12 August 2021

MIRVAC GROUP FULL YEAR RESULTS – 30 JUNE 2021

Mirvac Group (Mirvac) [ASX: MGR] today announced its full year results for the financial year ended 30 June 2021 (FY21). The Group achieved a strong performance, with statutory profit up 61% to $901m and EPS of 14.0c, exceeding earnings guidance of greater than 13.7cpss.

Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz, said, "We saw momentum accelerate right across the business in FY21, with our powerhouse asset creation capability continuing to generate significant value. We secured the highest number of residential sales since FY16, made key disposals well above book value, and our outperforming investment portfolio achieved significant property revaluation gains and strong cash collection rates. The Group has shown great resilience in the face of the ongoing uncertainty and disruption caused by the pandemic and we are currently well placed to continue to build towards recovery in FY22."

Group key metrics and highlights:

- **Statutory profit of $901m**, up 61% (June 2020: $558m);
- **Operating profit of $550m**, down 9% (June 2020: $602m);
- **Operating EBIT of $704m**, a decrease of 12% (June 2020: $796m);
- **Total distribution of $390m**, representing a **DPS of 9.9c**, an increase of 9%;
- **EPS of 14.0c**, ahead of earnings guidance of greater than 13.7cpss;
- **Gearing of 22.8%** at the lower end of the Group's target range of 20 to 30%;
- **Group ROIC of 7.2%,** an increase of 200 bps (June 2020: 5.2%);
- **NTA of $2.67,** up 5% (June 2020: $2.54);
- Achieved **3,375 residential sales**, the highest residential sales result since FY16;
- Residential settlements of **2,526 lots, comfortably exceeding guidance of >2,200 lots;**
- Extended the **Group's development pipeline to ~$28bn**[1] across mixed use, office, industrial, residential and build to rent, offering future value and optionality;
- Launched the Group's first build to rent project, LIV Indigo at Sydney Olympic Park, which is **80% leased** and extended the build to rent pipeline to **~1,860 apartments,** with an **estimated end value of ~$1.4bn**[1] across four projects;
- Secured a **new direct investment partnership** with Australian superannuation fund, Sunsuper;
- **Reduced the Group's carbon footprint by 80%** across the investment portfolio;
- Named **Australia's Most Innovative Property Company** (topping the Property, Construction and Transport category) by AFR BOSS in 2020 for the second consecutive year; and
- Ranked number two in the world and **number one in Asia Pacific for gender equity** by Equileap for the second year in a row.

Capital management

Ms Lloyd-Hurwitz said, "A continued focus on prudent capital management during FY21 has enabled the Group to manage the volatility caused by the global pandemic, providing us with flexibility and sufficient financial headroom to capitalise on improving market and business conditions."

[1] Represents 100% expected end value and subject to various factors outside of Mirvac's control such as planning outcomes, market demand and COVID-19 uncertainties.

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as reponsible entity of the Mirvac Property Trust ARSN 086 780 645

Capital management key metrics and highlights:

- **Operating cashflow of $635m**, up 41% (June 2020: $450m);
- No debt maturities until 2023, supporting an **average debt maturity of 6.6 years** (June 2020: 6.7 years);
- Reduced **average borrowing costs to 3.4% per annum** (June 2020: 4.0%)[2];
- Maintained adequate **liquidity of $867m** in cash and committed undrawn bank facilities; and
- Maintained **A-/A3 ratings** with a stable outlook from Fitch Ratings and Moody's Investors Service (equivalent to A-).

Integrated Investment Portfolio

Ms Lloyd-Hurwitz said**,** "In FY21, we launched the Integrated Investment Portfolio, a new division consolidating the award-winning capabilities of our Office, Industrial, Retail and Build to Rent teams. By bringing together one integrated, cross-disciplined team we can unlock synergies and drive efficiencies across our operations, while delivering an enhanced end-to-end customer experience."

"In its inaugural year, our Integrated Investment Portfolio delivered an EBIT of $576m, a 6% increase on FY20. This result was driven by NOI growth from newly completed office asset developments, improved cash collections and lower COVID-19 rental relief, particularly in Retail."

Integrated Investment Portfolio key metrics and highlights:

- **EBIT of $576m**, up 6% (June 2020: $545m);
- **NOI of $581m**, up 5% (June 2020: $554m);
- **Cash collection rate of 98%,** with total aged tenant arrears of $32m as at 30 June 2021, 100% covered by ECL provision;
- Investment **property revaluations provided an uplift of $274m** driven by strong demand for Industrial property (13.1% net increase) and high-quality long WALE Office assets (3.8% net increase);
- Completed **342 leasing deals across ~144,000 sqm**[3];
- **High occupancy of 97.4**%[4] and a **WALE of 5.6 years**[5];
- **Assets under management increased to $25bn**[6], leading to a 7% increase in asset and funds management earnings of **$30m** (June 2020: $28m);
- Signed an agreement to sell Cherrybrook Village, Sydney at a **43% premium to book value,** with settlement expected to occur in FY22;
- Recognised an **11% valuation uplift on our 50% interest in EY Centre, 200 George Street**, following the sale of the other 50% interest by our co-owner[7];

[2] Including margins and line fees.
[3] Excludes leasing of assets under development.
[4] By area, including investments in joint ventures and excluding assets held for development.
[5] By income, including investments in joint ventures and excluding assets held for development.
[6] Total Group Assets Under Management including active capital.
[7] Post 30 June 2021.

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- Exchanged contracts, together with our joint venture owner of the Tucker Box Hotel Group (Travelodge), for the sale of the portfolio of hotels for a headline **price of $620m**[8] **reflecting a premium of 19%** to the JVs carrying value[9]; and
- Maintained an average **NABERS Energy rating above 5.2 stars** across the Office portfolio.

Commercial & Mixed Use

Ms Lloyd-Hurwitz said, "In FY21, we created a dedicated Commercial & Mixed Use division, enhancing our already considerable mixed use asset creation capability and enabling us to take on increasingly complex, large scale urban renewal projects that cater to our population's changing lifestyles. The value generated by our commercial pipeline continues to accelerate, with the Group recognising profit from our Olderfleet, 477 Collins Street, Melbourne, South Eveleigh, Sydney and 80 Ann Street, Brisbane developments throughout the year."

Commercial & Mixed Use key metrics and highlights:
- **EBIT of $33m**, driven by development profits on Olderfleet, 477 Collins Street, Melbourne, South Eveleigh, Sydney and 80 Ann Street, Brisbane, 53% lower than FY20 ($70m);
- **Valuation gain of $121m** generated from our retained ownership interest in completed developments, 89% higher than FY20 ($64m), relating to the fair value gain on investment properties under construction (Locomotive Workshop, South Eveleigh, Sydney) and the initial fair value uplift from the independent valuations of recently completed projects (South Eveleigh, Sydney and Olderfleet, 477 Collins Street, Melbourne);
- The Locomotive Workshop, South Eveleigh, Sydney is now substantially complete and 97% leased, with 49% sold down to Sunsuper in August 2021 subsequent to balance date;
- Received Stage 1 planning consent for the redevelopment of **Harbourside Shopping Centre**, Sydney, with the proposed mixed use precinct to include a new landmark residential tower;
- Received planning approval for the proposed mixed-use precinct at **7 Spencer Street, Melbourne**;
- Progressed construction of Suncorp's new headquarters at **80 Ann Street, Brisbane**, with the 61,000sqm office precinct now 81% pre-committed. Practical completion remains on track for FY22;
- Advanced the design of the 63,000sqm premium commercial and retail precinct planned at **55 Pitt Street, Sydney**, and submitted the Stage 2 DA;
- Signed non-binding heads of agreements for 30% of net lettable area at the **Switchyard industrial project in Auburn, Sydney,** which is expected to cater for an increase in last-mile related demand;
- Secured rezoning for **Aspect Industrial Estate, Sydney** and agreed terms with an occupier for the initial development at the estate;
- Secured rezoning for Stage 1 & 2 of **Elizabeth Enterprise Precinct**, Badgerys Creek;
- Progressed construction at **LIV Munro, Melbourne** (490 purpose-built build to rent apartments), with completion estimated for late CY22;
- Lodged a planning application for **LIV Albert Fields in Brunswick**, Melbourne (~500 apartments), with completion estimated for CY24; and
- Received DA approval for **LIV Anura, Brisbane** following selection by the Queensland Government in its Build to Rent Pilot Project.

[8] Post 30 June 2021 and before transaction costs and adjustments.
[9] As at 31 December 2020.

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Residential

Ms Lloyd-Hurwitz said, "With our reputation for creating high quality, well designed homes and sustainable communities and our loyal, predominantly owner occupier, customer base, Mirvac was ideally placed to take advantage of the buoyant residential market conditions in FY21. Our commitment to being shovel ready, and the depth and diversity of our development pipeline, meant we were able to release product in response to heightened demand. As a result, we saw our highest sales rates since FY16 and strong momentum for our Residential business right across Australia."

Key Residential key metrics and highlights:

- Delivered operating EBIT of $168m, down by 25% driven by a greater contribution from masterplanned community projects in FY21, compared to FY20 which benefited from record level apartment settlements;
- Launched several flagship projects during the year with a strong response from the market, including Quay at Waterfront, Brisbane (71% pre-sold), Green Square, Sydney (52% pre-sold), George's Cove, Sydney (93% of released lots sold)[10];
- Achieved **3,375 sales and 2,526 lot settlements**;
- Secured future income with residential **pre-sales of $1.2bn**[11];
- Delivered a **gross development margin of 26%**, up 200bps (June 2020: 24%)[12];
- Defaults for **FY21 were 2.7%** (0.6% excluding Pavilions, Sydney); and
- Extended the residential pipeline to **$15.7bn[13]** with **26,569 pipeline lots** under control, with new acquisitions at Waverley, Sydney, Smiths Lane, Melbourne and 699 Park Street, Melbourne.

Outlook for FY22

Mirvac has provided operating EPS guidance of at least 15.0cpss for FY22, which represents an increase in earnings of at least 7.1%, and distribution guidance of 10.2cpss, providing DPS growth of 3%. Our full year guidance is based on the assumption that business conditions will normalise in the last quarter of CY21 when vaccination targets are expected to be met.

Ms Lloyd-Hurwitz concluded, "While FY21 has been characterised by extended lockdowns and restrictions, vaccine supply is improving and vaccine coverage is increasing daily. I am confident this, along with other mechanisms such as a vaccine passport and Rapid Antigen Testing, will enable Australia to open up again safely, providing a pathway towards recovery in FY22. We are currently in a good position to harness the strong momentum across the Group to continue into FY22 - our 50th anniversary year - when we will be ideally placed to meet the changing demands of our customers, as we continue to reimagine urban life."

[10] As at 30 June 2021, percentage sold on released lots, including deposits and conditional sales.
[11] Adjusted for Mirvac's share of joint ventures and subject to settlement risk.
[12] Adjusted to include joint venture projects.
[13] Represents 100% expected end value and subject to various factors outside of Mirvac's control such as planning outcomes, market demand and COVID-19 uncertainties.

ASX Release

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REPORTING SUITE

Mirvac's reporting suite sets out the Group's financial and operational performance for the full year ended 30 June 2021 across the following documents which accompany this announcement:

- MGR Appendix 4E and Distribution Notification
- MGR FY21 Annual Report
- MPT FY21 Annual Report
- MGR FY21 Results Presentation
- MGR FY21 Additional Information
- MGR FY21 Property Compendium
- Appendix 4G & MGR 2021 Corporate Governance Statement

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