



ASX Release / Media Release

7 November 2013

MIRVAC ANNOUNCES \$552M OF PROPERTY ACQUISITIONS

Mirvac Group ("**Mirvac**") [ASX: MGR] announces it has entered into agreements to acquire two Melbourne office assets and the Harbourside Shopping Centre in Sydney (the "**Acquisitions**") for a total consideration of \$552 million¹.

SUMMARY

- Acquisition of two Melbourne office assets:
 - 367 Collins Street, an A-grade asset with repositioning upside, for \$228 million¹; and
 - 477 Collins Street, a core CBD office development opportunity, for \$72 million¹
- Acquisition of the Harbourside Shopping Centre in Darling Harbour, Sydney for \$252 million¹
- The Acquisitions are aligned with Mirvac's strategy and offer the opportunity to leverage Mirvac's integrated model
 - Two CBD office assets with repositioning and/or development potential that can be held for the long term, increasing Mirvac's core portfolio exposure to the Melbourne CBD; and
 - A strategically located CBD retail asset, within a strong trade area with repositioning potential
- Acquisitions are fully debt funded with pro forma gearing of 27.7%, within the target gearing range of 20-30%
- Acquisitions expected to be accretive to FY14 operating EPS
- FY14 operating EPS guidance of 11.7 to 12.0 cps and DPS guidance of 8.8 to 9.0 cps reaffirmed

Mirvac's CEO and Managing Director, Susan Lloyd-Hurwitz said, "these acquisitions demonstrate the continued execution of our strategy, and present Mirvac with the opportunity to leverage our integrated model via asset management, repositioning and development."

"The three assets will deliver attractive returns in excess of our stated targets.

"In line with our directional mandates, we are taking advantage of opportunities to build our Melbourne CBD office portfolio, entrenching Mirvac as a leading owner and manager of office assets in this market.

"These acquisitions are in line with our strategy to hold income producing, CBD office assets that provide us with repositioning and development opportunities in the future. In addition, the option agreement with Aviva Investors for 477 Collins Street aligns with our strategy to partner with qualified, well-capitalised third party investors.

1. Pre acquisition costs.

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“Harbourside presents an opportunity to gain greater market share in the Sydney CBD area by acquiring a key retail asset with exposure to the strongly performing food, catering and entertainment categories. The acquisition provides us with a repositioning opportunity and gives Mirvac a dominant position in the catchment together with our existing Broadway Shopping Centre” said Ms Lloyd-Hurwitz.

THE ACQUISITIONS

The key metrics of the Acquisitions are summarised below.

Asset*	Area ¹ (sqm)	Purchase price (\$m) ²	Passing yield ²	Fully let yield ²	Occupancy	WALE ³ (years)
367 Collins Street, Melbourne	37,895	227.8	7.8%	7.8%	100% ⁴	3.5
477 Collins Street, Melbourne	11,988	72.0	5.0%	7.6%	62%	3.3
Total office	49,883	299.8	7.1%	7.7%	91%	3.5
Harbourside Shopping Centre	21,039	252.0	6.7%	7.1%	97%	5.0
Total acquisition	70,922	551.8	6.9%	7.4%	94%	4.2

367 Collins Street, Melbourne

Mirvac has exchanged contracts to acquire 367 Collins Street, Melbourne for \$227.8 million, representing a fully let yield of 7.8%^{5,6}.

367 Collins Street is a 37,895 square metre, 33 level, A-grade office building in a core CBD location with views over the Yarra River. The building offers efficient floor plates, largely column free and a side core design.

Mirvac's strategy will initially focus on leasing the current vacancy, which is subject to a rental guarantee for the next 12 months. In the medium term, Mirvac will leverage its asset management capability to upgrade the foyer, modernise the lifts and install 'end of trip' facilities.

477 Collins Street, Melbourne

Mirvac has acquired 477 Collins Street, Melbourne from Aviva Investors Asia Pacific Property Fund (“Aviva”) for \$72.0 million, representing a fully let yield of 7.6%⁵.

477 Collins Street provides a future prime CBD development opportunity with holding income. The asset is an 11,988 square metre B-grade office building with a six-level car park that has capacity for 598 cars. Strategically located in the mid town precinct of Collins Street, it is in close proximity to retail amenities and is within walking distance to both Southern Cross and Flinders Street Railway stations.

1. Represents NLA for office assets and GLA for retail asset.
2. Pre acquisitions costs.
3. By income.
4. Includes 12 month vendor rental guarantee on current vacancy of 11%.
5. Pre acquisition costs. No conditions to closing.
6. Settlement expected within 10 days of exchange.



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Mirvac's initial focus will be to lease the current vacancy, subject to redevelopment clauses. In the medium term, 477 Collins Street presents a potential opportunity for Mirvac to leverage its in-house development capabilities to transform the site into a prime grade office building. Commencement of any development will be conditional on a significant tenant pre-commitment and obtaining the relevant planning approvals.

Under the terms of the acquisition, Mirvac has granted a 10 year option to Aviva to acquire a 50% indirect interest in the completed development, subject to Aviva entering into a fund-through arrangement with Mirvac prior to the commencement of construction.

Harbourside Shopping Centre, Sydney

Mirvac has exchanged contracts to acquire Harbourside Shopping Centre¹ ("Harbourside") in Sydney's Darling Harbour for \$252 million, which represents a fully let yield of 7.1%².

Harbourside is a three-level 21,039 square metre CBD retail centre with a focus on food, restaurant and entertainment categories. Strategically located within the Darling Harbour precinct, Harbourside attracts approximately 13.7 million visitors annually and is well positioned to benefit over the long-term from the \$3 billion urban regeneration of the precinct.

Harbourside presents a significant opportunity for Mirvac to utilise its retail asset management expertise to reposition the centre in line with the Darling Harbour precincts' changing demographics and major rejuvenation. Repositioning opportunities will be focussed on re-mixing existing tenancies by up-scaling the food and fashion offerings, supporting the entertainment focus and capturing the increased international tourist trade resulting from the redevelopment of the adjoining Sydney International Convention, Exhibition and Entertainment Centre and new hotel.

ADDITIONAL INFORMATION

Additional information regarding the Acquisitions is contained within the presentation also released on the ASX today.

For more information, please contact:

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1. Harbourside is a leasehold interest with 74 years remaining. Asset acquired through the acquisition of the existing corporate structure. The acquisition is subject to Sydney Harbour Foreshore Authority approval for transfer of the ground lease. Settlement is expected to occur in January 2014.
2. Pre acquisition costs.

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