

28 April 2023

MIRVAC 3Q23 OPERATIONAL & BUSINESS UPDATE

Mirvac Group (Mirvac) [ASX: MGR] today released an operational update for the third quarter ended 31 March 2023, as well as a business update, and provided an earnings guidance update for FY23.

Mirvac's Group CEO & Managing Director, Campbell Hanan, said: "We continued to execute against our strategy during the quarter, despite ongoing economic uncertainty. Our modern, sustainable investment portfolio is well occupied at 97.5 per cent, with elevated leasing activity, particularly in Build to Rent, with our newly opened asset, LIV Munro in Melbourne, already 54 per cent leased.

"We made strong progress on our asset sales program, with 60 Margaret Street/Met Centre in Sydney expected to be finalised and settle in Q4, while capital partnering and development initiatives are progressing across Office, Industrial and Build to Rent. Residential sales were slower during the quarter, however, an acutely undersupplied market, strong population growth, and stabilisation of established house prices and interest rates are expected to support ongoing demand in the medium term."

FY23 Guidance Update:

As a result of sustained adverse weather conditions impacting residential settlement timelines and delayed settlement expectations at Aspect North into FY24, operating FY23 EPS guidance has been adjusted to at least 14.7cpss from at least 15.5cpss previously. FY23 residential settlements are now expected to be around 2,200 lots (previously >2,500), with the remaining lots now expected to complete and settle in FY24. Distribution guidance is 10.5cpss, representing 2.9% growth.

3Q23 Operational Highlights:

- maintained high occupancy of 97.5%¹ across our Investment portfolio, with ~139,000sqm leased². This includes high office occupancy of 96.1%¹ (3Q22: 95.3%) and strong leasing across build to rent (LIV Munro, Melbourne 54% leased and LIV Indigo, Sydney 96% occupied)
- progressed our ~\$1.3bn asset disposal program, with 60 Margaret Street/MetCentre³ expected to be finalised and settle in Q4, and we entered exclusive due diligence (DD) at 367 Colins Street, Melbourne
- advanced our funds management strategy, with a number of capital partnering initiatives underway, including:
 - o establishing a new BTR venture with two aligned long-term capital partners. Financial close expected in 4Q23, with Mirvac to retain ~45% of the venture
 - o progressing the establishment of an Industrial venture with an aligned capital partner, with heads of agreement⁴ and exclusive DD underway
 - o securing a capital partner for 50% of our office development at 7 Spencer Street, Melbourne
- progressed our ~\$30bn⁵ development pipeline, with Switchyards, Auburn approaching practical completion (~84% pre-leased⁶), and construction progress across our BTR pipeline
- achieved 1,133 residential sales FYTD, with pre-sales modestly increasing to ~\$1.8bn⁷
- residential leads improved over the quarter to the highest level in 12 months, above our 10-year average
- settled 1,126 residential lots FYTD, with defaults minimal at 0.2%
- ranked number one in the world in Equileap's *Global Report on Gender Equality* for an historic second time in two years, leading a global field of almost 4,000 companies across 23 countries.

1. By area, excluding assets held for development.

2. Excludes BTR leasing.

3. Contracts for sale have been signed and are being held in escrow, pending satisfaction of certain conditions.

4. Non-binding Heads of Agreement .

5. Represents 100% expected end value/revenue (including GST) at 31 December 2022, subject to various factors outside Mirvac's control such as planning outcomes, market conditions, construction cost escalation, supply chain risks, weather and other uncertainties.

6. Includes non-binding heads of agreement (excluding heads of agreement Switchyard is ~66% and Aspect is ~64% pre-leased).

7. Represents Mirvac's share of total pre-sales and includes GST.

Authorised for release by the Mirvac Group Board

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Group Business Update

As part of his business update, Mr Hanan outlined the future focus for the business to leverage Mirvac's key competitive advantages and reflects the current market conditions and major structural trends that are expected to persist over the next decade. It includes:

- retaining balance sheet flexibility to take advantage of future opportunities
- expanding the Funds Management offering across a broader suite of asset classes and product types including living sectors
- further improving the cash flow resilience of its high-quality \$13.4bn Investment portfolio, with higher exposure to living sectors and Sydney-based industrial expected over time
- leveraging Mirvac's integrated development capability to drive a more efficient allocation of capital, better utilisation of skills, and superior returns and risk management
- maintaining ESG leadership to future-proof the business against changing stakeholder requirements.

Mr Hanan said: "With ~\$18bn of external AUM and a clear strategy to grow our funds management platform, third-party capital will play a critical role in our business into the future, as we look to unlock the substantial value embedded in our development pipeline and increase scale in living sectors and industrial. Our end-to-end development, management and investment expertise, our willingness to co-invest, and our ability to create best-in-class property investments are key to attracting aligned capital partners.

"We've had a clear focus on increasing the quality of our investment portfolio over the past ten years, and we now have one of the most modern, sustainable portfolios in the country. It is essential we continue to improve the cash flow resilience of our investment portfolio so that we can deliver superior investment returns and growing dividends to our security holders"

Mr Hanan said the Group has been restructured into Investments, Funds Management and Development, which will operate as separate EBIT divisions to reflect the growing scale of the Funds Management platform. Asset Management has been established as a separate business unit to Investment Management to remove any conflicts in the structure and provide independent service and support to both Mirvac and its third-party capital partners.

3Q23 Operational Update

Investments update:

	Office	Industrial	Retail	Build to Rent	Investments ¹
Cash Collection	99%	100%	96%	97%	98%
Occupancy (by area)	96.1%	100.0%	97.3%	96% ²	97.5%
WALE (by income)	5.9 yrs	6.2 yrs	3.0 yrs	n/a	5.2 yrs
NLA leased FYTD	36,523 sqm	40,881 sqm	61,640 sqm	n/a	139,044 sqm
No. of lease deals FYTD	45	3	238	n/a	286
Re-leasing spreads FYTD	+4.5%	+8.9%	+0.2%	+7.4%	

Office

- maintained high occupancy of 96.1%³, compared to office market vacancy of 13.7% and 15.6% in our core CBD markets of Sydney and Melbourne⁴
- maintained a long WALE of 5.9 years⁵, with lease expiry of 3%⁵ for 4Q23
- executed 45 leasing deals across ~36,500sqm FYTD, with a gross releasing spread of >4.5%
- continued our asset disposal program, with 60 Margaret Street/MetCentre, Sydney⁶ expected to be finalised and settle in Q423, and agreed terms and entered exclusive DD for 367 Collins Street, Melbourne.

Industrial

- maintained high occupancy of 100%³ and a WALE of 6.2 years⁵, with lease expiry of <1% for 4Q23⁵
- achieved three leasing deals across ~40,900sqm FYTD, with a gross leasing spread of 8.9%
- continued strong fundamentals across the sector and vacancy of 0.52% in Sydney⁷.

Retail

- grew total centre MAT portfolio sales by 19.1% on 3Q22 (+12.6% vs 2019), with positive foot traffic growth of 20.2%
- Broadway, Sydney received the Australian Shopping Centre News Big Guns award for most productive shopping centre in the country at \$16,272/sqm
- cash collection steady at 96% (3Q22: 87%, 1H23: 95%)
- executed 238 leasing deals across ~61,600sqm FYTD, which is more than double 3Q22 (~30,200sqm). Positive gross releasing spreads of 0.2% were achieved.

Build to Rent

- achieved strong leasing at LIV Munro, Melbourne, which is 54% leased (1H23: 32%⁸), with price escalation being realised
- maintained leasing momentum at LIV Indigo, Sydney Olympic Park, which is stabilised at 96% occupied and achieving 7.4% net effective rental growth

1. BTR excluded from total Investments calculations.

2. Occupancy by apartment. Excludes IPUC, display apartment and stabilising properties (LIV Munro).

3. By area, excluding assets held for development.

4. Source: JLL Research, March 2023.

5. By income, excluding assets held for development.

6 Contracts for sale have been signed and are being held in escrow pending satisfaction of certain conditions.

7. Source: JLL, SA1, March 2023.

8. As at 31 January 2023. LIV Munro was 18% leased as at 31 December 2022.

- strong market fundamentals, including residential vacancy on the east coast of <1.4%¹, rent growth of >13%², and a resumption of overseas migration underway, and restricted future supply.

Funds Management update:

- establishing a BTR venture with two aligned long-term capital partners. Financial close is expected in 4Q23, with Mirvac to retain ~45% of the venture
- signed heads of agreement³ and exclusive DD with an aligned long-term capital partner for 49% of our Industrial venture (Switchyard, Auburn and Aspect North, Kemps Creek). Completion of the venture is expected in 4Q23, with Switchyard settlement expect FY23 and Aspect North in FY24
- securing a new 50% capital partner for our office development at 7 Spencer Street, Melbourne
- co-invested ~\$230m in MWOFF, with ~\$400m capital raise planned for 4Q23 (68% underwritten). MWOFF remains the #1 performing office fund over 12 months and has outperformed benchmarks over 1, 3, 5 and 7 years.

Development update:

Commercial & Mixed Use:

- progressed our BTR development pipeline, with ~\$0.7bn⁴ of assets under construction, including LIV Anura, Brisbane (396 apartments), and LIV Aston, Melbourne (474 apartments)
- progressed construction on our Sydney industrial developments, including Switchyard Industrial Estate, Auburn, (~84% pre-leased⁵) and Aspect Industrial Estate, Kemps Creek, which is expected to be our first carbon neutral embodied carbon development. The project is ~64% pre-leased², with strong tenant engagement for the remaining space
- lodged a demolition Development Application (DA) with Brisbane City Council for the Toombul site, following extensive flood damage in 2022

Residential:

- settled 319 residential lots during the quarter (1,126 FYTD). Due to sustained adverse weather conditions, we have revised our expectations to around 2,200 lot settlements in FY23 from >2,500 with the remaining lots now expected to complete and settle in FY24 .
- default rate remained low at 0.2%
- exchanged 288 lots during the quarter (1,133 FYTD), with sales remaining subdued as a result of higher interest rates, fewer product launches, and lower first-home buyer activity. Sales leads improved over the quarter to the highest level in 12 months
- increased residential pre-sales to ~\$1.8bn⁶, with continued solid sales across established apartment precincts, Green Square, Sydney (76% pre-sold), Isle at Waterfront, Brisbane (80% pre-sold), Ascot Green, Brisbane (74% pre-sold), and Pavilions, Sydney (100% sold)
- successfully launched our first stage release at Cobbitty, our newest masterplanned community in Sydney (88% pre-sold), where we intend to deliver our latest all-electric community of 900 homes
- completed our first GBCA Certified Green Star Home at our masterplanned community, Waverley Park, Melbourne, which has achieved a 7.8 star NatHERS rating.

1. Source: SQM Research/Macrobond March 2023. Vacancy rate (all dwellings, seasonally adjusted), Sydney, Melbourne and Brisbane.

2. Source: CoreLogic March 2023. Annual unit growth in 12-month median rent, Sydney, Melbourne & Brisbane.

3. Non-binding Heads of Agreement.

4. Represents 100% expected end value/revenue (including GST), subject to various factors outside Mirvac's control such as planning outcomes, market conditions, construction cost escalation, supply chain risks, weather and other uncertainties.

5. Including non-binding heads of agreement (excluding heads of agreements Switchyard Industrial Estate, Auburn is ~66% pre-leased and Aspect Industrial Estate, Kemps Creek is ~64% pre-leased).

6. Represents Mirvac's share of total pre-sales and includes GST.

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Further information on Mirvac's 3Q23 performance and its Group Business Update is contained in the Mirvac Group 3Q23 & Business Update presentation, which was released to the market today and is available on the group website www.mirvac.com

The management presentation and conference call will be [webcast](#) from 9:30am (AEST).

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About Mirvac

Founded in 1972, Mirvac is an Australian Securities Exchange (ASX) top 50 company with an integrated asset creation and curation capability. For more than 50 years, we've dedicated ourselves to creating extraordinary urban places and experiences. We have over \$35 billion of assets under management, together with a \$12 billion commercial and mixed use development pipeline, and a \$17 billion residential development pipeline, enabling us to deliver innovative and high-quality property for our customers, while driving long-term value for our securityholders.