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MIRVAC GROUP 1H25 RESULTS – STRONG MOMENTUM INTO THE SECOND HALF

Mirvac Group (Mirvac) today released its interim result for the half year ended 31 December 2024. We delivered an operating profit of \$236m, which represents 6.0 cent per stapled security (cpss), and remain on track to deliver full-year guidance of between 12.0 to 12.3cpss.

Key financial metrics

- operating profit after tax of \$236m (1H24: \$252m)
- operating EPS of 6.0cpss (1H24: 6.4cpss)
- statutory profit of \$1m (1H24: \$201m statutory loss)
- half-year distribution of \$178m, representing distributions per security of 4.5cpss (1H24: 4.5cpss)
- net tangible assets (NTA) of \$2.31 (1H24: \$2.56).

Executing against strategy:

- **improved future development earnings visibility**, with 947 residential lot sales (up 51% on 1H24), which includes the successful launch of Harbourside Residences, Sydney. Residential pre-sales grew to \$1.9bn and leads increased by 36% on 1H24. Further leasing and construction progress was achieved at 55 Pitt Street, Sydney and Aspect Industrial Estate, Sydney
- **maintained strong investment operating metrics**, including occupancy of 96.2% and positive releasing spreads across the portfolio
- **improved the balance sheet position**, with pro forma headline gearing of 26.3%¹, underpinned by ~\$340m in non-core asset sales and the execution of capital partnering initiatives across three residential projects
- **expanded living sector exposure** with the completion of our build to rent asset, LIV Aston, Melbourne, which is 66% leased², and the acquisition of three new communities in our land lease portfolio³. Living sector EBIT increased to \$26m from \$2m in 1H24.

Mirvac's CEO & Managing Director, Campbell Hanan, said: "We delivered a good result in the first half and remain on track to achieve guidance in FY25. We have made significant progress delivering our strategic initiatives and we are now setting the business up for a return to growth. We've seen a strong pick-up in residential sales, which are up 51 per cent on the same period last year, with pre-sales now sitting at \$1.9 billion. Combined with continued development pre-leasing and capital partnering, we have good visibility on earnings and NTA growth into the future.

"Our committed development pipeline is expected to deliver over \$100 million in future net operating income and \$650 million in potential development value in the coming years, while lifting our exposure to the living and industrial sectors. We have a strong balance sheet, with pro forma headline gearing at 26.3 per cent, driven by successful asset sales and capital partnering.

"The new partnerships we have established in our residential business also build on our stated strategy to increase the velocity of capital to unlock value from our development pipeline, improve returns, and facilitate the accelerated release of lots into a deeply undersupplied housing market."

1. Net debt (at foreign exchange hedged rate)/ (total tangible assets – cash). Adjusted for the sale of 10-20 Bond Street, Sydney, which completed on 15 January 2025.

2. As at 11 February 2025.

3. Subject to a non-binding heads of agreement (HoA) between Mirvac and Serenitas.

Capital management update

- strong balance sheet position, with pro forma headline gearing of 26.3%¹, within the Group's target range of 20% to 30%
- substantial available liquidity of ~\$1bn in cash and committed undrawn bank facilities held
- weighted average debt maturity of 4.5 years
- debt is 58% hedged
- average borrowing costs of 5.7% as at 31 December 2024 (FY24: 5.6%)
- total debt portfolio comprised of 44% green loans
- maintained A-/A3 ratings with stable outlooks from Fitch Ratings and Moody's Investors Service.

Investment update

- high-quality portfolio supporting strong operating metrics
- EBIT of \$302m (1H24: \$309m), impacted by non-core asset sales program and largely offset by income from new developments
- maintained high portfolio occupancy at 96.2%² (1H24: 96.9%) and a WALE of 5.2 yrs³ (1H24: 5.2 yrs)
- captured positive rental reversion across the portfolio, including 32% across industrial, 3.7% in office, 1.3% in retail, 4.4% in build to rent, and 10% in land lease
- achieved 209 land lease settlements, with the average settlement price up at 8%⁴, and secured three new communities, including our masterplanned community (MPC) site in Everleigh, Brisbane⁵
- investment property devaluations of \$139m, with gains across industrial, retail and the living sectors offset by further office devaluations
- completed 125 leasing deals across ~45,200sqm
- executed ~\$340m of non-core asset sales.⁶

Mr Hanan said: "We maintained strong metrics in our investment portfolio during the half, with high occupancy, positive re-leasing spreads and limited lease expiry. Our modern, Prime-grade office portfolio continued to achieve impressive results, including occupancy of just over 95 per cent, while our Sydney-focused industrial portfolio recorded strong NOI growth. Within our urban retail portfolio, leasing spreads were positive and sales remained strong.

"We continue to increase our living sector exposure, with our most recently completed build to rent asset, LIV Aston, already 66 per cent leased since opening in August last year. Our land lease business has grown by 15 per cent to over 7,000 lots since our initial acquisition 12 months ago and is well placed to capture demand in this sector."

Funds update

- delivered EBIT of \$14m (1H24: \$16m), impacted by lower asset valuations
- \$15.9bn of third-party capital under management
- continued to grow the Mirvac Industrial Venture and Build to Rent Venture through development completions at Aspect Industrial Estate, Sydney and LIV Aston, Melbourne respectively

1. Net debt (at foreign exchange hedged rate)/ (total tangible assets – cash). Adjusted for the sale of 10-20 Bond Street, Sydney, which completed on 15 January 2025.

2. By area, excludes co-investments.

3. By income, excludes co-investments.

4. Six-month average price to December 2024 compared to 12 months to June 2024. Excludes GST and DSA projects.

5. Subject to a HoA between Mirvac and Serenitas.

6. Includes 10-20 Bond Street, Sydney, which settled in January 2025.

- Mirvac Wholesale Office Fund: achieved strong leasing, with occupancy increasing to 92.1%, and 66,000sqm leased during the period (including HoA).

Mr Hanan said: "Our established platforms across living, logistics and Premium-grade office are well positioned for growth and benefitting from strong capital demand for quality assets. We have \$2.4bn of future funds under management secured and underway in committed developments, and we continue to focus on attracting aligned capital, driving performance from our assets on behalf of our partners, and exploring new growth opportunities."

Development update

Commercial and Mixed-Use

- development pre-leasing and partnering providing improved earnings visibility
- delivered EBIT of \$8m (1H24: \$19m), driven by earnings contributions from 55 Pitt Street, Sydney and partially offset by construction loss at LIV Anura, Brisbane, with a material second half skew to EBIT expected
- completed LIV Aston, Melbourne (474 lots), taking our build to rent portfolio to 1,280 operational lots. We have a further 900 lots under development, which are expected to complete in next 12 months, and we are in active engagement on new pipeline opportunities
- completed our second and third warehouses at Aspect Industrial Estate, Sydney (100% leased to Winnings and B Dynamic respectively) and increased precinct pre-leasing to 67%¹
- completed civil works at our mixed-use project, Harbourside, Sydney, with pre-leasing across the office and retail component increasing to 18%¹ and ~\$700m of residential pre-sales achieved
- progressed advanced discussions with capital partners for the sell down of Stage 1 at Badgerys Creek
- progressed structural works at 55 Pitt Street, Sydney and increased pre-leasing to ~35%.

"There is considerable value to be unlocked from our commercial and mixed-use development pipeline, with pre-leasing and capital partnering success providing improved visibility for future development earnings. Our proven creation capability remains a unique competitive advantage and will deliver investment income, funds management and NTA growth for many years to come, while ensuring we have one of the youngest and most sustainable investment portfolios in the market."

Residential

- well positioned for recovery in market conditions, with improved sales momentum and pre-sales balance
- delivered EBIT of \$101m (1H24: \$94m), driven by residential lot settlements, along with the contribution from the selldown of three projects into joint venture arrangements (Highforest, Cobbitty, and Mulgoa, all in Sydney)
- exchanged 947 residential lots, up 51% (1H24: 629), with a further 361 conditional sales on hand, driven by strong outcomes at Highforest, Riverlands and Harbourside Residences in Sydney, along with improved sales activity across select MPC projects
- settled 685 residential lots (1H24: 1,131), with a significant second half skew expected due to the delay of pre-sold Qld apartment completions. Defaults remained low at ~2.6%
- residential pre-sales increased to ~\$1.9bn, skewed to upgraders and right-sizers
- gross margins of 19%, due to a higher weighting to MPC settlements. We expect margins to be lower in 2H25, with a greater weighting to settlements at productivity-challenged Qld apartment projects.

1. Includes agreements for lease and HoAs. Excluding HoAs, Aspect is ~50% pre-leased.

"Our residential business delivered a strong performance, with a number of successful project launches growing our pre-sales balance to \$1.9 billion - the highest level since 2018 - which help to underpin our future earnings outlook. At Harbourside Residences, we achieved a record \$700 million in pre-sales over the launch weekend, with more than 40 per cent repeat Mirvac customers - an incredible endorsement of our brand and the product we are delivering.

"There is strong momentum as we move into the second half, with higher sales volumes and increased leads, driven by our middle-ring projects including Highforest, Riverlands and Harbourside. Our diversity of product in the right locations ensures we are well placed to benefit from an expected pick-up in market activity.

"We expect margins to return to our through-cycle target of between 18 and 22 per cent, as we roll off lower-margin apartment projects in the second half of FY25. Our successful restocking, together with our current launch profile of well-located product with good amenity, provide good visibility of settlements across masterplanned communities and apartments over the near term."

Outlook

Mirvac has reaffirmed operating earnings per stapled security guidance of 12.0-12.3cpss in FY25 and distribution per stapled security of 9.0cpss, subject to the completion of core strategic priorities. These include achieving between 2,000 and 2,500 residential lot settlements, executing more than \$0.5bn in non-core asset sales, and securing capital partners at key development projects, with the weighted average cost of debt expected to remain at ~5.7%.

"Our results today signal the beginning of a market turnaround, and we are starting to see real benefits from the execution of our strategy. We have multiple drivers for earnings growth in FY26 and beyond, including a strong pipeline of projects to deliver over the next few years, a high-quality investment portfolio that will continue to generate income for the Group, and earnings through our established funds. We are well positioned to capitalise on a recovery across all parts of our business, supported by falling inflation and signs that interest rates will start to ease in the near future."

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About Mirvac

Founded in 1972, Mirvac is an Australian Securities Exchange (ASX) listed company, with an integrated asset creation and curation capability. We own and manage assets across office, retail, industrial and the living sectors in our investment portfolio, with approximately \$22 billion of assets under management. Our development activities span commercial and mixed-use and residential, with a development pipeline of approximately \$29 billion. We focus on delivering high-quality, innovative and sustainable real estate for our customers, while driving long-term value for our securityholders.