25 OCTOBER 2016

1Q17 OPERATIONAL UPDATE

Mirvac provided its first quarter operational update for the 2017 financial year (FY17) today, re-affirming operating earnings guidance of 14.0 to 14.4 cents per stapled security (cpss).

Commenting on the Group's first quarter performance, Mirvac's CEO and Managing Director, Susan Lloyd-Hurwitz, said, "We have made a solid start to what we are expecting to be a very strong year for Mirvac, with metrics in the investment portfolio remaining high and steady progress made in completing settlements within our residential business.

"Our quality office and industrial business continues to perform well, with high occupancy and long weighted average lease expiries maintained across each portfolio. We expect income from the office and industrial portfolio to be skewed to the second half of this financial year, due to the timing of contributions from completed developments at 200 George Street in Sydney and 2 Riverside Quay in Melbourne.

"The strength of our urban retail strategy means we are well-positioned to achieve another set of solid results in our retail portfolio in FY17, and we remain focused on achieving the targets we have set for ourselves in this sector, such as increasing our sales productivity to $10,000 per square metre and maintaining occupancy of greater than 99 per cent.

"We achieved a record number of residential lot settlements last year, and are targeting over 15 per cent growth in FY17. I am pleased to say we are tracking well, with over 660 residential lot settlements achieved in the first quarter, and we expect the majority of settlements to fall into the second half of the financial year.

"We have seen default rates for the quarter sit slightly above our historic average of one percent, however, we have resold all defaulted lots marketed for sale and we remain comfortable with the contingency we have in place for our full year earnings outlook.

"The Group remains on track to achieve a significant uplift in earnings within our residential business in FY17, underpinned by a high level of earnings visibility."

As at 30 September 2016, the Group had 89 per cent of expected residential EBIT secured for FY17 and 59 per cent secured for FY18.

The Group's balance sheet remains strong, with gearing expected to remain in the target range of between 20 and 30 per cent.

"Overall, we are on track to achieve our target of delivering operating earnings growth of between 8 and 11 per cent in FY17, as well as achieving our residential ROIC target of greater than 15 per cent."

The Group also reaffirmed distributions per share (DPS) guidance of between 10.2 and 10.4 cpss, which represents growth of between 3 to 5 per cent on FY16.

Sustainability

24% REDUCTION IN WATER INTENSITY

20% REDUCTION IN CARBON INTENSITY

820K PEOPLE EDUCATED ON SUSTAINABILITY

The Group released its 2016 Sustainability Report in October, making solid progress against each of its sustainability targets, including:

- a 24 per cent reduction in water intensity and a 20 per cent reduction in carbon intensity since 2013;
- the delivery of two smart buildings (200 George Street, Sydney and 699 Bourke Street, Melbourne);
- $2.1 million invested in the community;
- over 820,000 people educated on sustainability, either directly or indirectly; and
- the development of a Sustainable Lifestyles Index.

Mirvac continued to embed sustainability across each part of the business in 1Q17, with highlights including:

- achieved a 3 Star Green Star performance rating across the office portfolio, while maintaining a 5.1 Star NABERS (National Australian Built Environment Rating System) average energy rating;
- Mirvac Energy and AGL working together to deliver 1.1MW of solar energy at Orion Shopping Centre, Springfield, QLD and One Darling Island, Sydney, NSW; and
- Osprey Waters in Mandurah, WA received the 2016 UDIA WA Environmental Award for Excellence, along with the Russell Perry award for Urban Development Excellence.

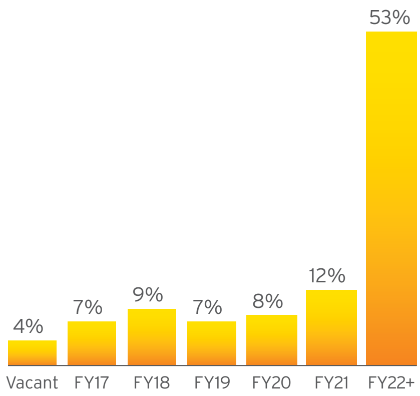
Office

Solid levels of demand for office space are translating into effective rent growth, particularly in the Sydney CBD. Melbourne is likewise showing better effective rent growth, with very low levels of office supply in the short to medium term. Brisbane is still in the early stages of a recovery period, recording low, but positive levels of net absorption, while conditions in Perth remain challenging. Mirvac's overweight strategy to Sydney and Melbourne means it is well-placed to benefit in these conditions.

1Q17 Office Highlights:

- strong occupancy of 95.2 per cent[1], with approximately 4,960 square metres currently under heads of agreement, which, once executed, would see occupancy increase to 96.0 per cent;
- a long WALE maintained at 6.4 years[2];
- executed 35 lease deals, representing approximately 18,600 square metres[3] across the portfolio, including:
  - **101 Miller Street, North Sydney NSW:** signed new lease deals for a combined area of approximately 4,950 square metres to Chubb and White Clarke, with a further 3,600 square metres currently under heads of agreement;
  - **10-20 Bond Street, Sydney NSW:** currently 100 per cent occupied following a number of lease transactions over the period for a combined area of approximately 2,500 square metres; and
  - **37 Pitt Street, Sydney NSW:** executed multiple lease deals for a combined area of approximately 3,780 square metres;
- progressed with the major retail and lobby upgrade at Allendale Square in Perth, WA which is due for completion in the second half of FY17. The office tower is currently 95 per cent leased; and
- increased the committed commercial development pipeline to $2.3 billion (FY16: $1.5 billion), which is 68 per cent leased, with highlights including:
  - **2 Riverside Quay, Southbank VIC:** completion of the office tower is progressing well and tracking ahead of schedule. The 21,000 square metre building is 100 per cent leased to PwC and Fenders Katsalidis Architects. A 5 Star NABERS Energy rating and a 5 Star Green Star Office Design rating are being targeted;
  - **664 Collins Street, Melbourne VIC:** Stage 1 works commenced onsite in June 2016 with practical completion targeted for FY18. Mirvac is currently working with Pitcher Partners, who have committed to leasing 33 per cent of office space, on an integrated fitout solution. A 5 Star NABERS Energy rating and 5 Star Green Star Office Design rating are being targeted;
  - **477 Collins Street, Melbourne VIC:** committed to the redevelopment of a new 55,000 square metre office building and signed an Agreement for Lease in October with leading professional services firm, Deloitte, for 22,000 square metres of office space for a 12-year term, commencing in FY20; and
  - **Australian Technology Park, Sydney NSW:** development planning continues to progress for the new office development expected to be valued at over $1 billion, with major tenant, Commonwealth Bank, committed to 100 per cent of office space for a 15-year lease term. The project remains on track for completion from FY20 onwards.

Office lease expiry profile by income



1) By area, including equity accounted investments and owner-occupied properties, and excluding assets held for development.
2) By income, including equity accounted investments and owner-occupied properties, and excluding assets held for development.
3) Excludes leasing of assets under development.

200 George Street, Sydney

OFFICE & INDUSTRIAL

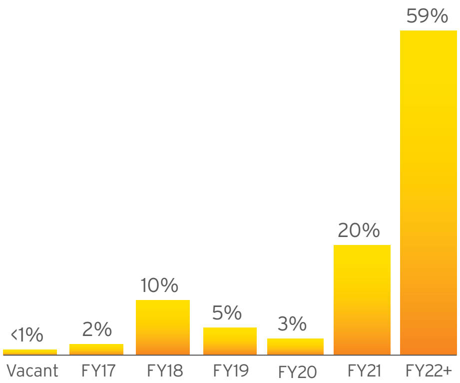
Industrial

Demand for quality industrial space in Sydney, which Mirvac has an 86 per cent exposure to, continues to be supported by increasing housing and infrastructure investment and activity across New South Wales, in addition to a growing population. Change of use withdrawals are also underpinning solid rental growth in inner-Sydney precincts.

Industrial Highlights:

- high occupancy of 99.7 per cent[1] and a long WALE of 7.7 years[2];
- achieved approximately 9,750 square metres of industrial leasing activity; and
- **Calibre, Eastern Creek NSW:** structures for Warehouse 1 are complete and practical completion remains on track for the first half of FY17. Tenant demand is solid for both Warehouse 1 and the balance of the estate.

Industrial lease expiry profile by income



Ms Lloyd-Hurwitz commented, "We were thrilled to have secured Deloitte for our new development at 477 Collins Street in Melbourne, with the asset set to be another fantastic example of our ability to create unique, innovative workplaces, which will further enhance the quality of the Group's office portfolio. This development sees our active commercial development pipeline grow to $2.3 billion, with all office developments tracking to schedule.

"We are also well-progressed with negotiations at Calibre in Eastern Creek in New South Wales, and expect this asset to be income producing in the second half of the financial year, if not sooner."

RETAIL

Retail sales in major eastern urban cities are supported by an uplift in housing construction and increasing employment in the service sector. New South Wales in particular continues to record the highest levels of consumer spending of all the major states. With a 64 per cent exposure to Sydney, Mirvac is positioned well in this environment.

1Q17 Retail Highlights:

- strong occupancy maintained at 99.8 per cent[1];
- solid comparable MAT sales growth of 4.4 per cent, with specialty MAT growth of 3.6 per cent;
- comparable specialty sales productivity of $9,562 per square metre, in line with expectations, with specialty occupancy costs down to 14.7 per cent due to the inclusion of Kawana in the comparable basket for the quarter;
- executed 110 leasing deals across approximately 13,100 square metres, with leasing spreads remaining positive;
- completed the expansion of Broadway Sydney in August 2016, which includes the introduction of H&M, Sephora and an expanded fashion offer and vibrant urban dining lane. The centre is trading strongly post completion, with September monthly specialty sales up 29 per cent on the prior corresponding period with just a 16 per cent increase in gross lettable area;

Orion Springfield Central

Mirvac was thrilled to receive the Property Council of Australia award for Excellence in Presentation for Queensland Regional Centres at Orion Springfield Central, following a 32,000 square metre expansion that completed in March 2016. Other highlights include:

- specialty productivity increased by over 10 per cent since pre-development;
- annual pedestrian traffic up over 30 per cent; and
- average spend up 14 per cent.

1) By area.
2) By income.

- successfully opened Tramsheds at Harold Park, Sydney, NSW in September 2016, with strong initial trading figures. The 6,200 square metre retail space is 100 per cent leased and boasts an impressive line-up of food providers, such as Butcher and the Farmer, Fish & Co, Osaka Trading, Garcon and Bodega 1904. Tramsheds also includes a supermark et, gym and medical centre and has direct transport links to the Sydney light rail; and
- completed the repositioning of the food court at Greenwood Plaza, Sydney, NSW in July 2016, with new food retailers including Bun Me, The Gozleme Co, Swiss Deli and Guzman Y Gomez.

"We were extremely pleased to add Tramsheds into our urban retail portfolio during the quarter, a remarkable retail offering located in our Harold Park development in Sydney and a true example of our integrated model. Both the development and leasing teams have done a fantastic job in bringing this heritage-listed site to life and the overwhelmingly positive response we have received to date illustrates the strength of our urban retail strategy.

"This is further cemented by the recently redeveloped Level 2 at Broadway and the revitalised food court at Greenwood Plaza, which likewise demonstrate our place-making capabilities," **said Ms Lloyd-Hurwitz.**

Retail Sales by category	1Q17 Total MAT	1Q17 Comparable MAT growth	FY16 Comparable MAT growth
Supermarkets	$1,042m	3.1%	3.9%
Discount department stores	$248m	1.8%	5.4%
Mini-majors	$473m	9.4%	9.6%
Specialties	$1,064m	3.6%	4.2%
Other retail	$218m	7.1%	9.8%
Total	**$3,045m**	**4.4%**	**5.4%**

Specialty sales by category	1Q17 Total MAT	1Q17 Comparable MAT growth	FY16 Comparable MAT growth
Food Retail	$132m	2.7%	5.4%
Food Catering	$262m	3.7%	1.5%
Jewellery	$31m	4.1%	0.0%
Mobile Phones	$34m	18.6%	31.3%
Homewares	$39m	(15.2)%	(9.2)%
Retail Services	$112m	4.9%	9.3%
Leisure	$48m	0.0%	1.4%
Apparel	$309m	4.4%	5.8%
General Retail	$96m	7.4%	1.9%
Total Specialties	**$1,063m**	**3.6%**	**4.2%**

Tramsheds, Harold Park, Sydney

Residential conditions continue to be mixed nationally. In Sydney and Melbourne, where Mirvac has an overweight exposure, indicators, such as above average levels of auction clearance rates, point to solid demand, supported by a competitive lending environment and increasing urban population growth. Price growth remains positive in Sydney and Melbourne, relatively steady in Brisbane and weak to steady in Perth.

1Q17 Residential Highlights:

- settled 667 residential lots in line with expectations, with major contributions from Woodlea, VIC (207 lots) Stage 1, Unison, Brisbane, QLD (112 lots), and Harold Park (66 lots):
  - completed over 60 FIRB settlements, valued at over $50 million[1];
- on track to settle over 3,300 lots in FY17, with over 65 per cent expected to settle in the second half of FY17:
  - 2,840 of target lots pre-sold or settled, with 95 per cent of Mirvac's top 10 projects (see table below) secured;
- released over 850 residential lots across the Group and achieved strong sales at:
  - St Leonards, Sydney, NSW (Stage 2): 74 per cent of released lots pre-sold;
  - Brighton Lakes, Sydney, NSW: 62 per cent of released lots pre-sold;
  - Gledswood Hills, Sydney, NSW: 64 per cent of released lots pre-sold; and
  - Woodlea, VIC: 85 per cent of released lots pre-sold;
- maintained a high level of residential pre-sales of $3bn:
  - 37 per cent expected to settle in FY17;
  - 30 per cent expected to settle in FY18; and
  - 33 per cent expected to settle in FY19+;
- further increased earnings visibility with 89 per cent of residential EBIT secured for FY17 and 59 per cent secured for FY18;
- completed construction of Precinct 4a at Harold Park, Sydney, NSW, with only one remaining lot to be settled across all completed stages. Construction of the final stage, Precinct 5, is underway, which is 93 per cent pre-sold;
- commenced demolition at St Leonards, North Sydney, NSW with stage 1 and 2 now 80 per cent pre-sold;
- acquired a 4.1 hectare parcel of land at Mirvac's masterplanned community, Alex Avenue in Schofields, NSW, activating an additional 91 residential lots;
- remain on track to achieve greater than 15 per cent residential ROIC target in FY17; and
- expect sales momentum to continue in FY17 with the launch of new projects and continued releases at existing projects, including Sydney Olympic Park and Marrickville in Sydney, NSW and Woodlea and Tullamore in VIC.

FY17 major EBIT contributors

Apartments	FY17 lot target	% secured 1Q17
1 Moreton Bondi, NSW	191	100%
2 Unison Waterfront, QLD (Stage 1 & 2)	290	89%
3 Yarra's Edge, VIC (Tower 10)	128	95%
4 Green Square, NSW	164	100%
5 Hope St, QLD	107	100%

Masterplanned communities	FY17 lot target	% secured 1Q17
1 Tullamore, VIC	177	100%
2 Brighton Lakes, NSW	157	75%
3 Gledswood Hills, NSW	140	94%
4 Jack Road, VIC	119	83%
5 Woodlea, VIC	573	100%

1) Adjusted for Mirvac's share of JVA and Mirvac managed funds.

Ms Lloyd-Hurwitz noted, "Our overweight to Sydney and Melbourne, in addition to a balanced exposure to masterplanned communities and apartment projects, means we are well-placed to capture demand for quality residential product. While we continue to experience settlement delays from foreign buyers, settlements overall are tracking in line with expectations, and we continue to carefully monitor and manage our settlement risk profile.

"Our medium term outlook remains robust with a current pipeline that supports over 14,000 potential lot settlements over the next four years."

Unison, Brisbane