



30 April 2014

**MIRVAC SELLS 50 PER CENT OF 275 KENT STREET, SYDNEY
AND GRANTS CALL OPTIONS OVER A PORTFOLIO OF NON-CORE ASSETS**

Mirvac Group (“Mirvac” or the “Group”) [ASX: MGR] is pleased to announce that it has entered into an agreement with an affiliate of Blackstone Real Estate Asia (“Blackstone”) for the sale of a 50 per cent interest in 275 Kent Street, Sydney NSW for \$435.0 million, at a premium to book value¹.

Mirvac has also granted Blackstone interdependent call options² over a portfolio of seven non-core assets for an acquisition price of \$391.4 million, at a premium to book value¹, and will provide \$156.0 million in vendor financing as part of the transaction.

Mirvac reaffirms its FY14 operating EPS guidance range of 11.8 to 12.0 cents per stapled security.

Summary of 50 per cent sale of 275 Kent Street, Sydney:

- A formal sales and marketing campaign for the sale of 50.0 per cent of the asset commenced in February 2014, resulting in a competitive bidding process;
- The \$435.0 million acquisition price for the 50.0 per cent interest represents a premium to book value¹ and an initial passing yield of 6.65 per cent³;
- The sale will reduce Mirvac’s single asset risk, from an 18.3 per cent representation of the office portfolio⁴ down to 10.1 per cent post sale;
- The transaction realises an 11.8 per cent IRR⁵ on the asset from acquisition;
- Mirvac will continue to provide all asset and property management services;
- The transaction is subject to Blackstone gaining FIRB approval; and
- Settlement is expected to occur in July 2014.

Summary of call option agreements over portfolio of non-core assets:

- Mirvac has granted Blackstone call options to acquire a portfolio of seven non-core assets with an acquisition price of \$391.4 million, at a premium to book value¹;
- Blackstone may exercise the call options at any time from July to September 2014⁶;
- If the call options are exercised, the transactions will:
 - accelerate the non-core asset sales program, while minimising transaction costs;
 - improve the quality of the Mirvac Property Trust (“MPT”) portfolio, with 97.7 per cent represented by core assets, up from 91.9 per cent on a like-for-like basis; and
 - remove future capital expenditure and income risk.

Summary of vendor financing for non-core assets:

- \$156.0 million of the non-core assets sales consideration will be treated as vendor financing provided to Blackstone from Mirvac, for a maximum term of 48 months and at an initial interest rate of 8.0 per cent per annum, which will increase annually over the period, exceeding Mirvac’s weighted average cost of debt¹;

1 As at 31 December, 2013.

2 Excludes 33 Corporate Drive, Cannon Hill, QLD.

3 Net of Blackstone’s acquisition costs, as at 30 April 2014.

4 By book value.

5 From the acquisition of Westpac Office Trust in August 2010, excluding goodwill.

6 Option fees of 1.0 per cent will be paid to Mirvac and credited against the acquisition price if exercised.



- Providing vendor financing effectively manages the dilutionary impact of non-core asset sales; and
- Provides Mirvac with capital in the medium term for strategic investment opportunities.

Non-core assets subject to the call options:

Asset	Sector	Book valuation ¹	WALE ¹	Occupancy ¹
1 Castlereagh Street, Sydney, NSW	Office	\$69.4m	3.1 yrs	91.4%
38 Sydney Avenue, Forrest, ACT	Office	\$35.5m	3.9 yrs	100.0%
339 Coronation Drive, Milton, QLD	Office	\$53.7m	4.0 yrs	98.4%
33 Corporate Drive, Cannon Hill, QLD	Office	\$15.2m	4.0 yrs	100.0%
12 Julius Avenue, North Ryde, NSW	Industrial	\$21.3m	3.1 yrs	98.2%
10 Julius Avenue, North Ryde, NSW	Industrial	\$51.4m	5.5 yrs	97.6%
Waverley Garden Shopping Centre, VIC	Retail	\$139.5m	3.9 yrs	98.8%
Total		\$386.0m	3.9 yrs	97.4%

Mirvac's CEO and Managing Director, Susan Lloyd-Hurwitz, said, "These significant transactions are key capital management initiatives for Mirvac, which will allow us to deploy capital across the Group and into opportunities that align with our strategic criteria. In total, over \$826.0 million will be released from sale proceeds over time to be re-invested into the growth of the business.

"We are delighted to have entered into an agreement for the sale of 50 per cent of 275 Kent Street, Sydney, and to have secured another high quality capital partner in Blackstone to sit alongside Mirvac in one of our key strategic assets.

"The call option agreements for seven non-core assets have allowed us to accelerate our strategy to exit secondary assets with no development potential, while minimising transaction costs. Upon exercising the call options, the quality of the MPT portfolio will be significantly improved, with 97.7 per cent of the portfolio represented by core assets and an increased weighted average lease expiry of 5.0 years."

Blackstone's Head of Real Estate Asia, Chris Heady, said, "We believe 275 Kent Street represents a unique opportunity to invest in a high quality, strategically located building in the Sydney CBD, as well as partner with a terrific organisation in Mirvac. This transaction also underscores our long term commitment to investing in the Australian real estate market."

About Blackstone:

Blackstone is a global leader in real estate investing. Founded in 1991, Blackstone's real estate business is the largest opportunistic real estate investment manager in the world, with \$82 billion of investor capital under management. Blackstone's portfolio includes hotel, office, retail, industrial and residential properties in the U.S., Europe and Asia. Major holdings include: Hilton Worldwide, Equity Office Properties, Brixmor shopping centers and Invitation Homes. Blackstone currently manages one of the world's largest office portfolios, representing almost eight million square meters of office net lettable area across 239 assets.

¹ As at 31 December, 2013.



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