

1Q21

Operational Update

Pavilion Interchange, South Eveleigh, Sydney

Mirvac Group (ASX: MGR) has today provided an operational update for the first quarter of financial year 2021 (FY21). While the economic and social impacts of the COVID-19 pandemic continue to evolve, the Group remains resilient and has made steady progress in building towards a recovery.

Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz said, "COVID-19 has dramatically transformed society, however our people and our business have adapted well to new ways of living and working. Throughout the crisis, our priority has remained the safety, health and wellbeing of our people, customers and communities. We continue to deploy our skills, expertise and award winning innovation capability to find ways to bring people together and provide support to those who have been impacted by the pandemic.

"Despite disruptions, we have successfully maintained continuity across the business and set the foundations for recovery in the financial year ahead. Rent collection rates across the Group averaged 82 per cent for the quarter¹, with Retail the most impacted." (see table below)

"In our Office & Industrial portfolio, we continue to support our customers and tenants with the creation and management of COVIDSafe environments. We also further advanced our active and future development pipeline during the quarter, including the unveiling of a major new public artwork and sculptural landmark, Pavilion Interchange, at South Eveleigh, Sydney." (pictured above)

"Our Retail team is defining best-practice in the management of COVIDSafe retail environments. We continue to support retailers and customers with initiatives like 'Essential Express' which now includes a home delivery service enabling safe, same day delivery for customers, helping our retailers to support this market.

"In our Residential division, enquiry levels, sales and settlements across the portfolio were strong throughout the quarter. This is testament to our high-quality product and exceptional levels of customer care, including the introduction of virtual tours to enhance safety during the property transaction process.

"Our Build to Rent division opened its first property, LIV Indigo at Sydney Olympic Park, during the quarter with strong leasing demand.

"During the quarter, we took a number of other important steps to ensure our business is well placed to respond to our customers' changing needs, and to continue to generate value for our securityholders. This included the creation of a new Commercial Property division, consolidating the award winning capabilities of our Office, Industrial, Retail and Build to Rent teams, to be led by Campbell Hanan as Head of Commercial Property.

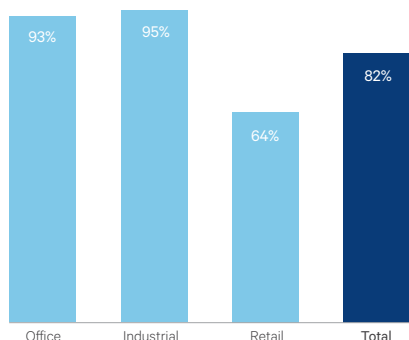
"We have also created a dedicated Commercial and Mixed-Use Development team under the leadership of Simon Healy, as General Manager, Commercial and Mixed-Use Development, within the portfolio of Brett Draffen as Chief Investment Officer.

"These structural changes will enable us to cater to the changing lifestyles of our customers and communities, while unlocking synergies and efficiencies across our operations. The changes will enhance our already considerable mixed-use development capability, so that we continue to Reimagine Urban Life with the delivery of city shaping mixed-use projects that make a positive contribution to the urban landscape," said Ms Lloyd-Hurwitz.

It is impossible to predict the length, nature and effects of the ongoing pandemic and as such, Mirvac does not have sufficient certainty to provide earnings and distributions guidance for FY21. The Group is targeting a payout ratio of 65-75 per cent of FY21 operating earnings² in line with the Group's distribution policy to pay up to a maximum of 80 per cent of operating earnings.

RENT COLLECTION RATES FOR 1Q21¹

July-September 2020



NUMBER ONE FOR INNOVATION

Mirvac has been named the number one Most Innovative Company in the Property, Construction and Transport sector by AFR BOSS, for the second year running.

This year's award recognises Mirvac's achievements for [BuildAI](#), a game-changing digital platform that transforms live data into real time safety, quality assurance and predictive project outcomes. Rather than manually monitoring the progression of a site, BuildAI uses technology and visual data from cameras to capture a real-time picture of progress, providing an accurate account of how site activities are tracking.

BuildAI was born out of a Hatch mission to 'radically revolutionise the way we build', and is the result of our process to strategically solve problems which includes an initial scan, ideation and product development. The concept was tested on our construction sites, funded through Mirvac Ventures, and then spun out of Mirvac as an independent start up, completing the pathway to commercialisation.

"BuildAI has the potential to transform the global construction industry and make a positive and lasting contribution to our urban environment," said Teresa Giuffrida, Mirvac's General Manager, Innovation.

1. As at 19 October 2020.

2. Subject to the unpredictable and volatile nature of the yet unknown COVID-19 impacts.

OFFICE

Office occupation remains sensitive to localised COVID-19 conditions and individual tenant policies, so the proportion of employees back at work in our office assets varies greatly by location. However, we are seeing increasing evidence of tenants starting to encourage more of their staff to return to the office as the benefits the physical workplace brings to culture, innovation, productivity and staff development are becoming more widely recognised.

The COVID-19 induced slow-down in economic activity and weakening of business confidence has resulted in an increase in market vacancy and sub-lease activity. Within our portfolio, occupancy and cash collection remain relatively strong, but leasing transactions are limited as many tenants hold off making significant new leasing commitments.

While the profile for recovery is difficult to predict, there is mounting evidence that in locations where COVID-19 concerns have been sufficiently mitigated, confidence and leasing activity returns.

“Our Office portfolio continues to perform well, despite the challenges of trading in a post-COVID-19 world. Our long WALE, minimal capex and high exposure to large, well established, blue chip organisations have provided resilience and to date we have collected 93 per cent³ of our rental billings for the quarter.

“Our development pipeline of value accretive, city shaping projects is largely secured in capital efficient structures, offering both optionality and future value. It also provides us with a unique opportunity to work with our customers to co-create Australia's next generation of office buildings to ensure they meet the requirements of post-COVID-19 workplaces, as we continue to collaborate to redefine the future of office.”

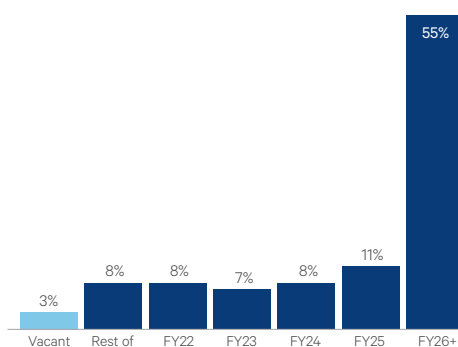
Susan Lloyd-Hurwitz, CEO & Managing Director

OFFICE UPDATE

- > occupancy of 97.4 per cent¹ and a WALE of 6.5 years²;
- > rent collection rate of 93 per cent³;
- > transferred to a renewable electricity supply at 101 Miller Street, Sydney, with the asset's cogeneration system switched to emergency generation. This will see carbon emissions reduce by approximately 1,750 tonnes per year, representing a further 2 per cent reduction in Mirvac's Scope 1 and 2 emissions;
- > commenced a trial of a Bintracker system at 275 Kent Street, Sydney that aims to enhance the monitoring and reporting of multiple waste streams, in line with Mirvac's *This Changes Everything* sustainability target to send zero waste to landfill by 2030; and
- > undertook Mirvac's first physical climate resilience audit to review climate impacts and vulnerabilities at 8 Chifley, Sydney.

OFFICE LEASE EXPIRY PROFILE

(by gross income)



80 Ann Street, Brisbane (artist impression)

Construction further progressed during the quarter, as follows:

- > Olderfleet at 477 Collins Street, Melbourne is now complete with most leases due to commence in 1H21. The 58,000 square metre building is now 98 per cent leased to leading tenants, including Norton Rose Fulbright, Lander & Rogers, Urbis and anchor tenant Deloitte with the retail precinct due for completion in late 2020;
- > The Foundry at South Eveleigh, Sydney is now complete, with lease commencement expected in 1H21. The building is 100 per cent leased to Commonwealth Bank for 15 years;
- > The Locomotive Workshops redevelopment at South Eveleigh is progressing well and is on schedule for a 2H21 completion. 63 per cent of the office space is now pre-committed, as well as 90 per cent of the retail space; and
- > 80 Ann Street, Brisbane, remains on track for practical completion in FY22. The building is 73 per cent pre-leased with Suncorp as its anchor tenant.

INDUSTRIAL

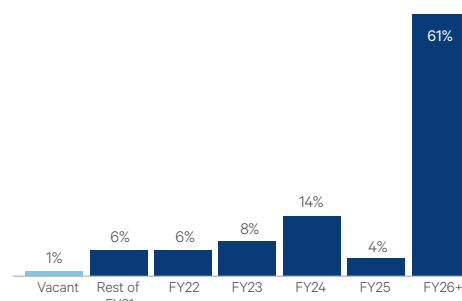
Industrial markets remain resilient in the current environment. Many tenants' businesses are performing well, particularly those with e-commerce exposure, and this is being evidenced by continued leasing activity and rents holding up well in the current environment.

INDUSTRIAL UPDATE

- > occupancy of 99.4 per cent¹ with a WALE of 7.3 years²;
- > rent collection rate of 95 per cent³; and
- > received rezoning approval for Elizabeth Enterprise, the 54-hectare (Stage 1) industrial estate in Badgerys Creek, Western Sydney in the NSW Government's Planning System Acceleration Program. The site has the potential to deliver premium warehousing and logistics facilities forming a key component of the Western Sydney Aerotropolis – a precinct set to benefit from substantial infrastructure including a new airport, motorway and rail line.

INDUSTRIAL LEASE EXPIRY PROFILE

(by gross income)



“Our Industrial portfolio continues to deliver growth and we have made excellent progress on our Industrial pipeline during the quarter. As one of the few beneficiaries of the pandemic, e-commerce and online retail sales continue to drive demand for world-class fulfilment and distribution facilities. Mirvac is perfectly placed to deliver with our pipeline of strategically located future industrial estates in Sydney.”

Susan Lloyd-Hurwitz, CEO & Managing Director



Elizabeth Enterprise, Badgerys Creek, Sydney (artist impression)

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. As at 19 October 2020.

RETAIL

Centre traffic and physical store sales growth continue to be highly sensitive to location, trade area composition and local virus transmission rates. A steady improvement in sales was interrupted by increased community transmission rates in several markets in late July and August.

Retailers with strong omni-channel business models have benefited from flexing both online and physical channels, with locations providing high online sales penetration combined with physical store brand presence performing best.

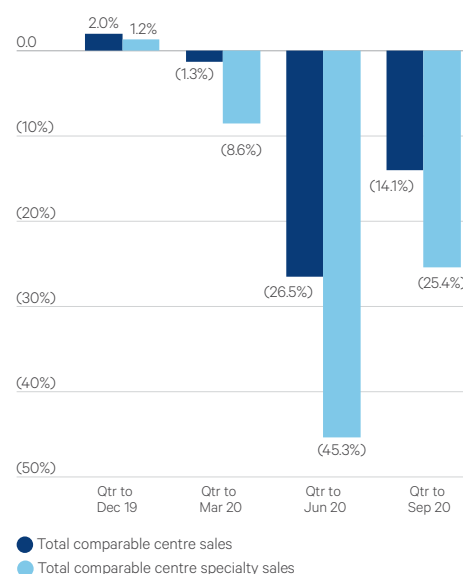
Reduced mobility has generally favoured centres with a strong local customer base, while centres with a high dependence on workers, tourists and outside trade area customers have been more severely impacted. Encouragingly, there is strong evidence that where there is confidence the virus is contained, shoppers do return to centres in increasing numbers.

Regular leasing activity has been limited, with a strong focus on cash collection and providing relief packages on a case-by-case basis. However, leasing activity has been solid in centres where operating conditions have stabilised, with deal structures comparable to those negotiated pre-pandemic.

RETAIL UPDATE

- > comparable moving annual turnover sales movement was (7.8) per cent and comparable specialty sales movement was (15.6) per cent for the quarter;
- > achieved comparable specialty sales productivity of \$9,250 per square metre on speciality occupancy costs of 16.4 per cent;
- > maintained high occupancy of 98.0 per cent;
- > rent collection rate of 64 per cent;
- > made solid progress on retailer support discussions within the parameters of FY20 provisions and expectations for FY21;
- > store openings of 92 per cent (97 per cent excluding CBD and Victorian centres);
- > executed 59 regular leasing deals across approximately 12,700 square metres in the financial year to date, with spreads slightly negative and incentives in line with FY20; and
- > transferred to a renewable electricity supply agreement at Greenwood Plaza, North Sydney, on 1 July 2020. This aims to reduce carbon emissions by 1,895 tonnes per year, representing 2.2 per cent of total Group emissions.

COMPARABLE SALES GROWTH



“The COVID-19 pandemic has presented immense challenges for the retail sector in 2020 and our retail portfolio has been heavily impacted. Encouragingly, we are seeing customers returning to those centres where they feel it is safe to do so. The safety of our customers and communities remains our top priority, as does supporting our retailers, particular the most vulnerable within the categories hardest hit, to ensure that we are well placed to collectively recover and thrive once restrictions are fully lifted.”

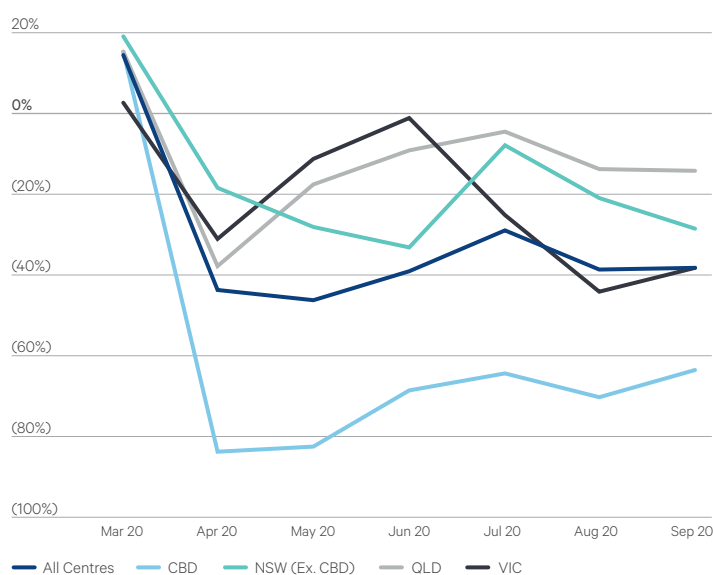
Susan Lloyd-Hurwitz, CEO & Managing Director

Retail sales by category	1Q21 total MAT	1Q21 comparable MAT growth	FY20 comparable MAT growth
Supermarkets	\$1,196m	1.5%	3.1% ¹
Discount department stores	\$262m	(1.8%)	2.1% ¹
Mini-majors	\$541m	(1.1%)	(1.2%)
Specialties	\$975m	(15.6%)	(11.1%)
Other retail	\$137m	(39.5%)	(19.5%)
Total	\$3,111m	(7.8%)	(4.1%)¹

Specialty sales by category	1Q21 total MAT	1Q21 comparable MAT growth	FY20 comparable MAT growth
Food Retail	\$127m	(2.5%)	(4.0%)
Food Catering	\$262m	(18.9%)	(13.3%)
Jewellery	\$26m	(11.1%)	(10.7%)
Mobile Phones	\$37m	(7.7%)	4.7%
Homewares	\$38m	(10.7%)	(13.1%)
Retail Services	\$112m	(14.2%)	(9.0%)
Leisure	\$39m	(13.9%)	(9.1%)
Apparel	\$234m	(25.6%)	(19.3%)
General Retail	\$100m	(0.9%)	5.4%
Total Specialties	\$975m	(15.6%)	(11.1%)

1. MAT movement reflects adjusted FY19 sales for Majors to be 52 weeks vs 52 weeks for FY20

FOOT TRAFFIC MOVEMENT BY LOCATION



BUILD TO RENT

Conditions continue to improve for build to rent in Australia. The NSW Government's decision to introduce a land tax reduction for new build to rent projects is likely to provide a boost to the emerging sector. Housing affordability challenges have only been exacerbated by the COVID-19 pandemic and mean people are likely to rent for longer.

BUILD TO RENT UPDATE

- > officially opened our first build to rent property, LIV Indigo, Sydney Olympic Park with 27 per cent of leases signed as at 19 October 2020, with pricing per unit exceeding the underwrite; and
- > Mirvac was selected as one of two proponents of the Queensland Government's Build to Rent Pilot Project for our LIV Newstead proposal in Brisbane. The project is designed to facilitate build to rent projects in the State through the introduction of a ground-breaking housing model which has the potential to improve housing diversity. Through the Pilot Project, the Queensland Government has committed to provide a rental subsidy in return for the delivery of affordable rental housing within build to rent developments in Brisbane that meet certain criteria.

“Our build to rent business, LIV, aims to bridge the gap between owning and renting, offering the flexibility of renting with a sense of security akin to ownership.”

Susan Lloyd-Hurwitz, CEO & Managing Director



LIV Indigo, Sydney Olympic Park, Sydney

In 1Q21, leads were up 34 per cent and exchanges up 40 per cent compared to the previous quarter, above pre-COVID-19 volumes. This increase was primarily driven by MPC projects benefiting from government stimulus as well as apartment projects in WA and QLD. During the quarter, we accelerated future stages across many MPC projects to respond to increased demand. Sustained strong sales, despite current economic uncertainty and the extended lockdown in Victoria, highlights the continued demand for well-located, quality product.

Our sales teams have continued to adopt innovative solutions to maintain robust sales rates where an in-person sales experience is not possible, with a strong tilt to digital, including guided, online project tours. This customer first approach is reflected in customer satisfaction scores remaining well above our internal benchmarks.

The increased settlements were in line with expectations despite extended restrictions in Victoria and prolonged timeframes for financing. We continue to work closely with purchasers who have been impacted by COVID-19 to achieve settlement. Additional measures have also been put in place to minimise future settlement risk in response to increased stimulus-driven sales.

Despite uncertainty due to COVID-19, our pipeline of well-located projects within key markets sees Mirvac well positioned to capitalise on market conditions as they improve. Our objective to be shovel-ready with new projects will see us bring three new projects (Georges Cove, Green Square's Portman on the Park and Henley Brook) to market in 1H21. We remain on track to launch a further four new projects during the year subject to market conditions.

In addition to existing stimulus from both Federal and state governments, recent announcements in the Federal budget to assist a further 10,000 homebuyers through the First Home Loan Deposit Scheme will continue to support demand. The changes made to include off-the-plan purchases as well as adjustments to qualifying prices are welcome expansions to the original scheme.



“Our Residential business has continued the strong momentum we reported at FY20. The pandemic has underlined the importance of well-designed homes offering flexibility and communities well serviced by amenity and social infrastructure. Our focus on quality and our commitment to investing early in parks, schools and community facilities, differentiates our product. Our 48 years of experience, coupled with our award winning in-house innovation capability, means we are well placed to continue to respond to our customers’ changing needs.”

Susan Lloyd-Hurwitz, CEO & Managing Director

RESIDENTIAL UPDATE

- > settled 483 residential lots as at 30 September 2020 including 147 lots at Pavilions at Sydney Olympic Park, Sydney;
- > defaults are 1.9 per cent;
- > residential pre-sales at \$921 million;
- > exchanged over 660 lots during the quarter, a 40 per cent increase on the prior quarter. Sales were primarily driven by MPC projects benefiting from government stimulus. Key exchanges during the quarter included:
 - 123 lots at Woodlea, Melbourne;
 - 121 lots at Googong, Canberra;
 - 80 lots at Gledswood Hills, Sydney; and
 - 61 lots at Gainsborough Greens, Brisbane;
- > over 500 lots were on deposit or conditionally exchanged as at the end of quarter, primarily within MPC projects across WA, QLD and Vic;
- > 65 per cent of lots released during the quarter were either sold or are on deposit;
- > increased our holding at Smiths Lane, Melbourne with the acquisition of an additional land parcel which will deliver an additional ~600 lots;
- > acquired Landcom's ownership of the future stages of Green Square Town Centre, Sydney, anticipated to comprise ~800 apartments, ~7,600 square metres of retail space and ~47,500 square metres of commercial space¹;
- > installed renewable energy systems on 18 Mirvac homes with our Woodlea, Melbourne project. These homes are the first stage of 76 homes being delivered as part of a funding agreement with the Clean Energy Finance Corporation at Woodlea; and
- > began working with the Green Building Council of Australia to pilot their Green Star Homes standard at one of Mirvac's future masterplanned community homes in NSW.

1. Post 30 September 2020.



Breaking ground on Portman on the Park at Green Square, Sydney

THE NEXT STAGE OF GREEN SQUARE GETS UNDERWAY

In October, the NSW Treasurer, Dominic Perrottet, The Lord Mayor of Sydney, Clover Moore and Landcom CEO, John Brogden joined Mirvac CEO & Managing Director, Susan Lloyd-Hurwitz and members of the project team for a ground-breaking ceremony to mark the construction commencement of the next stage at Green Square.

Designed by CO-AP in collaboration with Mirvac Design, Portman on the Park is set to incorporate 119 luxury apartments, many with dual aspect views of Sydney's CBD and the town centre's future 6,200 square metres park (The Drying Green) that the City of Sydney intends to complete by 2022. Guided by the concepts of wellness and luxury, every aspect of the development is thoughtfully designed to deliver a higher standard of living, with natural elements woven into the buildings through landscaped open spaces, gardens and greenery incorporated into the façade.

The project is expected to generate over 550 direct jobs in construction and provide additional employment for a range of sub-contractors, suppliers and consultants.

To date, Mirvac and Landcom have delivered 476 apartments at Green Square. A sales launch for Portman on the Park is scheduled for November 2020.

Authorised for release by the Mirvac Group Continuous Disclosure Committee

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