

25 June 2015

## MIRVAC OPERATING MODEL REVIEW

Mirvac Group (“Mirvac”) [ASX: MGR] today announced it has completed an operating model review (“review”) undertaken across all parts of the business, and has provided an update on the outcomes of the review.

The three month review focused on developing an optimal operating structure to reduce complexity, deliver greater accountability, create a more agile workforce and leverage Mirvac’s integrated model capabilities.

The outcomes of the review included a change in the Group’s organisational structure focused on redirecting centralised activities back into the business, where it made sense, and rationalising corporate functions.

The Executive Leadership Team (“ELT”) has been restructured and now comprises the following positions:

- Chief Executive Officer (“CEO”) and Managing Director, Susan Lloyd-Hurwitz
- Chief Financial Officer, Shane Gannon
- Chief Investment Officer, Brett Draffen
- Head of Office and Industrial, TBC<sup>1</sup>
- Head of Retail, Susan MacDonald
- Head of Residential, John Carfi
- Head of Cities and Urban Renewal, David Rolls
- Head of Culture and Reputation, Marie Festa

The ELT will report directly to the CEO and Managing Director.

Group Executive, Office, Andrew Butler, will remain part of the ELT during the recruitment process for the Head of Office and Industrial.

Further work was undertaken to identify opportunities to deliver a more variable cost base to better position Mirvac through property market cycles. This exercise was completed with the assistance of external consultants, and a number of opportunities identified will be implemented over varying time frames.

Included in these opportunities was a decision 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. Mirvac also identified a number of areas where its procurement practices can be improved across various parts of the business. The opportunities will be progressed over the next six to nine months.

It is anticipated that these initiatives, when implemented, will result in over 75 positions being made redundant across various parts of the business. Once completed, these initiatives are expected to deliver between \$10-15 million of cost savings per annum from FY17 onwards. As many of these

1. A recruitment process is being run for this role and will include both internal and external candidates.

initiatives will be implemented over the next six to nine months, Mirvac does not expect a material impact to flow through in the 2016 financial year.

Mirvac expects to incur one-off restructuring and other set-up costs of approximately \$11 million, of which approximately \$7 million will be reflected as a cost in its 30 June 2015 statutory financial result.

Mirvac confirms that it remains on target to achieve FY15 operating earnings per security guidance of between 12.2 and 12.3 cents per stapled security.

Further information on the progress of these outcomes will be provided in Mirvac's FY15 Results announcement to be released on 13 August 2015.

Mirvac's CEO and Managing Director, Susan Lloyd-Hurwitz commented, "We embarked on a process that focused on delivering changes to our business to enhance the value we create for our customers, and to achieve an operating model that is sustainable through market cycles with clearer accountability.

"Implementing the outcomes of our operating model review will see us become more agile and better placed to leverage our unique capabilities across the office, industrial, retail and residential sectors," Ms Lloyd-Hurwitz said.

---

For more information, please contact:

Media and Investor enquiries:  
Narelle Checchin  
GM, External Communication and Investor Relations  
+61 2 9080 8315