ASX Release

16 August 2023

MIRVAC DELIVERS SOLID FULL YEAR RESULT – 30 JUNE 2023

Mirvac Group (Mirvac) [ASX: MGR] today released its full-year result for the financial year ended 30 June 2023, delivering an operating profit of $580m, representing 14.7 cents per stapled security (cpss), which is in line with revised guidance provided in April 2023, and a distribution of $414m, representing 10.5cpss and up 3% on FY22.

Group metrics and highlights:

- **operating profit after tax of $580m**, down 3% (FY22: $596m)
- **operating earnings before interest and tax (EBIT) of $767m**, down 1% (FY22: $773m)
- **full year distribution of $414m**, representing DPS of 10.5cpss and up 3% on FY22
- **operating EPS of 14.7cpss**, a 3% decrease on FY22
- **statutory loss of ($165m)**, down 118% (FY22: statutory profit $906m)
- **net tangible assets of $2.64**, down 5% (FY22: $2.79)
- **increased third-party capital under management to $17.1bn,** up 64% on FY22[1]
- progressed key projects within our **multi-sector development pipeline**[2] across Commercial & Mixed-Use and Residential, while being prudent with our deployment of capital
- **leased ~223,400sqm** across office, retail, and industrial
- **settled 2,298 residential lots**, slightly ahead of our revised settlement target of ~2,200 lots
- **exchanged 1,638 residential lots**, across apartments and masterplanned communities, impacted by rising interest rates, fewer product launches, and lower first home buyer activity. Despite moderated sales activity, our pre-sales increased to $1.8bn (FY22: $1.6bn)
- **released a new environmental plan**, which sets out our target to be net positive in scope 1, 2 and 3 emissions by 2030[3]
- named **number one in the world for gender equality** by Equileap, for a second year in a row.

Mirvac's Group CEO & Managing Director, Campbell Hanan, said: "We delivered on our key strategic priorities, despite a challenging economic backdrop. We established new build to rent and industrial ventures with aligned partners, increased our third-party capital under management to $17.1bn, and maintained a healthy balance sheet, underpinned by non-core asset sales and a disciplined focus on capital allocation.

"Our diversified, integrated model remains a critical point of difference and continues to drive value for our securityholders. We achieved positive leasing success within our investment portfolio, now 97 per cent leased, and made good progress on our development pipeline, which included the completion of LIV Munro in Melbourne and partial completion at Switchyard Industrial Estate in Sydney.

"We also delivered slightly above our revised residential lot settlement guidance, and continued to see good sales momentum as the medium-term outlook improves, particularly for our apartments projects as they reach final stages of completion. Our focus on growing our relationships with aligned capital partners and selectively deploying capital across our development pipeline will ensure we remain resilient into the future."

1. Restated to reflect Mirvac's new segment reporting structure, which commenced the financial year ended 30 June 2023.
2. Represents 100% expected end value/revenue, subject to various factors outside Mirvac's control, such as planning outcomes, market demand and COVID-19 uncertainties.
3. This target reflects Mirvac's current intention. Mirvac reserves the right to change this target in the future.

Level 28, 200 George Street
Sydney NSW 2000
Australia

T +61 2 9080 8000
www. mirvac.com

Mirvac Limited
ABN 92 003 280 699

Mirvac Funds Limited
ABN 70 002 561 640 AFSL 233 121
as reponsible entity of the Mirvac
Property Trust ARSN 086 780 645

Capital management key metrics and highlights:

- **gearing of 25.9%**[1], at the mid-range of the Group's target range of 20 to 30%
- substantial available **liquidity of more than $1.3bn** in cash and committed undrawn bank facilities held
- weighted average debt maturity of 5.0 years
- debt is **60% hedged**, in line with policy target
- **average borrowing costs increased to 5.4%** as at 30 June 2023 (FY22: 3.9%)
- **operating cash flow of ($57m),** down 106% (FY22: $895m)
- maintained **A-/A3 ratings** with stable outlooks from Fitch Ratings and Moody's Investors Service.

Investment update:

- **delivered EBIT of $619m**, up 9% (FY22: $568m[2]), driven by additional income from completed developments (LIV Munro, Melbourne and Heritage Lanes, 80 Ann Street, Brisbane), like-for-like growth from the investment portfolio, and additional income from our co-investment in MWOF
- investment property portfolio revalued down, reflecting devaluations across office (-5.6%) and retail (-5.3%), partially offset by positive revaluations of the industrial portfolio (+6.2%)
- cash collection rate stabilised at 99%
- achieved strong leasing activity, with **376 leasing deals** completed across ~**223,400sqm**, up ~110%
- maintained **high portfolio occupancy** at **96.9%**[3] (FY22: 97.3%) and a **WALE of 5.2 years**[4]
- **completed ~$0.5bn of non-core asset sales**, including Allendale Square, Perth, 189 Grey Street, Brisbane, and Stanhope Village, Sydney, sold at an average 2% discount to book value[5]
- contracts signed and held in escrow for sale of 60 Margaret Street and MetCentre, Sydney. 367 Collins Street, Melbourne conditionally exchanged subject to capital raising.

Mr Hanan said: "Our asset creation and curation capability, together with disciplined asset sales and active asset management, has resulted in a high-quality, modern, portfolio that has low capital expenditure requirements and has outperformed industry benchmarks over the past one, three, five, 10 and 15 years.

"We've seen improved leasing activity across our office, industrial and retail portfolios, with total leasing more than doubling on the prior financial year. Leasing has also been strong within build to rent, with LIV Munro in Melbourne now 62 per cent leased - a great result having only opened in November last year, and high occupancy maintained at LIV Indigo in Sydney.

"We will continue to increase our exposure to the industrial and living sectors over time, and while we will moderate our exposure to the office sector, we will continue to focus on Prime assets, which are attracting strong tenant and investor demand."

Funds update:

- established the **Mirvac Industrial Venture (MIV)** with existing capital partner, the Australian Retirement Trust (ART), with ART investing a 49% interest in the Venture. The Venture was seeded by Switchyard Industrial Estate, Auburn in Sydney, which provides 72,000sqm metres of high-quality industrial space, and expands our relationship with ART to approximately $1bn
- established the **Build to Rent (BTR) Venture** with key cornerstone investors, including the Clean Energy Finance Corporation. The Venture comprises our operational build to rent assets, LIV Indigo, Sydney and LIV Munro, Melbourne, as well as our build to rent pipeline assets, including LIV Aston and LIV Albert

1. Net debt (at foreign exchange hedged rate)/ (total tangible assets – cash).
2. Restated to reflect Mirvac's new segment reporting structure, which commenced the financial year ended 30 June 2023.
3. By area.
4. By income.
5. Net price includes settlement adjustments and excludes selling costs.

Level 28, 200 George Street
Sydney NSW 2000
Australia

T +61 2 9080 8000
www. mirvac.com

Mirvac Limited
ABN 92 003 280 699

Mirvac Funds Limited
ABN 70 002 561 640 AFSL 233 121
as reponsible entity of the Mirvac
Property Trust ARSN 086 780 645

Fields in Melbourne and LIV Anura, Brisbane. The Venture has around 2,200 lots in its secured pipeline and an expected end value of ~$1.8bn
- secured Japanese real estate company, **Daibiru, as our 50% partner** at 7 Spencer Street, Melbourne, allowing us to commence development of our new generation 45,500sqm commercial space that has an expected end value of ~$630m
- **successfully transitioned** the $7.4bn Mirvac Wholesale Office Fund (formerly the AMP Capital Office Wholesale Fund) onto our platform, welcoming 50 new employees to the business and broadening our relationships with over 40 new investors
- **increased our third-party capital under management** to $17.1bn (up 64% on FY22).

Mr Hanan said: "Our newly established ventures with aligned capital partners are expected to deliver solid returns on our co-invested capital, along with additional fee streams, and will help to accelerate our growth into asset classes with strong fundamentals and unlock value from our deep development pipeline. The establishment and capitalisation of our Build to Rent Venture supports our vision to increase our exposure to the build to rent sector, grow our portfolio to at least 5,000 apartments in the medium term, and play a key role in helping to address Australia's housing and rental shortfall.

"As we continue to grow our funds management platform, we will look to expand our offering across a broader suite of asset classes and product types, with a strong focus on living sectors and industrial."

Development update:

Commercial & Mixed-Use:
- delivered **EBIT of $120m**, up 14% (FY22: $105m[1]), driven by the sale of a 49% interest in Switchyard, Auburn in Sydney to MIV, the sale of 34 Waterloo Road, Macquarie Park, Sydney, and residual development earnings from completed projects
- **achieved practical completion** at **LIV Munro, Melbourne**, which is ~62% leased. We continued to progress the remainder of our BTR development pipeline, with ~$1.2bn of assets under construction
- **achieved partial practical completion** at **Switchyard Industrial Estate,** which is ~96% pre-leased[2] as at 11 August, with a 49% interest in the development sold to MIV
- commenced construction at **Aspect Industrial Estate, Kemps Creek**, Sydney which is expected to be our first carbon neutral embodied carbon development. The project is ~64% pre-leased, with strong tenant engagement for the remaining space
- substantially completed demolition works, and commenced civil works at **Harbourside, Sydney**
- completed demolition works and commenced civil works at **55 Pitt St, Sydney**, with a number of heads of agreement in place with prospective tenants and strong interest in the state-of-the-art ~62,000sqm office development
- continued to progress the initial development application for our Industrial site at **Elizabeth Enterprise, Badgerys Creek, Sydney**.

Mr Hanan said: "With tighter availability and a higher cost of capital, we continue to be prudent with the deployment of our development capital. We remain selective on progressing commercial development projects where return hurdles are met and market conditions are supportive. In FY23, this saw us advance a number of build to rent and industrial projects in line with our stated objective to grow our exposure to these sectors.

"Our integrated design, development, and construction capability and reputation for quality remains a key competitive advantage in a challenging environment."

1. Restated to reflect Mirvac's new segment reporting structure, which commenced the financial year ended 30 June 2023.
2. Includes agreement for lease and non-binding heads of agreement. Excluding heads of agreement, Switchyard is ~82% pre-leased.

Residential:

- delivered **EBIT of $156m, down 34%** (FY22: $236m[1]), driven by some apartment lot settlements moving into FY24 as a result of sustained wet weather on the east coast of Australia, supply chain constraints, and labour shortages, along with increased construction costs
- **settled 2,298 residential lots,** slightly ahead of our revised settlement target of ~2,200 lots
- **achieved gross margins of 26%,** above our through-cycle target of 18-22% and reflective of a significant skew to masterplanned communities lot settlements
- **exchanged 1,638 lots** over the year, impacted by rising interest rates, fewer product launches, and lower first home buyer activity
- residential **pre-sales increased to $1.8bn**, skewed to upgraders and right-sizers, providing good visibility of future earnings
- defaults remained low at 0.1%.

Mr Hanan said: "Interest rate rises, lower first-home buyer activity, and fewer product launches impacted sales during the financial year, however, we continued to experience good demand from owner-occupiers focused on high-quality, well-located product with good amenity and delivery certainty, backed by a credible brand. We completed the successful Tullamore project in Melbourne, and continued sales success at Waterfront Isle and Charlton House in Brisbane, and Green Square, Sydney, which are now more than 85 per cent pre-sold, with the proposition of apartment living and relative affordability becoming more and more compelling to buyers.

"Encouragingly, we saw a pickup in activity in the fourth quarter and improved buyer activity at projects that are nearing completion, such as The Langlee, Waverley and Nine at Willoughby in Sydney, with our customers now able to see the quality of the final product.

"We have a strong forward-looking apartment pipeline that is well placed to capture future demand in an undersupplied market, supported by positive fundamentals, including low unemployment, above-average wage growth, rising overseas migration, compelling relative affordability of apartments, and healthy household balance sheets."

Outlook

Mr Hanan said: "While high inflation and interest rates continue to place pressures on our operating environment, our integrated model ensures that we are well positioned to continue to execute our urban strategy and deliver returns for securityholders.

"We have a high-quality, modern, sustainable investment portfolio that is expected to continue to deliver resilient cash flow streams to our securityholders, which will be further enhanced by industrial and build to rent developments, in partnership with third-party capital providers. We will continue to sell down non-core assets to optimise capital allocation across our portfolio and focus on unlocking the considerable value from our development pipeline over the next few years.

"Expanding our funds management offering with aligned capital partners remains a strategic focus for the Group, and is well supported by our deep multi-sector development pipeline and market-leading investment and sustainability performance. Additionally, we have an attractive profile of upcoming apartment project completions, which, together with planned launches in FY24 and FY25, are well-placed to capture expected demand in an undersupplied market."

Subject to no material change in the operating environment, the Group is targeting operating earnings in FY24 of 14.0 to 14.3cpss and distributions of 10.5cpss.

Mirvac's full-year reporting suite sets out the Group's financial and operational performance for the full year ended 30 June 2023 and is accompanied by this announcement.

For more information, please contact:

Media enquiries:
Kate Lander
General Manager, Communications
+61 439 770 390

Investor enquiries:
Gavin Peacock, CFA
General Manager, Investor Relations
+61 477 299 729

About Mirvac

Founded in 1972, Mirvac is an Australian Securities Exchange (ASX) top 100 company. We own and manage assets across office, retail, industrial and build to rent in our investment portfolio, with ~$26 billion of assets under management. Our development activities span commercial and mixed-use and residential, and our ~$29 billion development pipeline enable us to deliver innovative and high-quality property for our customers, while driving long-term value for our securityholders.