

MIRVAC GROUP
ANNUAL REVIEW
2015

REVIEW 2015

Our strategy: to be focused, diversified and integrated.

Focused.

Deploying capital with discipline and delivering on our promises, with a strong focus on our customers.

Diversified.

Maintaining an appropriate balance of passive and active invested capital through cycles, and retaining capability across the office and industrial, retail and residential sectors.

Integrated.

Leveraging our integrated model to create, own and manage quality Australian assets.

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Front cover image: Enclave, Melbourne, Victoria.

Mirvac's integrated approach gives it a key competitive advantage in the creation of quality assets, with services spanning the lifecycle of a project; from planning through to design, development and construction, leasing, property management and long-term ownership.

Established in 1972, Mirvac has more than 40 years of experience in the property industry and an unmatched reputation for delivering superior products and services across its businesses.



Mirvac is a leading, diversified Australian property group, with an integrated development and asset management capability.

Mirvac owns and manages assets across the office, retail and industrial sectors within its investment portfolio, and has exposure to both residential and commercial projects through its development activities. Its business model provides a mix of passive and active capital, providing stable income and growth to the Group.



Office

\$4.1 bn
PORTFOLIO VALUE



Retail

\$2.1 bn
PORTFOLIO VALUE



Industrial

\$661 m
PORTFOLIO VALUE



Residential

\$1.6 bn
INVESTED CAPITAL

BRISBANE

Office 2
Retail 2
Residential 7

SYDNEY

Office 16
Retail 9
Industrial 13
Residential 11

CANBERRA

Office 2
Retail 1

MELBOURNE

Office 9
Retail 2
Industrial 1
Residential 7

PERTH

Office 2
Residential 6

- OFFICE
- RETAIL
- INDUSTRIAL
- RESIDENTIAL





Statutory Profit

36.0
PER CENT

increase on prior corresponding period



Distributions

9.4
CENTS

per stapled security



Acquired

\$939.8
MILLION

of assets across the office, retail, industrial and residential sectors



Completed

\$406.7
MILLION

of asset sales



Secured

\$2.0
BILLION

in residential pre-sales



Achieved

5.1
NABERS

average energy rating across the office portfolio

Highlights

FINANCIAL RESULTS

	FY15	FY14
Profit attributable to the stapled securityholders of Mirvac	\$609.9m	\$447.3m
Net operating profit ¹	\$454.8m	\$437.8m
Operating earnings per stapled security ²	12.3 cents	11.9 cents
Operating cash flow	\$412.7m	\$399.3m
Total assets	\$10.4bn	\$9.9bn
Net assets	\$6.5bn	\$6.2bn
Distribution per stapled security	9.4 cents	9.0 cents
Net Tangible Assets per stapled security ³	\$1.74	\$1.66

CAPITAL POSITION

	FY15	FY14
Balance sheet gearing ⁴	24.3%	27.8%
Look-through gearing	25.2%	28.5%
ICR ⁵	4.5x	4.2x
Total interest bearing debt ⁶	\$2,565m	\$2,820m
Average borrowing cost ⁷	5.2%	5.6%
Average debt maturity	4.3 yrs	4.3 yrs
S&P credit rating	BBB+	BBB+
Hedged percentage	61%	58%
Average hedge maturity	5.2 yrs	4.3 yrs

1) Excludes specific non-cash items, significant items and related taxation.

2) Diluted earnings per stapled security excluding specific non-cash, significant items and related taxation.

3) Net Tangible Assets per stapled security based on ordinary securities including EIS securities.

4) Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets – cash).

5) Adjusted EBITDA/finance cost expense.

6) Total interest bearing debt (at foreign exchange hedged rate) excluding leases.

7) Includes margins and line fees.

For full results and analysis, please refer to the 2015 Annual Report which can be viewed on the website www.mirvac.com. A copy of the 2015 Annual Report can be requested by contacting Mirvac's investor information line on 1800 356 444.

Dear Securityholders,

Mirvac has achieved a solid result in FY15, reflecting our continued focus and discipline around delivering on our strategy.

Just over two years ago Mirvac undertook a strategic review of the business, the outcome of which saw us establish clear directional mandates for each sector of the Group. The review highlighted the importance of leveraging our integrated model and focusing on the activities where we have a proven competitive advantage, while maintaining an appropriate balance between active and passive invested capital.

The solid results we have delivered in FY15 reflect our continued focus and discipline around delivering this strategy, demonstrated by a healthy balance sheet, solid metrics within our high quality investment portfolio and a robust residential development pipeline.

The Group reported a statutory profit of \$609.9 million, which represents a 36 per cent increase on the previous financial year. Our operating profit increased by approximately four per cent to \$454.8 million, equating to 12.3 cents per stapled security ("cpss") and we delivered full-year distributions of 9.4 cent per stapled security. This was at the top end of our guidance range provided earlier in the year, and represents a 4.4 per cent increase on

the prior corresponding period. With the benefit of strong capital management, gearing remained within the Group's target of between 20 to 30 per cent at 24.3 per cent. This was driven by the proceeds from our asset sales and our continued focus on managing cash across the business.

Operational Highlights

Solid metrics were maintained within our investment portfolio, which is diversified across the office, industrial and retail sectors. Occupancy was steady at 96.5 per cent, as was the portfolio WALE at 4.5 years. Our focus on providing stable, recurrent income that supports distributions led to over 437 lease deals achieved in the financial year, representing 127,858 square metres. In addition to this, the Group had secured Heads of Agreements for over 170,000 square metres of office space as at 30 June 2015, positioning the business strongly coming into the new financial year.

The quality of our investment portfolio continued to improve through a number of key capital transactions. In line with our strategy to focus on retail assets in key metropolitan areas, we acquired

Birkenhead Point Outlet Centre and the associated marina in Sydney for \$310 million. The centre has performed extremely well since acquisition, and we continue to look at opportunities to extend the Centre's food and fashion offering and maximise its waterfront location.

As a result of this acquisition and the disposal of Hinkler Central, Bundaberg and City Centre Plaza, Rockhampton in Queensland, we have now exited all regional locations in line with our strategy, and the retail portfolio is 67 per cent weighted towards Sydney, where retail sales continue to be robust.

In our office portfolio, we disposed of five assets across Sydney, Canberra and Port Melbourne. Our office portfolio is now represented by 94 per cent of prime-grade assets and has over 83 per cent of its assets in the stronger performing Sydney and Melbourne markets.

We increased our exposure to the industrial sector following the acquisition of a portfolio of assets from Altis Real Estate Equity Partnership Fund No. 1 for \$213.9 million. The portfolio provides Mirvac with secure income over the

long term, as well as an opportunity to unlock value through our integrated model. Following this transaction, Mirvac's industrial portfolio is now 90 per cent weighted towards Sydney, which is expected to benefit from future infrastructure spend by the New South Wales State Government.

Mirvac has a clear competitive advantage to create quality assets for the future, and this was demonstrated in FY15 with the completion of 699 Bourke Street, Melbourne, with major tenant, AGL, moving into the building in mid-2015. The construction of Treasury Building in Perth is due for completion in the first half of FY16, while 200 George Street in Sydney and 2 Riverside Quay in Melbourne remain on track for completion in FY16 and FY17 respectively.

Our focus on securing strategically aligned wholesale capital partners to invest alongside Mirvac continued in FY15, with the sale of a 50 per cent interest in 2 Riverside Quay to ISPT Pty Ltd. ISPT will fund 50 per cent of the total development costs throughout the construction period, with Mirvac to provide development management and ongoing property management services for the asset.



In our retail portfolio we completed the expansion of Kawana Shoppingworld, in Buddina, Queensland in July 2014 and the Stage 4 expansion at Stanhope Village in Sydney in March 2015. The Stage 2 expansion at Orion Springfield Central, which lies south-west of Brisbane, Queensland, continues to progress well. The project is now 75 per cent pre-leased and on track for completion in FY16. Construction also commenced on the conversion of the Tramsheds into a 6,200 square metre retail precinct, which sits within Mirvac's highly successful Harold Park residential development. The project was 59 per cent leased as at 30 June 2015.

Maintaining discipline and focus, and being selective in how and where we deploy capital in our residential business, we acquired \$413 million worth of residential projects in the financial year that add over 7,100 lots to our residential development pipeline. A number of these projects were acquired off balance sheet via project delivery agreements, providing us with capital efficient structures and demonstrating our ability to partner with third-parties, including State Governments. Our pipeline now has the potential to deliver more than 14,000 lots over the next five years, supporting the medium term outlook.

Taking advantage of strong residential market conditions, we brought the release of a number of key projects forward, helping us to achieve a record level of pre-sales valued at \$2.0 billion which provides us with excellent visibility of future earnings. Together with our committed commercial development pipeline, we have secured 67 per cent of our expected Development EBIT for

FY16 and 57 per cent of our expected Development EBIT for FY17, positioning us well for the years ahead. We also achieved 2,271 residential lot settlements, in line with our target of greater than 2,200 lots, which underpinned our development earnings for FY15.

Financial Highlights and Capital Management

The Group increased its statutory net profit to \$609.9 million from \$447.3 million in FY14, representing a 36 per cent increase on the prior period.

Within our investment portfolio, which includes the office and industrial and retail sectors, we achieved a statutory profit before tax of \$593.2 million and an operating profit before tax of \$418.3 million. In our Development division, which includes both residential and commercial development projects, our statutory profit and our operating profit before tax was \$126.6 million, an increase of 12.5 per cent on the prior corresponding period. Our return on invested capital within our Development division improved to 11.1 per cent, and we continue to drive this towards 12 per cent by FY17.

In line with our debt strategy to increase our debt maturity profile, we restructured the Group's \$1.4 billion syndicated bank facility to more favourable terms, extending the facility expiry to FY21 and reducing the amount expiring in any one year. We also reduced average borrowing costs to 5.2 per cent per annum (including margins and line fees), while maintaining weighted average debt maturity at 4.3 years.

We remain disciplined in our allocation of capital to ensure we can continue to deliver returns to our securityholders, with approximately 80 per cent of passive invested capital and 20 per cent of active capital being targeted.

This Changes Everything

Mirvac is committed to excellence in sustainability, and this was demonstrated in FY15 with a number of important sustainability achievements, including a 5.1 Star NABERS average energy rating across the office portfolio. Within our office portfolio, we achieved a 6.0 Star Green Star Office As Built v2 rating at 8 Chifley, Sydney and a 6.0 Star Green Star Office Design v3 rating at 200 George Street, Sydney. We also became the first company in Australia to achieve a 6.0 Star NABERS Energy rating for a major office building without the use of GreenPower at 23 Furzer Street, Canberra. 23 Furzer Street boasts Mirvac's first large scale Solar PV system and has reduced its energy consumption by 32 per cent since 2011.

In line with our This Changes Everything sustainability roadmap and our mission to shape the future of place, Mirvac held its first Future of Place forum in March this year, bringing together a group of inspiring minds from around the world to discuss how the future of place will look, as well as the initiatives currently taking place to make it happen. Read more about the Future of Place initiative on page 28.

Another mission within our This Changes Everything sustainability roadmap is to enrich the communities in which we operate. Some of the outcomes in this area for FY15 included appointing

our first National Charity Partner and launching an annual National Community Day, as well as establishing a Workplace Giving program, donation matching and a volunteering program. You can read more about these fantastic charitable initiatives on page 24.

Diversity and Inclusion

Mirvac has a priority focus on gender diversity, and in FY15 we were recognised as an Employer of Choice for Gender Equality through the Workplace Gender Equality Agency ("WGEA"), reflecting Mirvac's ongoing commitment to gender equality. Mirvac was also identified as providing excellent disclosure on its gender diversity initiatives in a report by BlackRock published in July last year, being one of six companies to receive the highest rating.

As well as our focus on gender diversity, we have made a commitment to fostering an inclusive culture, where individual differences are valued and respected. We know from research that companies that embrace diversity and inclusion outperform on financial returns, brand perception and staff engagement. In FY15, we formulated a diversity and inclusion strategy that focuses on four key areas: diversity of thought; an inclusive culture; flexibility; and gender balance.

Our refreshed diversity and inclusion strategy is an important step in ensuring all of our employees feel as though they can safely contribute to business outcomes. Hatch, the innovation program we launched last year, is just one of the ways in which employees can participate and provide their ideas and feedback on how Mirvac can continue to innovate.

As part of our diversity and inclusion strategy, we also partnered with the WGEA in the Equilibrium Man Challenge. A truly thought-provoking project, the Equilibrium Man Challenge, which began in April 2015, has followed a group of six men attempting to adopt flexible work practices into their lives, without compromising their performance or position at work. More information on this exciting project can be found on page 22.

We will continue to look at ways in which we can progress our diversity and inclusion strategy further.

Board Appointments

Following the resignation of two non-executive directors in January 2014, we identified the need to appoint additional members to the Board. Following a thorough search, we announced the appointment of Sam Mostyn and Christine Bartlett in December 2014, whose diverse backgrounds complement the skills of our existing Board. Their appointment brings the total number of Board members to eight, which we believe is an appropriate size for the scale and complexity of Mirvac. The Board now boasts a 50 per cent female representation, above our target to have a 35 representation of female Board members by FY15, and well ahead of our FY20 target of 50 per cent.

Remuneration

The Board does most of its remuneration related work through the Human Resources Committee and Mirvac's remuneration practices are reviewed regularly during the year. In FY15, Mirvac continued to adopt a remuneration

framework that best supports our business strategy, aligning employee performance to the Group's core strategic drivers. This ensures we can continue to create sustainable value for our securityholders. The strategic drivers we believe are most critical to this objective include, financial performance and capital efficiency; customer and investor satisfaction; high performing people and culture; and health, safety, environment and sustainability leadership. There were no significant changes to Mirvac's remuneration practices or policy in FY15. Our Remuneration report is available in the Mirvac's 2015 Annual Report.

Operating Model Review

In March this year, we undertook a group-wide review of our operating model to better understand the relationship between our business activities and how they drive value for our customers. A key outcome of the review was to restructure the business into three sector-focused groups, with an accountable leader for each group reporting directly to the Chief Executive Officer and Managing Director ("CEO and MD"). The three sector-focused groups include Office & Industrial, Retail and Residential, and to ensure we continue to leverage our integrated model, we have implemented a Head of Cities and Urban Renewal. The Head of Cities and Urban Renewal will be responsible for sourcing large-scale mixed-use and commercial projects and overseeing the collaboration of our diverse cross-section of skills.

The Chief Investment Officer and Chief Financial Officer will continue to report to the CEO and MD, as will the Head of Culture and Reputation.

Our capital allocation and sourcing reporting lines were also further streamlined to deliver more clarity around roles and responsibilities in this area, and to introduce a more targeted approach to future capital sourcing and allocation opportunities.

The review presented additional opportunities to deliver a more variable cost base, which will better position Mirvac through property market cycles. As a result, a decision was made to outsource some of the activities undertaken by Mirvac's finance functions to an offshore service provider, downsize a number of corporate and business functions, remove duplication where it exists and streamline a number of processes and procedures to deliver greater efficiency across the Group.

The outcomes of the operating model review are expected to deliver between \$10 to \$15 million of cost savings per annum from FY17 onwards. We believe that delivering these changes to our business will help us to become more agile and enhance the value we create for our customers, while allowing us to fully leverage Mirvac's integrated model capabilities.

Outlook

Overall, Mirvac has made solid progress in FY15, continuing the momentum that began over three years ago with a strong focus on executing our strategy to ensure the Group is well-placed for the future.

Our ongoing objective is to maintain an average 80:20 per cent ratio between passive and active capital, drive a strong performance from our office, industrial and retail portfolios, and deliver our commercial and residential development pipelines.

We would like to thank the Board of Directors, senior management and all of our employees for their continued hard work, our valued customers, and you, our valued securityholders, for your continued support.

Kind regards,



John Mulcahy, Chairman



**Susan Lloyd-Hurwitz,
CEO & Managing Director**

Mirvac Board



Mirvac welcomed two new members to its Board in the 2015 financial year, with the appointment of Christine Bartlett (effective 1 December 2014) and Samantha Mostyn (effective March 2015) as non-executive directors.

Christine has held senior executive positions for a number of large organisations in information technology, finance and property, while Sam is a proficient executive and company director spanning the corporate and government sectors. They each bring a wealth of knowledge and experience to the Mirvac Board, and complement the skills of the existing Board members.

The appointment of Christine and Sam has increased the number of directors on the Board to eight, with an even representation of male and female members. This makes Mirvac one of just two ASX 200-listed companies to have 50 per cent of female members represented on their Board.

Board members from left to right

John Peters,
James Millar, AM
Samantha Mostyn
John Mulcahy
Susan Lloyd-Hurwitz
Peter Hawkins
Elana Rubin
Christine Bartlett.

“We have a strong focus on cultivating a workforce that is diverse and inclusive as we believe this drives better business outcomes, and this extends to our Board.”

John Mulcahy



Office Snapshot

FY15

\$4,108m
 PORTFOLIO VALUE

2.1%

 NET VALUATION
 UPLIFT

2.6%

 LIKE-FOR-LIKE
 NOI GROWTH
94.0%¹

OCCUPANCY

4.3²
 YEARS
 WALE

7.01%

WACR

FY14

\$4,025m
 PORTFOLIO VALUE

0.8%

 NET VALUATION
 UPLIFT

3.4%

 LIKE-FOR-LIKE
 NOI GROWTH
96.1%¹

OCCUPANCY

4.7²
 YEARS
 WALE

7.33%

WACR

Divesting Assets and Improving the Quality of the Portfolio

With a focus on improving the quality of its investment portfolio, Mirvac divested five office assets and two retail assets for a combined total of \$406.7 million, achieving its target of between \$200 and \$400 million in asset sales for FY15.

The five office assets included 210 George Street and 220 George Street in Sydney; 191-197 Salmon Street, Port Melbourne; and 54 Marcus Clarke Street and 60 Marcus Clarke Street in Canberra, and were sold for a combined premium to book value of approximately 12 per cent.

Following the divestment of these assets, the office portfolio is now represented by 94 per cent of Premium or A-grade assets and continues to outperform the IPD index on three and five year basis³

The portfolio maintained its solid metrics in FY15, with occupancy of 94.0 per cent and a WALE of 4.3 years.

In FY16, the focus will remain on managing near-term lease expiries and securing tenant pre-commitments for Mirvac's proposed office developments at 664 Collins Street and 477 Collins Street in Melbourne. ●

1) By area, including 8 Chifley Square, NSW.

2) By income, including 8 Chifley Square, NSW.

3) IPD peer group benchmark as at 31 March 2015.



Transforming the Way We Work

In FY15, Mirvac made a commitment to transform the way it works, which involves streamlining Group processes, adopting more flexible work practices and embracing technology that will enable staff to work more efficiently. In line with this, Mirvac announced the relocation of its Sydney head office to 200 George Street scheduled for mid-next year.

Building flexibility into the way the Group operates is key to this transformation. New technologies, such as laptops for mobility, will be deployed, AV equipment and meeting room technology will be improved and there will be a reduced dependency on paper and storage requirements.

This program will deliver smarter ways of working and inspire Mirvac to be a more collaborative, flexible and high performing team. ●

Creating Workplaces for the Future

Mirvac has a very clear objective to utilise its unique skill set and create high-performing workplaces that respond to the evolving needs of its customers; buildings that foster greater communication, collaboration and flexibility and are adaptive to the rapid changes in technology.

As the developer, landlord and manager of a number of significant commercial assets in Australia, Mirvac has a leading role to play in setting the standard for the future of work.

When it moves to its new head office at 200 George Street in Sydney next year for instance, Mirvac will benefit from a sophisticated, vertical village design that promotes high levels of interaction and information sharing between its employees. Much like its multi award-winning 8 Chifley Square building nearby, office floors at 200 George Street will be linked via a central atrium creating a connected, light-filled environment that supports innovation and collaboration.

Mirvac is also focused on meeting the needs of all tenants at 200 George Street through leading sustainability design,

having achieved a 6.0 Star Green Star Office Design v3 rating, with a 6.0 Star Green Star As Built rating and a minimum 5.0 Star NABERS energy rating being targeted.

At 275 Kent Street in Sydney, Mirvac is working closely with majority tenant, Westpac, to provide them with a world-class workplace solution that will allow them to work efficiently and effectively into the future. Already boasting some of the largest and most efficient rectangular floor plates in the country, Mirvac's proposed enhancement works at the premium grade asset will see an improved ground plane with a revitalised retail offering, as well as an upgrade of the lobby to benefit from the soon-to-be-opened Wynyard Walk pedestrian connection.

The proposed enhancements will also target significant improvements in energy, water and waste performance.

Meanwhile at 2 Riverside Quay in Melbourne's Southbank, Mirvac is constructing a 21,000 square metre A-grade building that will boast tailored client floors, leading end-of-trip facilities and a large rooftop pavilion overlooking Melbourne and the Yarra River on completion. Anchor tenants, PwC, who have committed to 91 per cent¹ of office space, will also benefit from upgrades to the public realm in the Riverside Quay precinct, which will be extensively rejuvenated by Mirvac in collaboration with the City of Melbourne. In line with Mirvac's commitment to excellence in sustainability, 2 Riverside Quay has been

designed to achieve a 5.0 Star Green Star Office As Built v3 rating and a minimum 5.0 Star NABERS Energy rating.

Mirvac signalled its intention to take a leading role in discussion on the future of the workplace, when it presented the Future of Workplace Symposium in Sydney last year. Futurist, author and commentator, Philip Ross and renowned architect, Richard Francis-Jones, spoke at the symposium about the radical changes workers face as a result of advances in technology, cloud computing and sustainability issues. Mirvac was also front and centre at WORKTECH '15 Melbourne, where some of the world's leading thinkers and futurists gathered to discuss and debate the future of work. ●

- 1) 8 Chifley Square, Sydney, NSW
- 2) 200 George Street, Sydney, NSW
- 3) 275 Kent Street, Sydney, NSW
- 4) 2 Riverside Quay, Melbourne, VIC (artist's impression)



Retail Snapshot

FY15

\$2,140m
PORTFOLIO VALUE

3.4%
NET VALUATION
UPLIFT

16.0%
SPECIALTY
OCCUPANCY COSTS

99.4%¹
OCCUPANCY

4.7%
TOTAL COMPARABLE
MAT GROWTH

6.49%
WACR

FY14

\$1,770m
PORTFOLIO VALUE

2.1%
NET VALUATION
UPLIFT

17.7%
SPECIALTY
OCCUPANCY COSTS

99.1%¹
OCCUPANCY

2.2%
TOTAL COMPARABLE
MAT GROWTH

6.82%
WACR

The Transformation of the Retail Portfolio

Mirvac's retail portfolio has undergone a significant transformation over the past two years, resulting in the outperformance of its peers for two consecutive reporting periods on a one, three and five year basis². Occupancy is high at 99.4 per cent and MAT growth has increased to 4.7 per cent over the financial year. Specialty sales productivity is also high at \$8,805 per square metre.

Driving the portfolio's turnaround has been the Group's strategy to focus on key urban locations, with approximately 85 per cent of the portfolio located in metropolitan areas and the majority within Sydney's Global Economic Corridor³. This includes Mirvac's strategic acquisitions at Birkenhead Point and Harbourside in Sydney, which offer excellent repositioning potential.

Mirvac's strategy to divest assets in regional locations has also improved the quality of the portfolio, with City Centre Plaza in Rockhampton

and Hinkler Central in Bundaberg both sold in FY15. Both assets were sold at a premium to book value of approximately 11 per cent¹. Following these disposals, Mirvac has completely reduced its exposure to regional markets.

The transformation of the retail portfolio is supplemented by the Group's ability to unlock value from its existing assets by leveraging its integrated model, as demonstrated by the successful expansion and redevelopment of centres such as Stanhope Village in New South Wales and Kawana Shoppingworld in Queensland. With a greater variety of retail and dining choices, and improved amenity and ambience, the expansions at both Stanhope Village and Kawana have been well-received by their local communities.

In Queensland, Mirvac is well-progressed with its Stage 2 expansion at Orion Springfield Central, located in one of the fastest growth corridors in Australia. Mirvac is committed to positioning the centre as a true community hub, offering an array of retail, entertainment, lifestyle

and leisure options to its customers. The expansion, due to open in the second half of 2016, will add approximately 32,000 square metres to the site and will introduce a Coles, Target, and Event Cinemas to the centre, along with a tavern, mini majors and an additional 60 specialty tenants.

Construction has commenced on the Tramsheds conversion in Mirvac's highly successful Harold Park development, which lies just 2.5 kilometres from the Sydney CBD. On completion, the Tramsheds will comprise approximately 6,200 square metres of retail and commercial space, including a supermarket, market style food halls, boutique retailers, cafes, restaurants and a gymnasium, as well as 500 square metres of community space dedicated to Sydney Council.

Mirvac will continue to focus on the needs of its customers to provide a greater experience for those who shop, eat and play in its centres. It has identified a number of future redevelopment and repositioning opportunities that will further enhance the value of the portfolio, including Broadway Shopping Centre and Greenwood Plaza in Sydney.

The success of Mirvac's retail assets can also be attributed to the unique brand identity each shopping centre has adopted. By ensuring their brand identity is relevant to their market, Mirvac's centre management teams have been able to communicate across different mediums with a look-and-feel that resonates with their customers, providing strong brand recognition in their local areas. ●

1) By area.

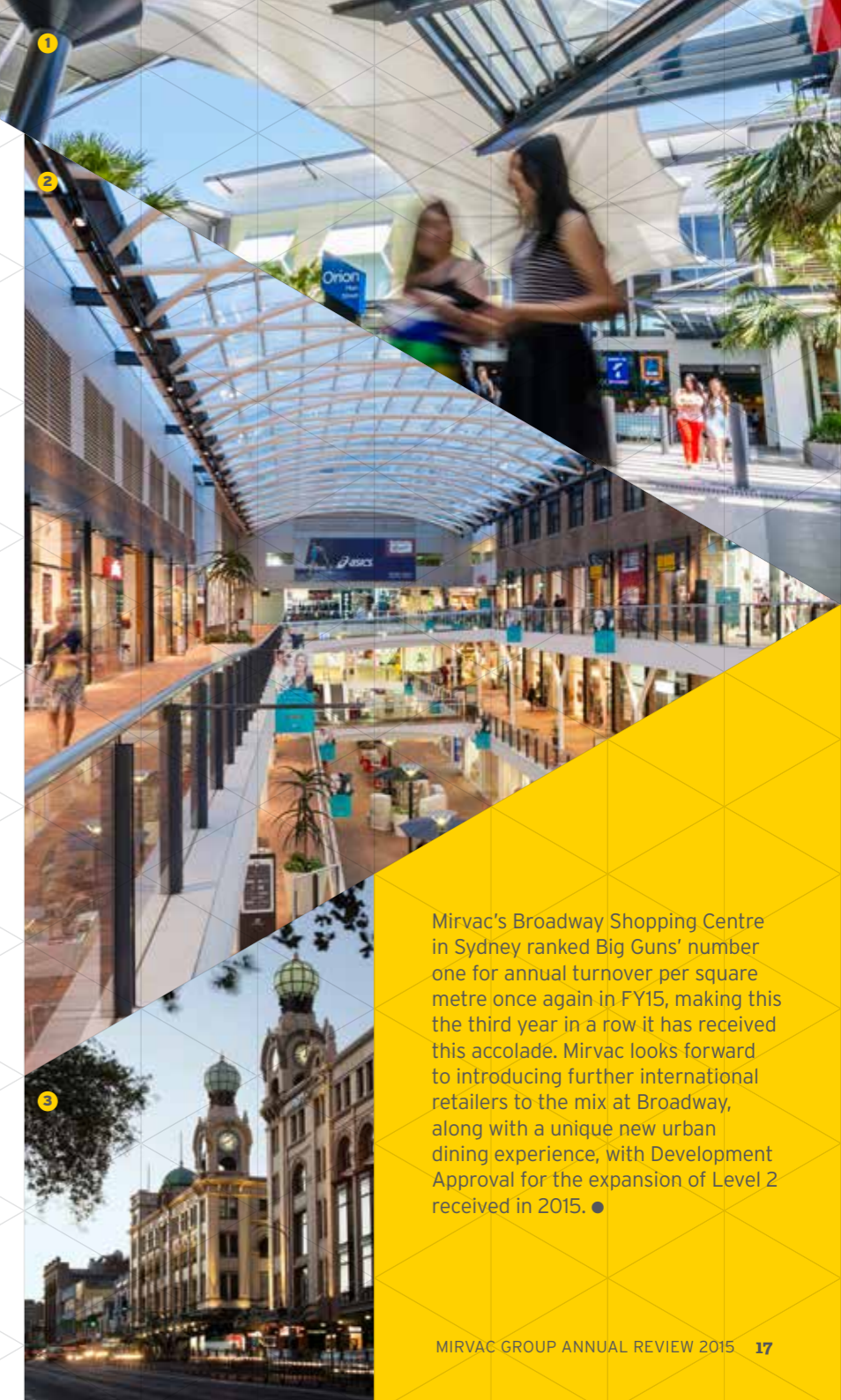
2) IPD peer group benchmark as at 31 March 2015.

3) Global Economic Corridor – a concentration of jobs and activities in strategic centres, transport gateways and industrial lands, generating over 40 per cent of NSW Gross State Product. Source: NSW Government, A Plan for Growing Sydney, 2014.

1 Orion Springfield Central, Springfield, QLD

2 Birkenhead Point Outlet Centre, Drummoyne, NSW

3 Broadway Shopping Centre, Sydney, NSW



Mirvac's Broadway Shopping Centre in Sydney ranked Big Guns' number one for annual turnover per square metre once again in FY15, making this the third year in a row it has received this accolade. Mirvac looks forward to introducing further international retailers to the mix at Broadway, along with a unique new urban dining experience, with Development Approval for the expansion of Level 2 received in 2015. ●



Industrial Snapshot

FY15

\$661m
PORTFOLIO VALUE

6.5%
NET VALUATION UPLIFT

3.4%
LIKE-FOR-LIKE NOI GROWTH

98.7%¹
OCCUPANCY

7.6²
YEARS WALE

7.02%
WACR

FY14

\$406m
PORTFOLIO VALUE

1.6%
NET VALUATION UPLIFT

4.0%
LIKE-FOR-LIKE NOI GROWTH

99.5%¹
OCCUPANCY

8.7²
YEARS WALE

7.43%
WACR

Mirvac's Industrial Portfolio Bolstered by \$214m Acquisition

Mirvac grew its industrial portfolio in FY15, acquiring a portfolio of industrial assets from Altis Real Estate Equity Partnership Fund No.1, located across Sydney. The Altis portfolio has a total gross lettable area of 78,800 square metres and was acquired for a total consideration of \$214 million, increasing the value of the Group's industrial portfolio to \$661 million.

Comprising four well-located logistics assets that are substantially leased, the assets provide Mirvac with secure income over the long-term, as well as an opportunity to unlock future value via its integrated model. The transaction also gives Mirvac a greater presence in Sydney, with 90 per cent of its industrial portfolio now weighted towards this major market.

Elsewhere in the industrial portfolio, Mirvac's \$200 million development pipeline continued to progress, with the master plan concept approval received for 60 Wallgrove Road in Eastern Creek, New South Wales. ●



- 1) 39 Herbert Street, St Leonards, NSW
- 2) Hoxton Distribution Park, Hoxton Park, NSW
- 3) 34-39 Anzac Avenue, Smeaton Grange, NSW

1) By area.
2) By income.



Residential Highlights

FY15

\$2.0bn
RESIDENTIAL PRE-SALES SECURED

2,271
LOTS SETTLED

7,162
LOTS ACQUIRED

4,194
LOTS RELEASED

33,064
LOTS UNDER CONTROL

23.6%
RESIDENTIAL GROSS MARGIN

FY14

\$1.2bn
RESIDENTIAL PRE-SALES SECURED

2,482
LOTS SETTLED

2,671
LOTS ACQUIRED

2,320
LOTS RELEASED

30,538
LOTS UNDER CONTROL

24.3%
RESIDENTIAL GROSS MARGIN

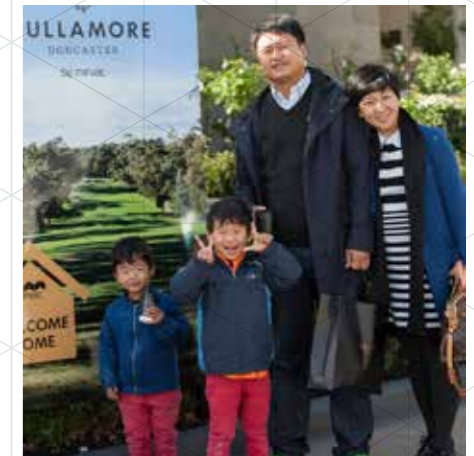
Sell-out Success in Mirvac's Masterplanned Communities

“Our success across our masterplanned communities hinges on the holistic approach to creating great places to live. Our well located sites, the early delivery of infrastructure and the implementation of community initiatives are part of what attracts people to our projects.”

Susan Lloyd-Hurwitz

Sustained demand for housing and land in Melbourne and Sydney drove strong sales success in Mirvac's masterplanned communities projects in FY15, contributing to approximately 70 per cent of full-year lot settlements and approximately \$400 million in pre-sales achieved.

Leading the charge were Mirvac's new Melbourne projects at Tullamore in Doncaster, Woodlea in Rockbank and Jack Road in Cheltenham, all of which sold 100 per cent of released lots on their respective launch weekends. At Tullamore, a 47 hectare project on the former Eastern Golf



Tullamore, Doncaster, VIC



Woodlea, Rockbank, VIC (artist's impression)

Course, Mirvac achieved sales of over \$160 million in two days, with eager purchasers snapping up all 195 homes and land lots released to the market.

Likewise in New South Wales, Mirvac continued to see strong sales at its masterplanned communities, Alex Avenue and Googong, with over 82 per cent of pre-sales secured and 330 settlements achieved. This follows the success of the sold-out Elizabeth Hills and Elizabeth Point projects, both of which exceeded the Group's expectations.

In Perth, sales remained steady at Seascapes, Meadow Springs and Jane Brook, while in Brisbane, Mirvac has continued to see strong interest at Gainsborough Greens and its new project, Aston Grove, in the suburb of Bridgeman Downs.

Sales momentum in the masterplanned communities business has continued into FY16, with an unprecedented response to the release at Alex Avenue, New South Wales in July 2015.

The Group has approximately 33,000 lots in its residential pipeline overall, 82 per cent of which is weighted towards its masterplanned communities business. This includes 23 active projects and 6 yet-to-be-released projects, spanning greenfield sites, middle-ring communities and inner ring communities. ●

The Demand for Apartment Product

Taking advantage of continued favourable market conditions and strong demand for quality, well-located apartment product, in Sydney, Mirvac accelerated the release of three significant apartment projects in FY15, with the launch of The Moreton in the iconic suburb of Bondi, and Ebsworth and Ovo at Green Square.

Boasting an enviable position in Sydney's eastern suburbs, The Moreton will comprise 190 apartments over five mid-rise buildings on completion, and is set to become one of the most sustainable developments in the Waverley Council area, having been designed to exceed the Building Sustainability Index (BASIX) for water and energy by 25 per cent.

Cementing the demand for quality product in this prime location, The Moreton achieved pre-sales of 93 per cent over its launch weekend, with the balance of the development pre-sold prior to 30 June 2015.

The strong demand was similarly evident at Green Square in Sydney, which Mirvac is developing in a project delivery agreement with UrbanGrowth NSW. The first stage,

Ebsworth, was released in November 2014 and attracted an unprecedented level of interest, with all 174 apartments from the first release selling out over the launch weekend. As a result of the strong interest, Mirvac and UrbanGrowth NSW accelerated the release of the second stage, Ebsworth No.8, which achieved equally strong sales of over 90 per cent at its launch, followed by Ovo which achieved pre-sales of 99 per cent.

The Green Square Town Centre forms part of the Green Square urban renewal project and covers approximately 14 hectares. On completion, the Town Centre will comprise around 2,000 apartments, up to 14,000 square metres of retail space and approximately 50,000 square metres of office space, as well as a Civic Plaza, a library, parks and a creative community hub.

In Brisbane, demand for quality apartment product remained steady, with Mirvac's apartment project, Unison at Waterfront, Newstead continuing to attract solid interest. Stage 1 of the project was 83 per cent pre-sold as at 30 June 2015, and Stage 2 was 71 per cent pre-sold. In nearby South Brisbane, construction commenced on Art House, following pre-sales of over 75 per cent. Standing at 27-levels high, Art House will offer views of Brisbane city, the Brisbane River and beyond.

- 1 Ovo, Green Square, NSW (artist's impression)
- 2 Art House, Brisbane, QLD (artist's impression)
- 3 The Moreton, Bondi, NSW (artist's impression)

For over 40 years, Mirvac has produced some of Australia's most renowned residential projects. The Group's rigorous approach to planning, design, development and construction means its customers receive the quality they expect and deserve. Mirvac's integrated model allows the business to collaborate efficiently and find solutions quickly.

The development will also feature a top-level recreation area, housing an open air cinema, a yoga and Pilate's lawn, a fully-equipped outdoor kitchen and a spacious communal dining area.

Mirvac was also selected by Brisbane Racing Club as the preferred partner for the development of its Eagle Farm Residential Precinct, which will see the delivery of over 1,000 trackside apartments.

Mirvac achieved a record \$1.6 billion of pre-sales within its apartment business as at 30 June 2015, substantially de-risking future development earnings. ●

Equilibrium Man

Flexibility at work is one of four key areas of focus within Mirvac's Diversity and Inclusion strategy.



Research has shown that in most business environments flexibility at work is viewed in favour of working mothers to enable them to work and care for their family.

Research also shows that a large number of men feel that if they were to work flexibly, it would affect their career path.

This year, Mirvac partnered with the Workplace Gender Equality Agency on the Equilibrium Challenge, an ambitious project aimed at changing the way people think about gender equality in the workplace.

The centrepiece of the Challenge is an online micro-documentary series, which follows a group of men attempting to achieve flexibility in their personal lives, without compromising their performance, position or prospects at work.

Mirvac Foreman, Adrian Cory, and Development Manager, Tom Faulkner, along with four men from Telstra, Corrs and Cisco, have been filmed since April 2015, with all aspects of their transition to flexible work, including the challenges

and lessons they've faced along the way, carefully observed and broadcast online.

While Adrian's role as Foreman means he works long hours, he is determined not to miss out on his daughter's childhood. His journey in the Challenge sees him tackle old stereotypes within the construction industry as he endeavours to achieve balance between his work and family life.

Tom on the other hand, is as passionate about beach volleyball as he is about his career ambitions. His dream is to play the world tour volleyball events in Europe, but in order to do so, he needs to find a more flexible approach to sustain both of his passions effectively.

The Challenge, which will conclude in September this year, has so far attracted almost 25,000 unique views via the Equilibrium Challenge website. It demonstrates a positive step towards exploring the issues of workplace flexibility and gender equality more broadly, so that all Mirvac employees can aspire to achieve equilibrium in their lives. ●



Mirvac updated its Diversity strategy in FY15 to encompass Inclusion.



The Group's vision is to "build a diverse team and inclusive culture that values the diversity of perspectives and enables our people to: safely contribute; realise their potential; respond to our stakeholder's needs and provide Mirvac with a competitive advantage."

The strategy will be achieved through four key focus areas:

1. Diversity of thought

Creating a culture that honours the individual and supports diversity of thought to underpin innovation and our capacity to identify and adapt to change.

2. An inclusive culture

Fostering a safe and respectful environment that seeks, cultivates and leverages the views of a demographically diverse workforce by reflecting inclusion in our values and building inclusive leadership.

3. Flexibility

Developing innovative approaches to work arrangements that enable our employees to achieve better work/life quality and differentiate Mirvac in the battle for talent.

4. Gender balance

Continuing our initiatives to reduce bias and provide equal opportunity for females to contribute and progress their careers at Mirvac, as well as driving participation in industry advocacy to improve gender representation within the broader property sector. ●

Building Better Communities

Mirvac has a strong history of giving back to the communities in which it operates and enhancing the places it creates. This comes from the belief that supporting those less fortunate improves society as a whole and contributes to a better social environment.

As part of Mirvac's *This Changes Everything* sustainability roadmap, the Group has a mission to demonstrate community investment within and beyond its boundaries. This is formulated in the Group's Corporate Charity strategy, which provides greater clarity and transparency around Mirvac's charitable activities. The strategy ensures that all charitable activities are aligned with the communities Mirvac invests in, and create maximum shared value, with a focus on youth, education and welfare.

As part of the strategy, Mirvac held its first National Community Day in November last year, which saw over 730 employees participate in a range of activities that benefited more than 30 charities. The day proved to be a hugely rewarding exercise, not only

for the charities involved but for all staff who participated.

In addition to the National Community Day, the Group launched a Workplace Giving program, providing employees with the opportunity to donate to a charity of their choice directly from their pay. As well as making it an easier way for employees to give to their nominated charity, Mirvac has vowed to match donations, dollar-for-dollar, for up to a total of \$10,000 each year.

Another key initiative for the Group was to partner with a charity best aligned with Mirvac's focus on youth, education and welfare, and after considerable research and consultation, Mirvac announced The Smith Family as its National Charity Partner. As one of

Australia's largest education-oriented charities, The Smith Family helps disadvantaged young Australians succeed in school so they can break the cycle of hardship and create a better future for themselves. As well as providing an annual donation during the life of the partnership, Mirvac will support The Smith Family through volunteering, fundraising and other joint activities. ●

More detailed information on Mirvac's community contributions throughout the financial year will be available in the Group's FY15 Sustainability Report to be released in October 2015.



As a developer of assets in CBD locations, Mirvac is acutely aware of the number of people who sleep rough in the city's laneways each night.

When Mirvac acquired 200 George Street in Sydney for example, there were a number of homeless and disadvantaged people sleeping in the adjoining laneway. After speaking with one of the homeless men, the 200 George Street project team decided to volunteer at Scot's Presbyterian Church on Margaret Street, serving breakfast to the homeless through the charity, City Community Care. Following this, the 200 George Street team agreed they wanted to support the program further, and set up a weekly breakfast for Sydney's disadvantaged men, women and children – fully funded and staffed by Mirvac.

The program, known as The Galleries, has received overwhelming support throughout the organisation since, with around 14 Mirvac employees volunteering their Friday morning each week, to serve breakfast, and more importantly, interact and engage with those less fortunate.

A choice of hot or cold food with tea, coffee or water is served to approximately 70 people each week. As well as receiving a nutritious meal, the homeless are given a small respite from the daily hustle, and are treated with dignity and respect. To date over 1,500 breakfasts have been served by Mirvac since the program started in October 2014.

Mirvac's business partners and clients have also volunteered their time to help at the Galleries, including Corrs Chambers Westgarth, Qantas, NRMA, the Climate Institute, GBCA and a number of institutional investors. ●



Sustainability and Health, Safety and Environment Highlights



Achieved

5.1
NABERS

Average energy rating across the office portfolio.



Diverted

45%

WASTE FROM LANDFILL
Amount of waste in the investment portfolio diverted from landfill increased from 34 per cent (FY14) to 45 per cent (FY15).



Achieved

6 STAR
GREEN STAR

8 Chifley Square, Sydney.



Educated

285,094
PEOPLE

Progressed with mission to educate one million people on sustainability by 2020, with 285,094 educated to date.



Improved

22%
GRESB SCORE

Increased overall score by 22 per cent, up 53 places on previous year.



Educated

8,944
SUBCONTRACTORS

Educated 8,944 subcontractors nationally through the Work Safe, Stay Safe program.



Signed

50
GREEN LEASES

Created a new Sustainability Fit-out Guide for tenants to support the Green Lease implementation, with 50 Green Leases signed in the office portfolio.



Achieved

27%
LTIFR REDUCTION

27 per cent reduction in Lost Time Injury Frequency rate across the Group in FY15.



Future of Place

What does the future of place look like, and what shapes it?

As a developer of prime real-estate in Australia, Mirvac believes it's important to start thinking about how the buildings it creates today contribute to the cities and the generations of tomorrow. Similarly, it recognises the value in driving the best performance from the assets it owns, manages and creates to cultivate sustainable, high-performing workplaces.

In March this year Mirvac hosted its inaugural *Future of Place* forum, bringing together leading architects, designers, planning experts and change agents from around the world to discuss best practice place-making initiatives in Australia. The forum evolved as part of Mirvac's This Changes Everything sustainability

roadmap launched in January last year, and marks an important step in collecting valuable insights from staff, customers and industry experts on how Mirvac can unlock 'place potential' in the cities in which it operates, so that it can continue its focus on creating great places for the future.

The day focused on the role planning, design and activation play in creating vibrant, interconnected cities, with keynote speakers including Marcus Westbury, Founder of Renew Australia; Phil Kim, Co-CEO and MD of Jerde Partnership in Hong Kong; and Robert Hammond, Executive Director and Co-Founder of Friends of the High Line in New York.

The forum showed there was a much greater emphasis on collaboration, flexibility and innovation, as well as a growing trend towards activating unique spaces that may have been previously overlooked. Consultation with the community was also seen as essential in order to embed a sense of ownership, as was well-thought out architecture to allow people to engage with the space.

The next step will be to create a framework that guides the design and development of assets within Mirvac's investment portfolio, as well as the Group's residential projects across Australia.

It's Mirvac's belief that it has a responsibility to create great places for life – for now and for the future. ●

“We have a responsibility to our customers and future generations to understand what people want from the spaces and places we are creating.”

Paul Edwards, Group General Manager Sustainability & HSE

Securityholder Information

Securityholders with queries concerning their holding, distribution payments or other related matters should contact Mirvac's registry, Link Market Services Limited, as follows:

- **Mirvac information line (toll free within Australia):**
+61 1800 356 444.
- **Website:**
www.linkmarketservices.com.au

When contacting the registry please quote your current address details together with your Securityholder Reference Number ("SRN") or Holder Identification Number ("HIN") as shown on your Issuer Sponsored or CHES statements.

The most efficient way to access your securityholding details is online at www.linkmarketservices.com.au. You will need your SRN or your HIN (this reference number is recorded in statements that you receive about your holding in Mirvac) when you log-in online.

You can do the following online at www.linkmarketservices.com.au:

- elect to receive important communications by email;
- choose to have your distribution payments paid directly into your bank account;
- provide your tax file number ("TFN") or Australian business number ("ABN"); and
- lodge your votes for securityholder meetings.

Managing your securityholding online is speedier, cost-effective and environmentally friendly.

If it is easier for you to update your securityholding information by post, you can download the forms from www.linkmarketservices.com.au or by contacting the Mirvac information line (toll free within Australia) on +61 1800 356 444 to request the appropriate forms to be sent out to you.

IH16 Calendar

1Q16 Operational Update – 29 October 2015

2015 AGM – 12 November 2015

FY16 Half Year Distribution – Ex-distribution date – 29 December 2015

FY16 Half Year Distribution – Record date – 31 December 2015

FY16 Half Year End – 31 December 2015

Dates are indicative and may be subject to change.

Glossary

TERM	MEANING
A-REIT	Australian Real Estate Investment Trust
CBD	Central Business District
CPSS	Cents Per Stapled Security
DPS	Distribution Per Stapled Security
EBIT	Earnings Before Interest and Tax
EPS	Earnings Per Stapled Security
FY	Financial Year
IPD	Investment Property Databank
IPUC	Investment properties under construction
MGR	Mirvac Group ASX code

TERM	MEANING
MPT	Mirvac Property Trust
NABERS	National Australian Built Environment Rating system – a multiple index performance-based rating tool that measures an existing building's overall environmental performance during operation.
NLA	Net Lettable Area
NOI	Net Operating Income
NTA	Net Tangible Assets
SQM	Square Metre
WACR	Weighted Average Capitalisation Rate

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