Australian Shareholders' Association Limited
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Will 2025 be the bottom and a climb up from there?

Company/ASX Code	Mirvac/MGR
AGM time and date	11:00am AEDT Friday, 15 November 2024
Location	Level 25, 200 George Street, Sydney, NSW 2000.
Registry	Link Market Services
Type of meeting	Physical AGM with webcast – No live voting and no live questions
Monitor	Allan Goldin with Daniel Estigoy
Pre-AGM Meeting	Robert Sindel, Chairman Chris Akayan, Chief Culture & Capability Officer Ben Morris, Group General Manager, Human Resources Gavin Peacock, CFA, General Manager, Investor Relations

An individual or their associates involved in the preparation of this voting intention has a shareholding in this company.

1. How we intend to vote

No.	Resolution description	
2.1	Re- Election of Jane Hewitt	For
2.2	Re – Election of Damian Frawley	For
2.3	Election of James Cain	For
3	Remuneration Report	For
4	Participation by the Group CEO & Managing Director in the Long- Term performance plan (LTP)	For

2. Summary of Issues and Voting Intentions for AGM

- Why no hybrid AGM
- Unfair increase to the number of performance rights by discounting for the assumed value of dividends and distributions not paid during the three-year performance period.
- What is being done to reverse the profit decline?

See ASA Voting guidelines and Investment Glossary for definitions.

3. Matters Considered

Accounts and reports

The AGM is webcast no but there is no ability to remotely to ask question or vote in real time. This is very unfortunate as it restricts the ability of those securityholders unable to attend in person to engage in the AGM in real time.

Another year in a difficult market where Mirvac operating profit is more or less in line with previous years.

Mirvac still has in their systems 5 or 6 developments that are below the through-cycle target margins of 18-22%. These are all projects that were presold and started construction during Covid. They have all been hit with post-pandemic cost escalation and labour shortages (elevated subcontractor administrations, labour shift towards government projects) and increased costs.

The current market conditions mean that incentives are somewhat higher than normal with office assets at the top averaging 33% and then industrial and retail averaging 7.3-8.2%. Build to sell discounts vary from time to time but there is more likely to be upgrades on fixtures, lower or staged deposits etc.

Unfortunately, with a continuation of the current market conditions (peak interest rates, falling inflation) the Group is forecasting that FY25 will see a lower operating result again, predominantly from lower development earnings and higher net interest costs on development activities. However, the Company believes the FY25 will be the bottom of the market and FY26 will start to see the benefits of their new strategy (domestic/offshore capital partners, portfolio reallocation) and organisational restructuring.

Mirvac is bringing in more external long-term partners. Mitsui Fudosan has acquired a 66% interest in 55 Pitt Street The total office development which will now be delivered as a joint venture has an implied end value of ~$2 billion. The added benefit is that Mitsui will fund the remaining capital expenditures on the project at the 66% basis, as well as share leasing risk. Mirvac will co-own, develop and construct the building, and will provide co-leasing, investment, and property management services for the asset on completion.

The Pitt Street development is a recipient of the new strategy where the Group is selling existing ‘non-core’ commercial assets ($1B in FY24 and $800M in FY25) which is initially dilutive to earnings, as these are income producing assets to put the funds into new and higher earning assets; we question then the ability of Mirvac to redeploy capital into more capital expenditure-efficient segments and hence, earnings-accretive assets (Residential and Living; Build-to-Rent, Build-to-Sell and Land Lease).

The Aspect South Industrial precinct in Sydney was sold into the Mirvac Industrial Venture (MIV) with Australian Retirement Trust acquiring a 49% interest, bringing the total expected end value of $690M.

The Company is changing its operational focus and restructured to implement this change. 70% of the business will be investment and 30% development. The investment portfolio will change with Retail being slimmed down to 15 % and Office to 40%. In office, it will be at the premium end of the market and in Retail will be focused on high spending high growth areas. Then 20% will be in the high in demand logistics area. The last and newest investment sector of 25% will be the Build to Rent (BTR) both in apartments and in the new growing area of Land Lease.

The recent 47.5% acquisition of Serenitas has created a significant expansion into Land lease while at the same time moving into a different demographic. Serenitas with sites around the country focuses on a more affordable mid-market customer, some 80% who qualify for Commonwealth Rental Assistance.

A criticism of Land lease in Victoria has been the charging of exit fees/deferred management fees when owners sell their houses. Mirvac says this happens only in one Community which represents 2% of the portfolio. Serenitas has a policy not to introduce these fees into any new community.

To manage its rising costs of development activities whilst maintaining quality standards, MGR is increasing the use of modular designs and prefabricated materials as this process provides numerous benefits from a waste, cost, and program perspective, with the increased familiarity and consistency of design outcomes, also leading to fewer defects.

With the new emphasis on the BTR area it mustn't be forgotten that Mirvac is still very active in their traditional Build to Sell area, recently starting to showcase the premier $2.2B Harbourside development.

The 30% development will be almost total in Mirvac strength residential where the Company has substantial inhouse expertise, a strong track record and good reputation for quality.

In the next year there could also be some movement down from their current average debt level of 5.6% with a recent $400M 6.5-year green bond issuance on a coupon rate of 5.15%. This will have a somewhat positive impact on the business as it continues to manage its weighted average cost of capital (WACC), given the Company's 3-year average ROIC of 1.1% has continued to remain well below this key hurdle.

Financial performance

(As at FYE)	**2024**	**2023**	**2022**	**2021**	**2020**
NPAT ($m)	(805)	(165)	906	901	558
Operating Profit ($m)	552	580	596	550	602
Security price ($)	1.87	2.26	1.98	2.92	2.17
Distribution (cents)	10.5	10.5	10.2	9.9	9.1
Simple TSR (%)	-13	19	-29	39	-28
Statutory EPS (cents)	(20.4)	(4.2)	23.0	22.9	14.2
CEO total remuneration, actual ($m)	2.55	2.31*	3.5	5.9	3.1

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year

*Part of the year as CEO

Governance and culture

Mirvac in their skill matrix does not detail the individual skills of the existing Directors. Then for the election and re-election of Directors it does not provide the reasons for re-electing the Director and the skills they add to the Board, so we limited to just judging by their credentials. This means that there is no real guide to what skill the Board is missing.

Following a benchmarking review of NED fees completed, MGR's Committee Chair fees were increased from 1 July 2024: - Board Committee Chair fee increased from $30k to $40k pa; - Board Committee Member fee increased from $18k to $22k pa and covers all Committee memberships.

James Millar AM, who joined Mirvac in 2010 resigned from the board as did Sam Mostyn on her appointment as Australia's Governor General. We are being asked to elect Building industry veteran John Cain. Unfortunately, Mr. Cain will have been on the board for 11 months before he faces security holders at the 2024 AGM, a trend that unfortunately continues with Rosemary Hartnett who will also be on the board for 11 months before her election comes up at the 2025 AGM.

There annual report lacks a good, clear 5-year comparison table so we can judge the Company on its key performance indicators.

Key board or senior management changes

Following on from Campbell Hanan becoming CEO in March 2023 there were a number of executive changes.

Brett Draffen's resigned as Chief Investment Officer (CIO) of Mirvac. CFO Courtenay Smith absorbed CIO duties under Group Advisory Solutions, and Stuart Penklis absorbed Brett Draffen's Commercial & Mixed-Use Development responsibilities under a new Development Division.

Scott Mosely was appointed CEO, Funds Management

Sustainability/ESG

Some of Mirvac's focus on climate include:

Mirvac's first residential project to commit to a 5-star green building certification.

10 Ha of Forest land being returned to public ownership

Reducing Scope 3 emissions through initiatives such as the electrification of our assets

Achieved 4.5 Star average NABERS Water rating in their office portfolio.

96% of construction waste and 66% operational waste diverted from landfill.

5,000SQM of green roof cover will enhance biodiversity and help reduce the urban heat island effec.t

Partnership established with MATES ON THE MOVE to salvage and donate more than 4,300 items.

4. Rationale for Voting Intentions

Resolution 2.1 Re-election of Jane Hewitt FOR

Jane Hewitt was appointed a Non-Executive Director of Mirvac in December 2018. Jane has over 27 years' experience in real estate development and asset management. She founded UniLodge in 1996 and pioneered the corporatisation and professional development and management of student accommodation facilities on and off University campuses in Australia and New Zealand. As an entrepreneur and founder Jane has extensive operational experience and a strong track record in developing successful partnerships in real estate and business ventures. She developed UniLodge into an operation with assets of approximately $1 billion.

Jane Hewitt owns 110,000 securities in the Company. ASA will vote their open proxies in favour of her re- election.

Resolution 2.2 Re-election of Damian Frawley FOR

Damien Frawley was appointed a Non-Executive Director of Mirvac in December 2021. Damien has 35 years of wide-ranging experience in investment and asset management in real estate and infrastructure in Australia and offshore as well as public markets. From 2012 to 2022, Damien was the CEO of Queensland Investment Corporation (QIC).

Damien is currently the Chair of Host-Plus Pty Ltd and Queensland Treasury Corporation Capital Markets and a Director of Elders Limited.

Damian Frawley owns 88,415 securities. ASA will vote our open proxies in favour of his re-election.

Resolution 2.3 Election of James Cain FOR

James Cain was appointed a Non-Executive Director of Mirvac in December 2023. James has a 30-year professional background in property, infrastructure, and major capital works in the public and private sectors. His previous experience included 12 years with property and construction company Lendlease in various roles including General Manager for Victoria, Tasmania, and South Australia; five years with the Victorian Government as Executive Director of Major Projects Victoria, the Victorian Government's primary capital works agency.

James Cain has 50,000 Stapled Securities plus the 43,383 Rights to acquire Stapled Securities. ASA will vote their open proxies in favour of his election.

Resolution 3 Remuneration Report FOR

There is a glaring exception to ASA guidelines in Mirvac unfairly increasing the number of performance rights by using a modified version of Fair Value. Instead of calculating the value like every other ASX Company based on the market price of the securities the week before, unique to all the large REITS and most of ASX100, they increase the number of Performance rights by discounting for "assumed" dividends and distributions that may never be awarded, on Performance rights that may never vest as shares.

There is always some question raised when STI performance targets are decreased due to the expectation that the coming year's performance is going to be less than the last year. However, MGR was very clear in demonstrating how all the various criteria used were measured and the result of this measurement. The lower than anticipated result meant a smaller STI pool and as the Group achieved a number of their financial objectives 90% of the target was awarded.

Sixty percent of the STI is awarded in cash and 40% in equity deferred over two years. ASA would prefer that the equity component was 50%.

The two LTI tests are good, RTSR against a group containing all the leading Australian REITS. The second hurdle is relative ROE against this same comparator group.

This second hurdle is limited to only 25% of the incentive rather than 50% if the Return on Invested Capital (ROIC) is less than the Weighed Average Cost of Capita (WACC) and outside the Group's target range.

The LTI is measured over a three-year period rather than ASA's preferred 4 years.

Overall, a good structure. As we are hopeful that the Company will eliminate the unfair estimated-distribution-related increase in the number of Performance Rights, we will vote our open proxies in favour of this resolution.

Resolution 4 Participation by the Group CEO & Managing Director in the Long- Term performance plan (LTP) FOR

We do know that at the grant date the value of the Performance Rights should be $2,250,000, but that it will actually be higher than that. But we are not sure on the number because of the use of "Fair Value Lite" to calculate the number of Performance rights.

As we think the two hurdles are fair, we will vote our undirected proxies in favour of this resolution this year. This will not be the case in the future, unless there is a modification made to the calculation of Performance Rights to remove the estimated distribution related adjustment.

Appendix 1
Remuneration framework detail

CEO rem. Framework for FYXX	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.5	27.2%	1.5	23.9%
STI - Cash	0.75	13.6%	1.12	17.9%
STI - Equity	0.75	13.6%	1.12	17.9%
LTI	2.52	45.6%	2.52	40.3%
Total	5.52	100.0%	6.26	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.