ASX Release

30 April 2020

MGR 3Q20 OPERATIONAL UPDATE

Attached is the Mirvac Group (ASX: MGR) operational update for the third quarter of financial year 2020 (FY20).

For more information, please contact:

Media enquiries:
Kate Lander
General Manager, Communications
+61 2 9080 8243

Investor enquiries:
Bryan Howitt
General Manager, Investor Relations & Capital Allocation
+61 2 9080 8749

3Q20 Operational Update

Reimagine Urban Life
30.04.2020

275 Kent St, Sydney

Mirvac Group (ASX: MGR) has today provided an operational update for the third quarter of financial year 2020 (FY20). Given the uncertainty caused by the COVID-19 pandemic, the Group withdrew earnings and distribution guidance during the quarter.

Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz said,

"The COVID-19 pandemic has transformed the world in the space of a few short months. No sector has been untouched by the health and economic crises that have developed. We have been impacted across our business, which is why we withdrew guidance in March, and we have still some way to go before we understand the full extent of the impact. Certainly, the 3Q20 metrics do not reflect the full impact of the COVID-19 pandemic.

"At the same time, Mirvac is getting on with preparing for the recovery that will come. We have bolstered our short term resilience, and also maintained our focus on the future. We continue to work on our development pipeline, exploring a range of additional opportunities and improving our capabilities, in order to expedite the recovery process."

OUR RESPONSE PRIORITIES

At all times, our immediate priority has remained the safety and wellbeing of our employees, customers and visitors to our Mirvac sites, assets and the communities we serve.

Following the introduction of COVID-19 related restrictions, we have been working closely with customers and tenants across our investment portfolio to support them through this challenging time. While Federal and State Governments were in the process of introducing a new Code of Conduct for landlords and tenants, Mirvac had already begun working with our partners to begin the recovery process. Assistance packages are being negotiated with a number of our tenants on a case-by-case basis.

Construction continued at all our sites during the quarter, with social distancing and additional hygiene measures firmly in place. During the period, we extended the number of residential lots settled in the financial year to date to 1,818 with defaults remaining below 2 per cent. From mid-March, we saw residential enquiry levels and sales significantly moderate as further restrictions, including social distancing, were implemented. With the majority of our pipeline lots held in a capital efficient manner, our focus remains on progressing projects through planning and being ready to release when demand returns.

EARLY CRISIS RESPONSE

Key to Mirvac's early response to COVID-19, was our well-established risk management system, setting out the team's clearly defined roles and responsibilities in a crisis situation. This meant the Group was able to move quickly to protect employees and other stakeholders, as well as the long-term viability of the business, through a series of measures, including:

> implementing best practice hygiene standards and social distancing measures across all sites;

> putting in place a remote working directive from 16 March, asking everyone who is able to work remotely to do so until further notice, enabled and facilitated by the flexibility already embedded in the business;

> consulting with State and Federal Governments on multiple issues throughout the period;

> reducing discretionary spend and deferring capital expenditure;

> a voluntary 20 per cent reduction in remuneration for the ELT and the Board, from 1 April to 30 June, to preserve cash and jobs; and

> a voluntary reduction in working hours for most employees, from 1 May to 30 June, to share the impact across the business.

PRUDENT CAPITAL MANAGEMENT

Mirvac entered the COVID-19 pandemic with a strong balance sheet. At 31 December 2019, gearing was 20.8 per cent (the lower end of our 20-30 per cent target range) and the weighted average debt maturity was 7.7 years, along with a very diversified and well spread debt maturity profile.

Since 31 December 2019, Mirvac has entered into $440 million of new debt facilities with maturities ranging from 3-4.5 years. As at 24 April 2020, the Group has cash and undrawn debt facilities of $984 million with only $200 million in debt due for repayment between now and early 2022 which can be repaid from existing facilities. The Group continues to hold A3/A- credit ratings with stable outlooks from Moody's and Fitch.

RECOVERY AND BEYOND

Despite the near-term negative economic impact, Mirvac's purpose and unique urban asset creation capability positions us well to capture opportunities and generate value, throughout the recovery process and beyond.

We will continue to assess the impact of COVID-19 on our operations and financial position, in order to help Mirvac rebound as quickly as possible. We will also continue to review the level of assistance that may need to be provided to our tenant base, in order to support the recovery of our partners.

Office & Industrial

Ms Lloyd-Hurwitz commented,

"Since the outbreak of COVID-19, our O&I division has focused on working with our commercial and retail tenants to create safe and productive working environments, as well as supporting tenants in need.

"As we head into Q4, we are working to provide assistance to tenants across the portfolio, with a particular emphasis on SMEs, who we are supporting with a range of measures.

"Leading into the crisis, the O&I portfolio was well placed, with low vacancy, low capex, low exposure to smaller tenants, low lease expiry in FY21 and long WALE.

"We are focused on maintaining construction momentum across our portfolio, and fast tracking our $5.4 billion future development pipeline, which is strategically weighted to Sydney fringe and Melbourne, to ensure we are in the best possible shape to benefit from the eventual recovery."

INDUSTRIAL HIGHLIGHTS:

> occupancy of 100 per cent[5] with a WALE of 7.3 years[6];

> completed approximately 28,000 square metres[7] of leasing activity in the financial year to date; and

> received approval for a Development Application for the masterplan of a new industrial-led employment precinct at 300 Manchester Road, Auburn, Sydney. The proposed site is expected to cater for a broad range of industrial occupiers, as well as small scale local amenities and is expected to generate approximately 1,000 jobs. It will also benefit from substantial connectivity improvements to the Port and CBD following completion of the Westconnex motorway. Construction is scheduled to start in FY21.

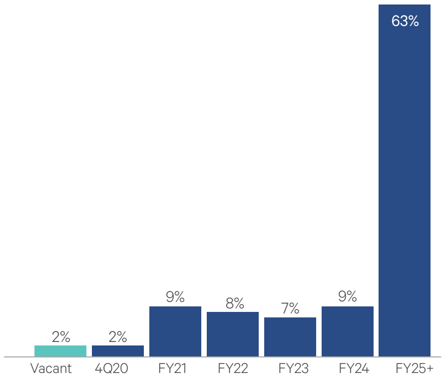
Ms Lloyd-Hurwitz commented,

"The accelerated growth of e-commerce is expected to continue to support strength in demand for high-quality logistics and last mile facilities in key urban markets. Our $1.2 billion industrial development pipeline, which includes sites at 300 Manchester Road, Auburn, Aspect at Kemps Creek and Elizabeth Enterprise at Badgerys Creek, is strategically positioned to take advantage of this growth."

1. By leased area, including investments in joint ventures and excluding assets held for development. 2. By income, including investments in joint ventures and excluding assets held for development.
3. Financial year to date, excluding assets under development.
4. Includes signed Heads of Agreement. 5. By leased area.
6. By income. 7. Financial year to date 8. By NLA excluding Retail.

OFFICE LEASE EXPIRY PROFILE

(by gross income)



Our resilient O&I portfolio*:

> low capex at <0.5% asset value;

> low exposure to smaller tenants (<10% of the portfolio is occupied by tenants with <1,000sqm[8]);

> low lease expiry in FY21 (<10% expiry by income);

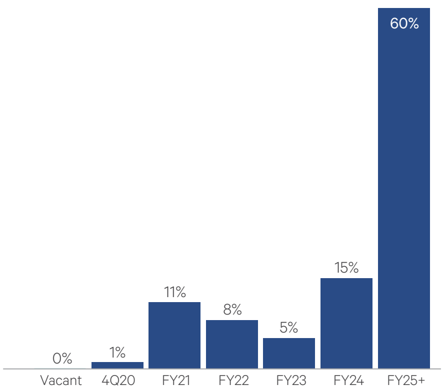
> low vacancy (<2% for Office and 0% for Industrial); and

> a long WALE (6.6 years for Office and 7.3 years for Industrial).

* Includes office and industrial portfolios

INDUSTRIAL LEASE EXPIRY PROFILE

(by gross income)



OFFICE HIGHLIGHTS:

> occupancy of 98.5 per cent[1] and a WALE of 6.6 years[2];

> completed approximately 46,600 square metres[3] of leasing activity in the financial year to date;

> achieved positive leasing spreads of 9.8 per cent with average incentives at 18.6 per cent;

> achieved a 5.5 star NABERS Energy rating at 380 St Kilda Road in Melbourne, and 664 Collins Street, Melbourne, as well as a 5.5 star NABERS Waste rating at David Malcolm Justice Centre, Perth;

> signed a three-year contract with social enterprise, Mates on the Move, for the collection of paper towels and disposable coffee cups at a number of office assets in Sydney; and

> engaged Indigenous business, Bunjil Energy, to install an additional 28kW solar PV system at 1 Southbank Boulevard in Melbourne (following a 34KW solar PV system at 2 Riverside Quay, Melbourne in December).

Mirvac's $3.2 billion active committed office development pipeline is 91 per cent pre-committed[4]. Construction further progressed during the quarter, as follows:

> construction at Olderfleet, 477 Collins Street, Melbourne is in its final phase with most leases due to commence in 1H21. The 38-level building is now 96 per cent pre-committed to leading tenants, including Norton Rose Fulbright, Lander & Rogers, Urbis and anchor tenant Deloitte;

> Building 2 at South Eveleigh, Sydney entered its final phase of construction, with lease commencement expected in 1H FY21. The building is 100 per cent pre-committed to Commonwealth Bank;

> the refurbishment of Locomotive Workshops also at South Eveleigh, Sydney is forging ahead and on schedule for completion in 2H21. 77 per cent of the office space is now pre-committed, as well as 67 per cent of the retail space; and

> construction of the 60,000 square metre office precinct at 80 Ann Street, Brisbane, the headquarters of Suncorp, progressed well during the quarter. The building is 83 per cent pre-leased and practical completion remains on track for FY22.


300 Manchester Road, Auburn, Sydney (artist impression)

Retail

Ms Lloyd-Hurwitz commented,

"In response to the pandemic, Mirvac has focused on the safety of our team, retailers and visitors by increasing safety measures and extending our employee EAP service to our retail partners.

"As a result of the restrictions in place since mid March, the retail portfolio saw a sharp change in sales performance.

"We saw supermarkets, liquor, pharmacies, games and automotive categories all experience strong growth, as consumers stocked up on essentials and home activities, with fresh food and discount department stores also holding up relatively well.

"However, most other categories experienced sharp declines in March, which we expect to continue into Q4. Across the Mirvac portfolio, CBD and tourism based centres have been more severely impacted, with smaller centres based around essential goods and services performing solidly by comparison.

"As yet, we don't know the full implications of the COVID-19 outbreak. We recognise that in these challenging times, our relationships with our retail partners are more important than ever. We understand the success of our retail centres is intrinsically linked to that of our retail partners."

RETAIL HIGHLIGHTS:

> comparable moving annual turnover sales growth of 2.5 per cent and comparable specialty sales growth of (0.6) per cent;

> achieved comparable specialty sales productivity of over $10,000 per square metre on speciality occupancy costs of 15.2 per cent;

> executed 226 leasing deals across approximately 32,200 square metres in the financial year to date;

> diverted approximately 228 tonnes of food waste from landfill at Harbourside in Sydney, NSW, in the financial year to date, through a newly introduced organics waste stream;

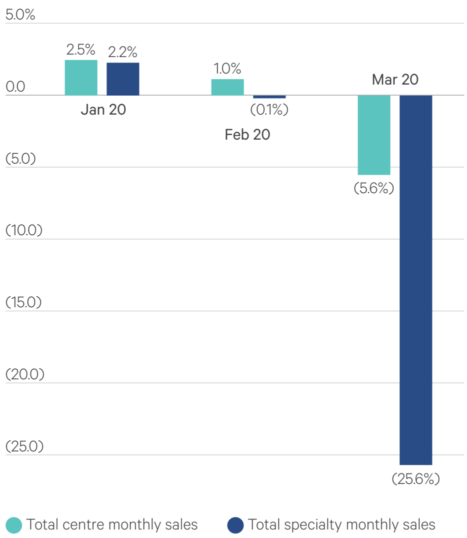
> launched an engagement survey which has been successful in identifying recycling problems and opportunities. For example, the organics waste collection at East Village and Greenwood Plaza in Sydney NSW almost doubled in volume per month following the survey; and

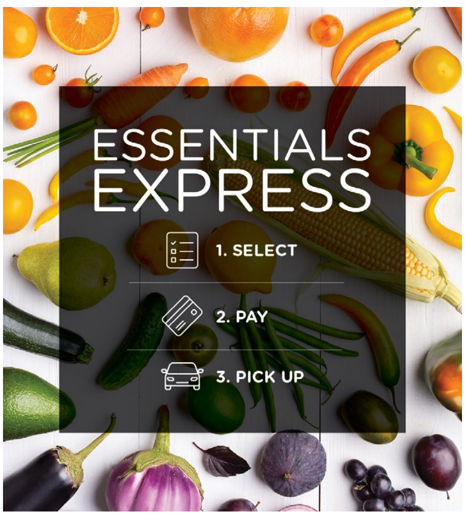
> launched the Coolo Recycling Warriors Program at Cooleman Court, ACT to support recycling awareness.

Retail sales by category	3Q20 total MAT	3Q20 comparable MAT growth	1H20 comparable MAT growth
Supermarkets	$1,203m	4.8%	3.5%
Discount department stores	$263m	5.0%	5.0%
Mini-majors	$571m	3.5%	0.1%
Specialties	$1,142m	(0.6%)	2.4%
Other retail	$227m	0.7%	5.4%
Total	**$3,406m**	**2.5%**	**2.8%**

Specialty sales by category	3Q20 total MAT	3Q20 comparable MAT growth	1H20 comparable MAT growth
Food retail	$121m	(1.8%)	(0.9%)
Food catering	$336m	(1.6%)	0.7%
Jewellery	$29m	(2.9%)	(0.3%)
Mobile phones	$43m	10.6%	7.5%
Homewares	$40m	(6.1%)	(0.4%)
Retail services	$126m	3.7%	6.8%
Leisure	$43m	(7.6%)	(5.8%)
Apparel	$298m	(4.4%)	1.8%
General retail	$106m	14.9%	14.2%
Total specialties	**$1,142m**	**(0.6%)**	**2.4%**

MONTHLY COMPARABLE SALES GROWTH





"The team continues to work with our retail partners to provide support, prioritising the SMEs that make up around half of Mirvac's retail rental income.

"Mirvac prides itself on its innovation, and we have been able to move quickly with a number of initiatives that provide much needed support to retail partners and customers at this time. One of these is 'Essentials Express', an online, contactless pick-up experience for customers where they can order from an aggregated range of quality local retailers for convenient and hygienic drive-through pick up."

INNOVATION UPDATE

Hatch team

hatch. by mirvac

Mirvac was ranked at #7 on Fast Company's prestigious annual list of the World's Most Innovative Companies for 2020, in the Urban Development and Real Estate category.

Residential

Ms Lloyd-Hurwitz commented,

"During January and February, our Residential team maintained momentum from the first half, as the recovery in the established residential market flowed through to our enquiries and sales levels.

"In March, the landscape became significantly more challenging, with the COVID-19 outbreak causing our sales offices to close and sales leads to fall off the back of a general decline of consumer confidence. While our Residential team was well prepared for this, and quickly transitioned to virtual sales offices and private viewings by appointment, we expect these challenges to continue in the coming months.

"As the situation evolves, our priority remains the safety of our employees across all parts of the business, from sales managers to construction workers, as well as that of our customers. We are also focused on supporting our residential communities through the challenges of social distancing and isolation, with initiatives such as virtual community engagement programs helping residents to stay connected."

St Leonards Square, Sydney

RESIDENTIAL HIGHLIGHTS

> settled 1,818 residential lots as at 31 March 2020, including 537 at St Leonards Square, Sydney, 206 at Woodlea, Melbourne and 28 lots at Verde, the first building at Pavilions, Sydney Olympic Park;

> settlement numbers remained healthy across the residential portfolio during January (270) and February (189), and were somewhat impacted by COVID-19 restrictions in March (127);

> defaults remained below 2 per cent;

> maintained a high level of residential pre-sales at $1.1 billion;

> continued to restock the portfolio with the capital efficient acquisition of a landmark site in Willoughby. Historically occupied by Nine Entertainment Co., the site has a concept plan approval for the development of 460 new dwellings and approximately 6,000 square metres of public open space, and is located in one of Australia's strongest areas for mortgage repayments; and

> published findings from the House With No Bills research project which has generated valuable insights on how to deliver more affordable and sustainable homes. The study will inform the design and construction of future Mirvac homes, with learnings already being applied at the Group's Affordability Experiment in Perth (currently underway), and The Fabric at Altona North in Melbourne, where Mirvac has partnered with the Australian Renewable Energy Agency (ARENA) to deliver at least 49 Zero Energy and Low Demand (ZED) homes.

"Encouragingly, we are starting to see opportunities emerge beyond this current crisis. We are working closely with Government to fast track a number of sites at various stages of the planning cycle, which will help Mirvac to rebound as quickly as possible, and support the wider economic recovery."

THINK PINK FOUNDATION SANCTUARY OPENS AT YARRA'S EDGE

Mirvac's ten-year commitment to support women with breast cancer through the work of the Think Pink Foundation saw the opening of a new Think Pink Living Centre at our Yarra's Edge community in Melbourne's Docklands, during the quarter.

Along with the support of our generous supplier partners and consultants, we contributed over $1 million to the new centre, which will assist Think Pink to provide free, holistic support to breast cancer patients, their families and carers, at any stage of their journey.

Supporting the health and wellbeing of our customers and communities is a priority for Mirvac, and we have worked with Think Pink since its inception, assisting more than 3,000 women who have accessed Think Pink's services. The delivery of the new Living Centre at Yarra's Edge will ensure the Foundation can continue to grow, delivering its unique and important services and will also help support a healthier lifestyle for local residents.

Think Pink Sanctuary opening event
(photo taken pre-COVID social distancing restrictions)

For further information please contact

Investor enquiries: **Bryan Howitt**
General Manager, Investor Relations & Capital Allocation
+61 2 9080 8749

Media enquiries: **Kate Lander**
General Manager, Communications
+61 2 9080 8243