600m in FY16
  - Exchanged contracts for 1 Woolworths Way, Bella Vista in Jan 16 for $336.4m, representing a yield of 6.07%[1]
- Current cash and undrawn debt plus Woolworths Way asset sale proceeds currently sufficient to repay Sep 16 and Nov 16 debt maturities

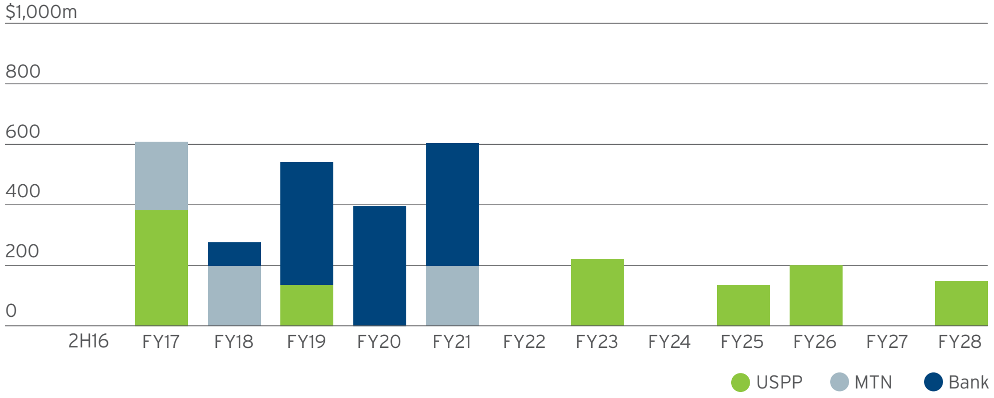
## PRE-SALES CASHFLOW




1) Total consideration includes delivery of a new carpark.
2) Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets – cash).
3) Adjusted EBITDA/finance cost expense.
4) Total interest bearing debt (at foreign exchange hedged rate) excluding leases.
5) Includes margins and line fees.

| CAPITAL MANAGEMENT METRICS | 1H16 | FY15 |
|---|---|---|
| Balance sheet gearing [2] | 27.6% | 24.3% |
| Look-through gearing | 28.3% | 25.2% |
| ICR [3] | 4.5x | 4.5x |
| Total interest bearing debt [4] | $3,107m | $2,565m |
| Average borrowing cost [5] | 4.9% | 5.2% |
| Average debt maturity | 4.3 yrs | 4.3 yrs |
| S&P credit rating | BBB+ | BBB+ |
| Hedged percentage | 51% | 61% |
| Average hedge maturity | 4.7 yrs | 5.2 yrs |

## DRAWN DEBT MATURITIES AS AT 31 DEC 15

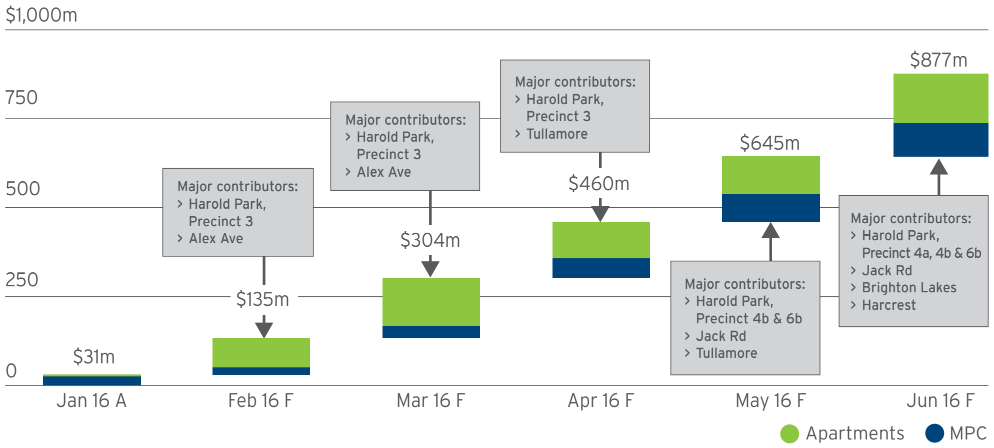


# DELIVERY OF 2H16 SETTLEMENTS ON TRACK

- Operating cashflow for the Group skewed significantly to second half of FY16
- \$877m[1] of residential pre-sales expected to settle in 2H16
  - \$65m completed to 7 Feb 16
- Construction of major contributors remain on track[2]:
  - Harold Park, Precinct 3: → Building 1 – construction complete and settlement notices issued; Building 2 – 95% complete
  - Harold Park, Precinct 4a: → 60% complete
  - Harold Park, Precinct 4b: → 75% complete
  - Harold Park, precinct 6b: → 80% complete
  - Alex Ave, NSW: → 90% complete
  - Jack Rd, VIC: → 60% complete
  - Tullamore, VIC: → 60% complete
  - Brighton Lakes, NSW: → 25% complete (Velocity panels)

| 2H16 EXPECTED MAJOR SETTLEMENTS | PRESALES SECURED (LOTS) | REVENUE SECURED | OWNERSHIP |
|---|---|---|---|
| Harold Park, NSW | 581 | \$577m | 100% |
| Alex Avenue, NSW | 114 | \$56m | 100% |
| Jack Road, VIC | 66 | \$47m | 100% |
| Tullamore, VIC | 62 | \$41m | 100% |
| Brighton Lakes, NSW | 60 | \$39m | PDA |
| Googong, NSW | 257 | \$32m | 50% |
| Harcrest, VIC | 169 | \$20m | 20% |
| Woodlea, VIC | 203 | \$18m | 50% |
| Other | 207 | \$47m | Various |
| **Total** | | **\$877m** | |

## 2H16 EXPECTED SETTLEMENT PROFILE




1) Based on Mirvac's share of JVA and Mirvac managed funds. \$1,033m on 100% basis.
2) Update as at Feb 16.

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# RETAIL
## OPERATIONAL UPDATE

# URBAN STRATEGY DELIVERING OUTPERFORMANCE

- High occupancy maintained at 99.3%
- Like-for-like growth steady at 2.2%[1]
- Delivered strong comparable MAT growth of 7.3% driven by exceptional Dec quarter growth of 8.2%
  - Comparable specialty sales growth of 6.9%
  - Comparable specialty sales productivity up 12% on pcp to $9,285/sqm
  - 16 consecutive months of positive comparable sales growth
- Occupancy costs reduced to 15.2% from 16.0% at FY15
- Weighted average cap rate tightened 22bps to 6.27% from FY15, resulting in a net valuation uplift of 3.9% on previous book value[2]
- 208 leasing transactions with positive leasing spreads of 4.0%
- Leasing spreads consistently positive since Sep 12

| RETAIL PORTFOLIO RESULTS | 1H16 | FY15 | 1H15 |
|---|---|---|---|
| Portfolio value | $2,312.9m | $2,139.5m | $2,039.2m |
| Net valuation uplift[2] | 3.9% | 3.4% | 1.4% |
| Like-for-like NOI growth | 2.2% | 2.1% | 2.6% |
| Occupancy | 99.3% | 99.4% | 99.2% |
| Specialty comparable occupancy costs | 15.2% | 16.0% | 16.4% |
| Total leasing spreads | 4.0% | 4.8% | 4.1% |
| Total comparable MAT growth | 7.3% | 4.7% | 3.1% |
| Specialties comparable MAT growth | 6.9% | 3.8% | 2.9% |
| WACR | 6.27% | 6.49% | 6.59% |

| RETAIL SALES BY CATEGORY | 1H16 TOTAL MAT | 1H16 COMPARABLE MAT GROWTH | FY15 COMPARABLE MAT GROWTH |
|---|---|---|---|
| Supermarkets | $826.2m | 6.6% | 7.3% |
| Discount Department Stores | $198.3m | 6.0% | 2.8% |
| Mini-majors[3] | $393.0m | 11.4% | 4.2% |
| Specialties | $936.2m | 6.9% | 3.8% |
| Other Retail | $187.2m | 0.9% | 1.4% |
| **Total** | **$2,540.9m** | **7.3%** | **4.7%** |

1) Like-for-like asset pool has reduced to approximately 30% of income due to significant developments and transactions over past 24 months.
2) Net gain on fair value of investment properties divided by book value prior to revaluation. Excludes transaction costs for acquisitions.
3) Includes other majors.

# CAPTURING ORGANIC GROWTH POTENTIAL

- Investing in existing assets located in key metropolitan markets to drive organic growth
- Four developments currently underway:
  - Orion Springfield, Stage 2, QLD (88% leased)

    32,000 sqm expansion creating regional centre with enhanced food, fashion and entertainment and three new major tenants
  - Tramsheds, Harold Park, NSW (98% leased)

    Restoration and recreation of historic tram sheds creating unique urban convenience and dining offering
  - Greenwood Plaza, NSW (86% leased)

    Repositioning of casual dining precinct
  - Broadway Shopping Centre, NSW (67% leased)

    Repositioning urban fashion and casual dining with introduction of international mini-major
- Further development and repositioning opportunities across most of the portfolio over time
  - DAs submitted at Birkenhead Point, NSW and Kawana Shoppingworld, QLD

CASE STUDY:

## KAWANA SHOPPINGWORLD, QLD

Introduced an improved leisure and lifestyle offer including youth fashion, alfresco dining, Aldi and JB Hi-Fi

| | |
|---|---|
| Cost: | $85m |
| Yield on cost: | >7% |
| Completion date: | Jul 14 |
| Cap rate at 31 Dec 15: | 6.00% (6.75% pre-development) |

| | |
|---|---|
| MAT: | 27% ↑ |
| Specialty MAT: | 52% ↑ |
| Foot traffic: | 9% ↑ |
| Average spend: | 17% ↑ |

Advancing planning for next stage of development to further increase market share

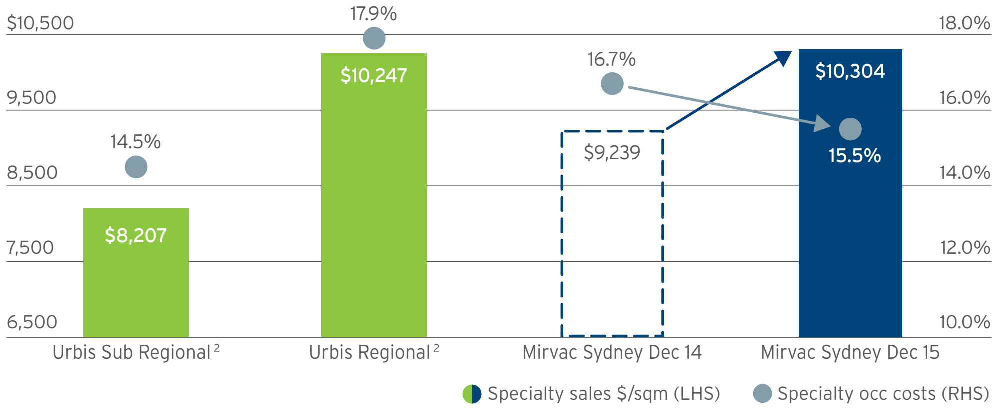
### RETAIL DEVELOPMENT AND REPOSITIONING PIPELINE

| Active | Masterplanning Phase | Future |
|---|---|---|
| Orion Springfield Central | Rhodes Waterside | Stanhope Village |
| Tramsheds Harold Park | Harbourside | MetCentre |
| Greenwood Plaza | Cherrybrook Village | Cooleman Court |
| Broadway Shopping Centre | St Marys Village Centre | Broadway Shopping Centre |
| | Kawana Shoppingworld | |
| | Birkenhead Point | |

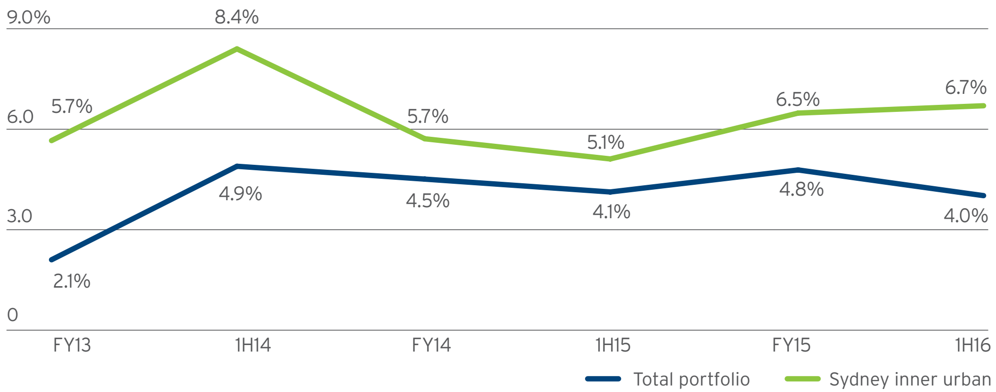
# OVERWEIGHT TO SYDNEY URBAN ASSETS SUPPORTS FUTURE PORTFOLIO GROWTH

- Sydney inner urban retail assets[1] proven outperformance
  - Outperforming leasing spreads of 6.7%
  - Outperforming net valuation uplift of 5.0%
- Portfolio strongly positioned for future growth
  - Specialty sales productivity growth of 12% over the last 12 months
  - Specialty occupancy costs down 120bps to 15.5%
- Retail spending supported by quality of portfolio trade areas
  - Dense and growing urban catchments
  - Higher incomes per capita
  - Higher levels of dwelling investment
  - Exposure to increased tourism and education sectors
- Mirvac maintains overweight Sydney position following completion of active development pipeline and East Village acquisition

## INNER URBAN ASSETS POSITIONED FOR GROWTH




## LEASING SPREADS OF INNER URBAN ASSETS OUTPERFORM




1) Mirvac's retail assets within 15 kilometre radius of Sydney CBD.
2) Urbis 2014/15 Benchmarks.

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# OFFICE & INDUSTRIAL OPERATIONAL UPDATE

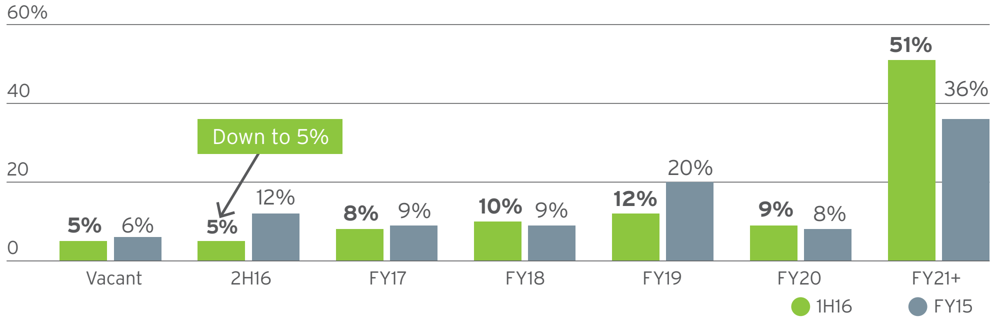
# HIGH-QUALITY OFFICE ASSETS DRIVING RECORD LEASING SUCCESS

- Completed over 190,400 sqm of leasing activity, representing over 25% of portfolio income
  - 86% of all leasing executed in Sydney
  - Included renewals to Westpac and Woolworths of 58,500 sqm and 45,000 sqm respectively
- FY16 expiries reduced to 5% from 12% at FY15
- Strong overall leasing spreads of 3.8% (new leasing spreads 7.6%)
- Occupancy steady at to 94.5%
- WALE increased to 6.1 years from 4.3 years at FY15
- Like-for-like NOI growth of 1.0%, impacted by increased vacancy at 40 Miller St, NSW and 340 Adelaide St, QLD
- Weighted average cap rate tightened 44bps to 6.57% from FY15, representing 5.7% gain on previous book value[2], resulting in a net valuation uplift of $251m including:
  - 275 Kent St, NSW, $34m ↑ 8%
  - 60 Margaret St, NSW, $30m ↑ 17%
  - 10-20 Bond St, NSW, $26m ↑ 13%
  - 77 St Georges Terrace, WA ($22m) ↓ 9%

| OFFICE PORTFOLIO RESULTS | 1H16 | FY15 | 1H15 |
|---|---|---|---|
| Portfolio value | $4,498.0m[1] | $4,108.0m | $4083.2m |
| Net valuation uplift[2] | 5.7% | 2.1% | 0.8% |
| Like-for-like NOI growth | 1.0% | 2.6% | 3.8% |
| Occupancy[3] | 94.5% | 94.0% | 94.7% |
| WALE[4] | 6.1 yrs | 4.3 yrs | 4.5 yrs |
| WACR | 6.57% | 7.01% | 7.24% |

| LEASING ACTIVITY | AREA | LEASING SPREAD | AVERAGE INCENTIVE | AVERAGE WALE |
|---|---|---|---|---|
| Renewals | 154,172 sqm | 1.9% | 22% | 9.8 yrs |
| New leases | 36,278 sqm | 7.6% | 25% | 7.5 yrs |
| **Total** | **190,450 sqm** | **3.8%** | **24%** | **9.3 yrs** |

**OFFICE LEASE EXPIRY PROFILE[4]**



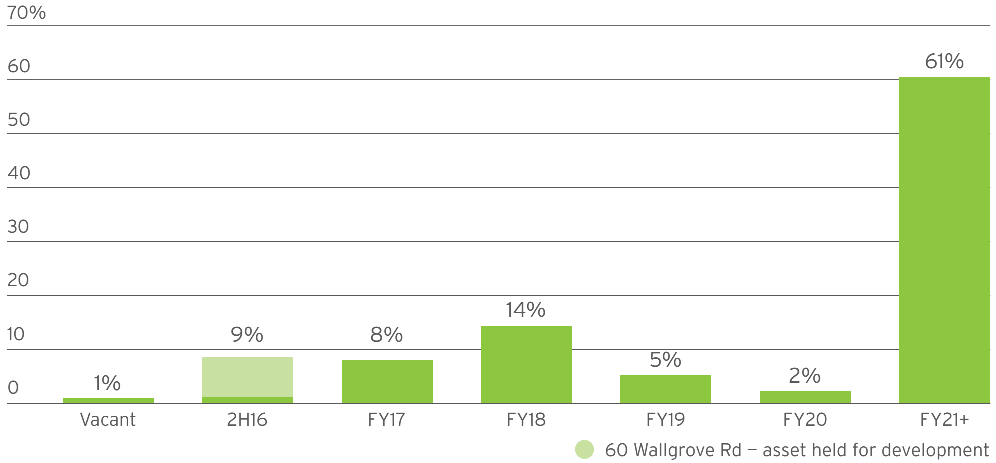

1) Includes two assets in St Leonards being held for development. All other metrics exclude these assets. Excludes asset held for sale.
2) Net gain on fair value of investment properties divided by book value prior to revaluation. Excludes transaction costs for acquisitions.
3) By area, including equity accounted investments and OOP and excluding asset held for sale.
4) By income, including equity accounted investments and OOP and excluding asset held for sale.

# STRONG INDUSTRIAL PORTFOLIO METRICS MAINTAINED

- High occupancy maintained at 99.3%
- Long WALE of 7.2 years
- Like-for-like NOI growth of 2.7%, driven by embedded rental growth
- Weighted average cap rate compressed 24bps to 6.78% resulting in a net valuation uplift of $24m, representing 3.6% gain on previous book value[1]
- Completed 17,250 sqm of leasing activity
  - 14,600 sqm at Smeaton Grange, NSW
- Secured the acquisition of an industrial site at Rydalmere in Sydney for $47.6m
  - 22,700 sqm total GLA
  - Initial yield 6.7%
  - Fully occupied, WALE >6.5 yrs
  - Settlement expected Jul 16

| INDUSTRIAL PORTFOLIO RESULTS | 1H16 | FY15 | 1H15 |
|---|---|---|---|
| Portfolio value | $691.4m | $661.0m | $416.6m |
| Net valuation uplift[1] | 3.6% | 6.5% | 0.6% |
| Like-for-like NOI growth | 2.7% | 3.4% | 3.8% |
| Occupancy[2] | 99.3% | 98.7% | 99.5% |
| WALE[3] | 7.2 yrs | 7.6 yrs | 8.2 yrs |
| WACR | 6.78% | 7.02% | 7.38% |

## INDUSTRIAL LEASE EXPIRY PROFILE[3]




1) Net gain on fair value of investment properties divided by book value prior to revaluation. Excludes transaction costs for acquisitions.
2) By area.
3) By income.

# DEVELOPING QUALITY PASSIVE ASSETS AND GENERATING DEVELOPMENT RETURNS

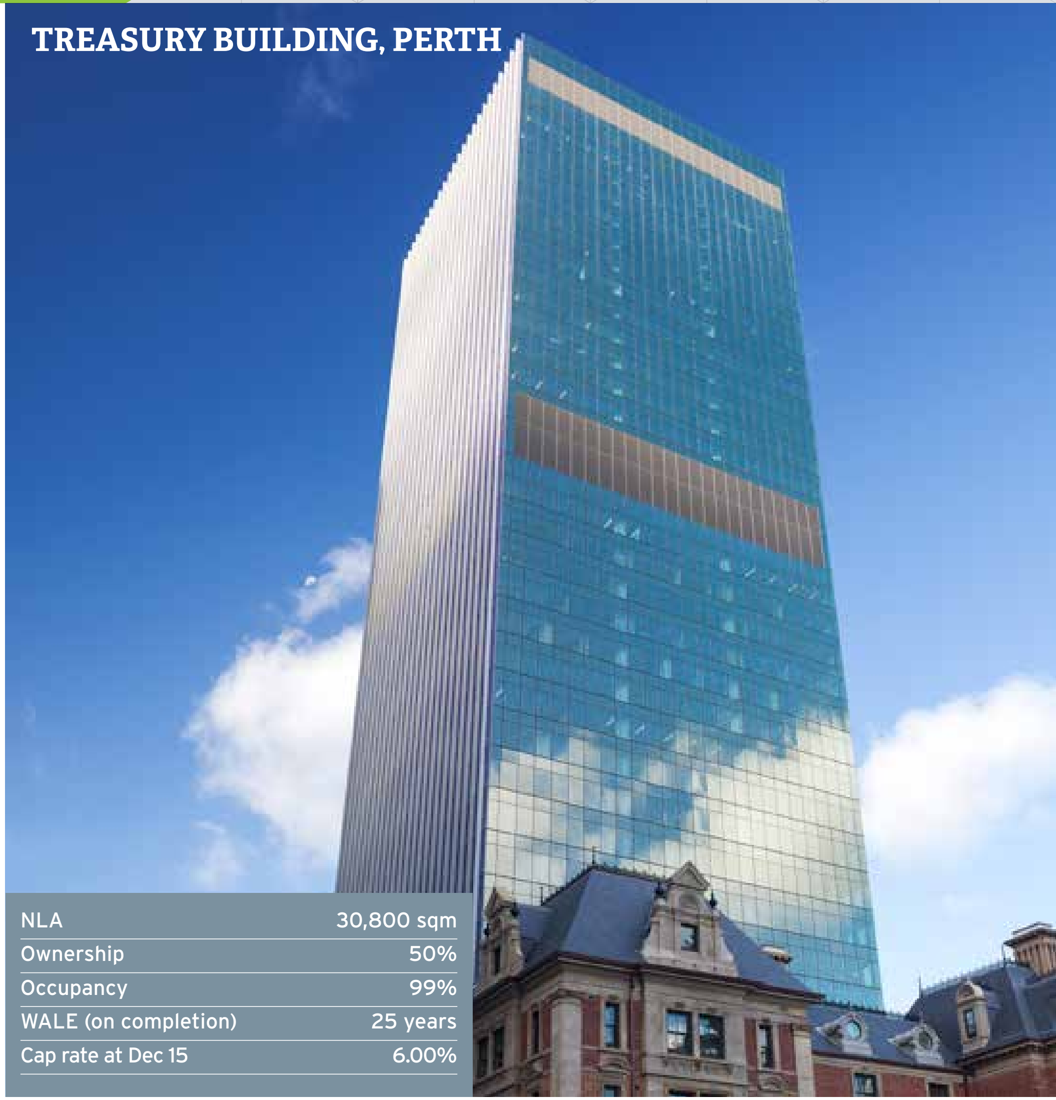
- Mirvac's ability to create high-quality commercial assets generates:
  - Stable long-term recurrent income
  - Superior returns (not competing for assets on market)
  - Development profits

## Treasury Building, Perth

- Acquired site and secured 25 year pre-lease commitment with WA Government over 99% of NLA
- Entered into an agreement with Keppel REIT to sell down 50% via a development fund through structure
- Development completed in Aug 15
- Revalued at Dec 15 to $395m (100%)

| FINANCIAL METRICS | |
|---|---|
| Development IRR | 30% |
| Yield on cost | 8.4% |
| Development profit | ~$52m |
| Revaluation gain at Dec 15 | $30m (50%) |
| Total return on investment | 35% |

## TREASURY BUILDING, PERTH



| | |
|---|---|
| NLA | 30,800 sqm |
| Ownership | 50% |
| Occupancy | 99% |
| WALE (on completion) | 25 years |
| Cap rate at Dec 15 | 6.00% |

# ACTIVE OFFICE PIPELINE HAS GROWN TO $2.1BN

- $2.1bn active office pipeline on track: 86% pre-leased and target average IRR 14%
- $2.2bn future commercial development pipeline: $2.0bn office pipeline and $208m industrial pipeline including:
  - 55 Pitt St, Sydney, 477 Collins St, Melbourne and 60 Wallgrove Rd, Sydney

## FY16
### 200 GEORGE ST, NSW

| | |
|---|---|
| Estimated end value:[1] | $625m |
| NLA: | 38,900 sqm |
| Ownership: | 50% |
| % pre-leased:[2] | 85% |

## FY17
### 2 RIVERSIDE QUAY, VIC

| | |
|---|---|
| Estimated end value:[1] | $212m |
| NLA: | 21,000 sqm |
| Ownership: | 50% |
| % pre-leased:[2] | 91% |

## FY18
### 664 COLLINS ST, VIC

| | |
|---|---|
| Estimated end value:[1] | $214m |
| NLA: | 26,100 sqm |
| Ownership: | 100% |
| % pre-leased:[2] | 33% |

## FY20/21
### AUSTRALIAN TECHNOLOGY PARK, NSW

| | |
|---|---|
| Estimated end value:[1] | $1,012m |
| NLA: | 97,500 sqm |
| Ownership: | 33.3% |
| % pre-leased:[2] | 100% |

1) Represents 100% of expected development end value.
2) % of office space pre-leased.

# OVERWEIGHT EXPOSURE TO PRIME GRADE ASSETS IN SYDNEY AND MELBOURNE SUPPORT POSITIVE OUTLOOK

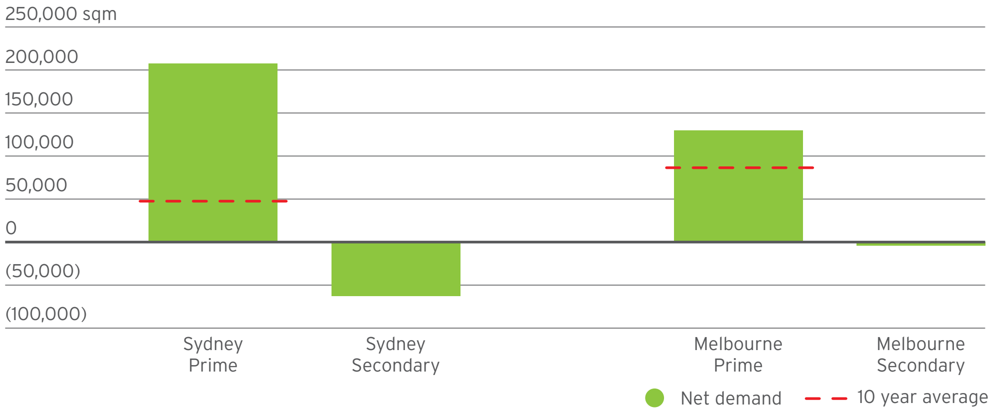
> 79% of Mirvac's office portfolio located in Sydney and Melbourne
  – 94% Premium and A Grade

> 90% of Mirvac's industrial portfolio located in Sydney

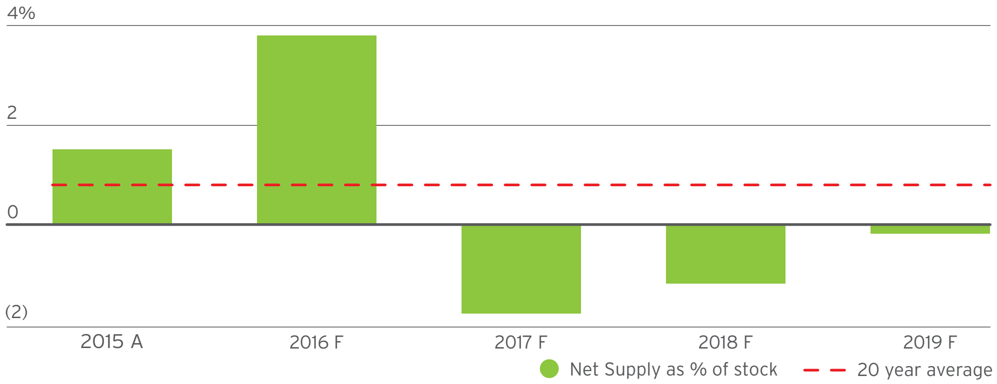
> 100% of active commercial development pipeline located in Sydney and Melbourne

- Office net absorption in Sydney and Melbourne well above 10 year average
  - Tenant demand driven by improved business conditions and growing technology and education sectors
- Negative net office supply from 2017 supporting downward pressure on vacancy and better effective rent growth outlook
  - Impact from withdrawals
  - Completions well below historic averages
- Strong capital market activity continues to place upward pressure on pricing
- Sydney industrial benefiting from positive economic growth, modest supply and strong capital market activity

## OFFICE NET DEMAND BY GRADE – SYDNEY & MELBOURNE CBD[1]




## SYDNEY CBD – FORECAST NET SUPPLY AS % OF STOCK[2]



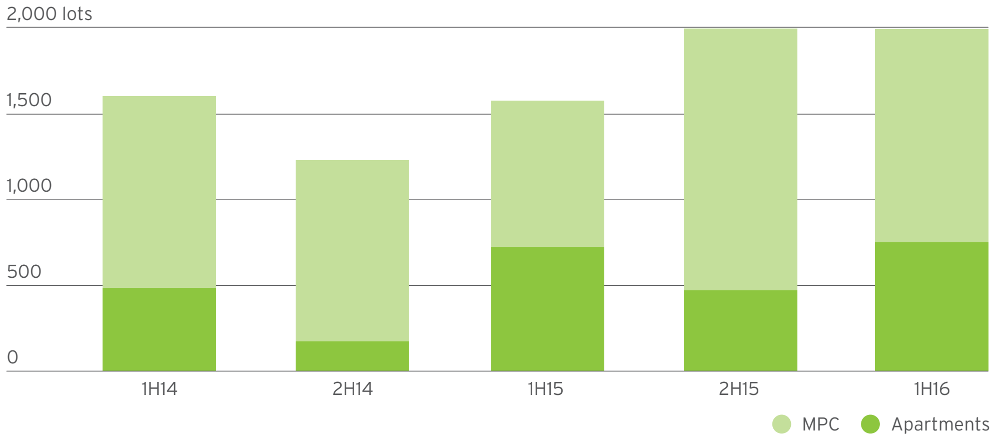

1) Source: JLL, 12 months to Dec 15.
2) Source: JLL, 4Q 2015 and Mirvac Research forecast.

# RESIDENTIAL
## OPERATIONAL UPDATE

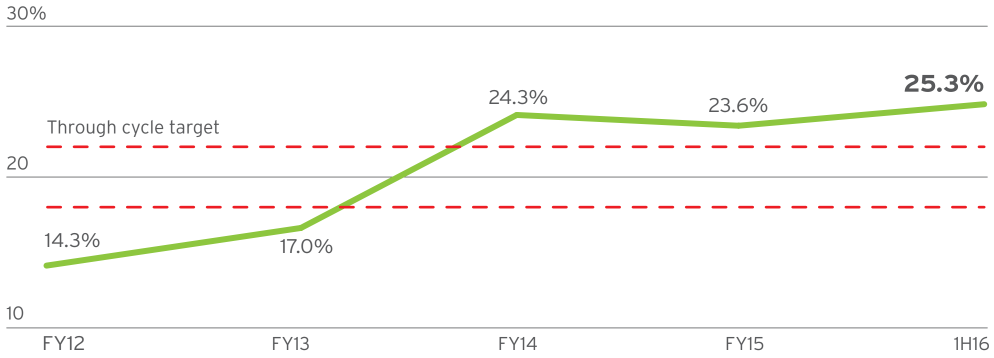
# CONTINUED SALES MOMENTUM DELIVERING STRONG 1H16 ACTIVITY

- 1H16 sales activity of ~1,960 lots in line with 2H15 reflecting continued momentum of Sydney and Melbourne masterplanned communities (MPC) projects and Brisbane apartments
  - Woodlea, VIC: 507 lots sold
  - Googong, NSW: 184 lots sold
  - Hope St, QLD: 153 lots sold
  - Tullamore, VIC: 102 lots sold
  - Alex Avenue, NSW: 102 lots sold
  - Brighton Lakes, NSW: 93 lots sold
- On track to achieve over 2,900 lot settlements in FY16 (27% growth on FY15)
  - 85% of target lot settlements secured including 748 lots settled in 1H16
  - A further 191 lot settlements completed in 2H16 to 7 Feb 16
- Strong 1H16 residential gross margins of 25.3%, driven by outperformance of Sydney MPC projects and Melbourne apartments
- Achieved record $2.6bn[1] of pre-sales, up from $2.0bn at FY15
- Secured 88% and 73% of expected FY16 and FY17 Development EBIT respectively, driven by record level of residential pre-sales

## SALES ACTIVITY BY LOTS[2]




## RESIDENTIAL GROSS MARGINS




1) Adjusted for Mirvac's share of JVA and Mirvac managed funds.
2) Total new sales for the six month period.

# RESIDENTIAL MARKET OVERVIEW

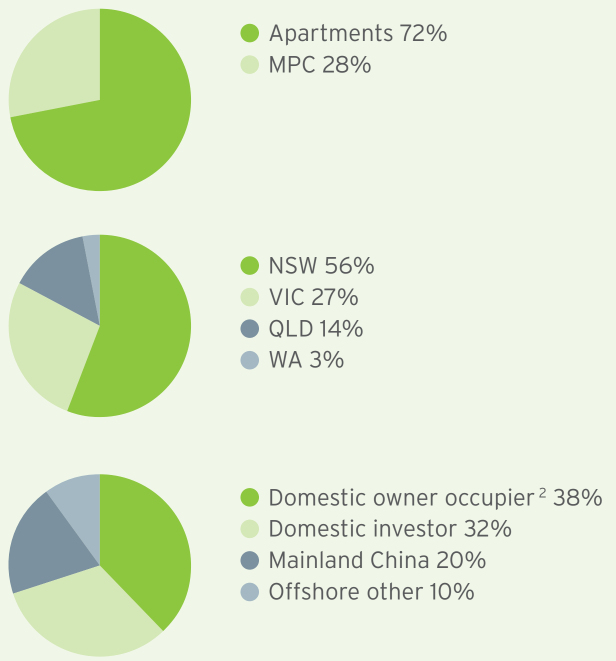
| | |
|---|---|
| **SYDNEY** | **MIRVAC PIPELINE**[1] |
| › Momentum supported by pent-up demand and strong economy<br>– NSW population growth has accelerated over past few years<br>– Greater Sydney unemployment very low (below 5%)<br>– Stronger for longer construction cycle is being underpinned by broad new infrastructure projects | **37% NSW** |
| **MELBOURNE** | |
| › Ongoing strong population growth and solid economy to support dwelling demand<br>– Metropolitan Melbourne still expected to remain Australia's fastest growing city<br>– Ongoing dwelling demand is forecast for middle and outer rings with good connections<br>– Inner city apartment supply is expected to remain concentrated in specific locations | **35% VIC** |
| **BRISBANE** | |
| › Market demand remains steady, supported by improving economic fundamentals<br>– Inner apartment market offers relatively high yields and value proposition, compared to detached housing<br>– Supply and prices for land market are modest<br>– Construction cost escalation pressure due to high supply in some apartment sub-markets | **22% QLD** |
| **PERTH** | |
| › Subdued economic conditions generally impacting the market, though demand exists for select product and locations<br>– Population continues to increase and affordability is positive<br>– Expect challenging conditions to continue until FY18 | **6% WA** |

1) Based on Mirvac's share of expected future revenue.

# EFFECTIVELY MANAGING RISK WHILE SECURING FUTURE RETURNS

- $2.6bn pre-sales securing future income
  - Fast tracking future sales releases to capture market and further de-risk future development earnings
- Establishing resilience through brand equity
  - High level of repeat buyers, up to 25% of sales on some projects
- Active management of capital position
  - Established residential development JV with Ping An Real Estate with Waterloo, Sydney seed project
  - Sourced new opportunities on capital efficient terms (1,395 lots in PDA's)
- Managing construction risk
  - Actively promote health and safety as the number one priority
  - Construction cost escalation included in feasibilities
- Pro-active management of settlement risk
  - Engagement program with customers and lenders
  - Maintained long-term average of less than 1% defaults

## $2.6bn
### Residential pre-sales detail[1]

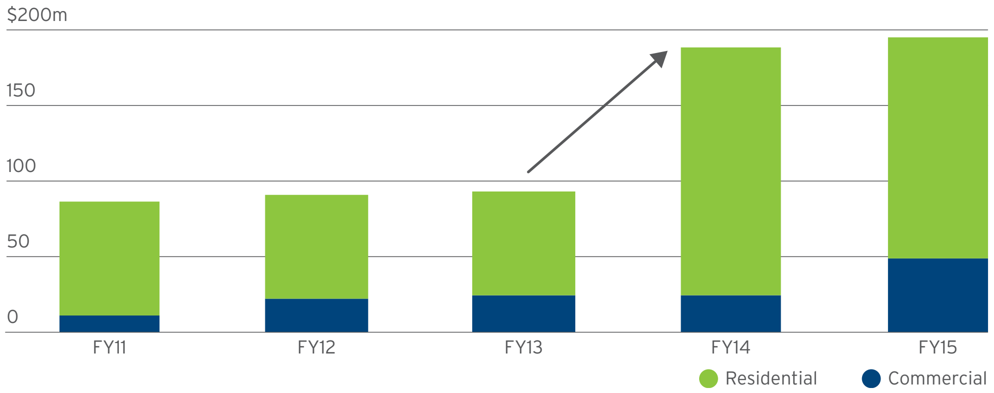



1) Buyer profile information approximate only and based on customer surveys.
2) Includes first home buyers.

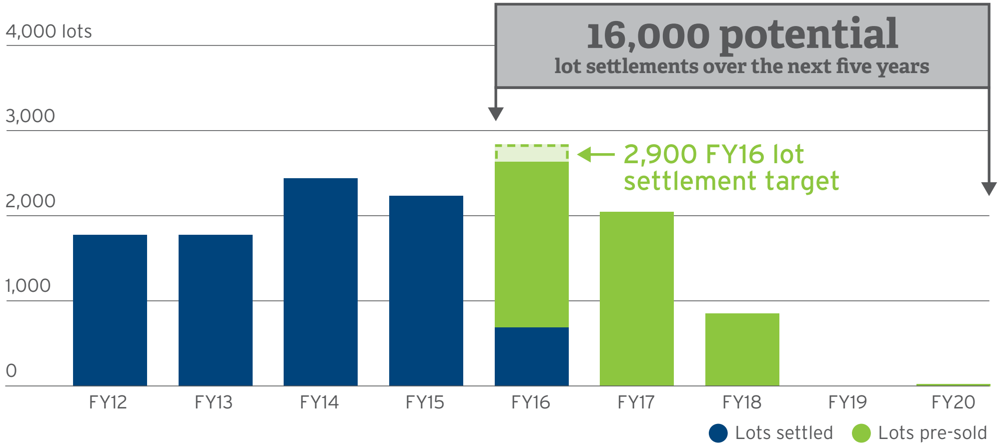
# STRONG PIPELINE SUPPORTS VOLUMES OVER THE MEDIUM TERM

- Development EBIT has increased significantly since FY13 driven by a higher residential contribution
  - Volumes and margins up
  - Revenue from provisioned projects down
- Existing pipeline supports over 16,000 potential lot settlements over the next five years
  - Released projects substantially pre-sold
  - Weighted to Sydney and Melbourne
- Demand for 2H16 major project releases supported by strong connections to employment and amenity or growing catchments including:
  - Woodlea, VIC (Fastest selling project in Australia for three consecutive quarters)
  - Dallas Brooks Hall, VIC (>3,000 Registrations of interest)
  - Gledswood Hills, NSW
  - Marrickville, NSW
  - St Leonards, NSW
  - Waterloo, NSW
  - Eagle Farm, QLD

## DEVELOPMENT EBIT [1]




## LOT SETTLEMENTS




1) Residential/commercial split based on EBIT before overheads.

# OUTLOOK AND GROUP GUIDANCE

# OUTLOOK AND GROUP GUIDANCE

## Office, Industrial and Retail

- Maintain strong metrics through active asset management
- Deliver $2.1bn active office development pipeline
- Deliver retail development pipeline and advance planning on future opportunities

## Acquisitions and divestments

- Look for opportunities where we can use asset management and development capabilities to generate value
- Take advantage of strong capital markets to divest $400m - $600m of assets outside of preferred sub-markets

## Residential

- Deliver $2.6bn of pre-sold developments
- Maintain strong returns and gross development margins
- Maintain discipline when acquiring new sites
- Actively manage risk profile

## Capital management

- Continue to maintain ~80/20% capital allocation between passive and active capital
- Manage liquidity headroom against funding commitments and upcoming debt maturities

## Group

- **FY16 Group operating profit guidance: $470m – $482m**
- **FY16 EPS guidance: 12.7cpss – 13.0cpss**
- **FY16 DPS guidance: 9.7cpss – 9.9cpss**
- Expect to achieve Development ROIC of over 12% in FY16, one year ahead of previous target

OVO, GREEN SQUARE, SYDNEY NSW

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