

18 October 2023

MIRVAC EXPANDS RESIDENTIAL OFFERING WITH ACQUISITION OF LEADING LAND LEASE COMMUNITY OPERATOR SERENITAS

Mirvac Group (Mirvac) [ASX: MGR] today announced it has entered into binding agreements to acquire one of Australia's leading land lease operators, Serenitas, in partnership with Pacific Equity Partners Secure Assets (PEP)¹ and Tasman Capital Partners (Tasman)², for a total consideration of \$1,010 million³. Mirvac will make a ~\$300 million initial investment with ~\$240 million funded on settlement and \$60 million⁴ deferred for 12 months. Settlement is targeted for 3Q24.

The structure will be a Joint Venture in which Mirvac and PEP hold ~47.5%⁵ ownership each, with the remaining minority interest held by Tasman, an existing co-owner.

Serenitas is one of Australia's leading pure-play land lease operators, with an established and proven national platform. The portfolio comprises 27 communities with over 6,200 sites, including over 4,200 occupied and around 2,000 sites to be developed, 98% of which are development approved. As part of the transaction, the 100+ Serenitas team, led by Serenitas CEO, Rob Nichols, will continue to manage the 27 communities and provide sector leading expertise.

Mirvac's Group CEO & Managing Director, Campbell Hanan, said: "This acquisition expands our residential offering, propelling Mirvac to become one of the largest owners in the attractive land lease community sector. The Serenitas business is one of the leading operators in Australia. We are delighted to be partnering with PEP and Tasman, both having a strong track record in building and institutionalising portfolio companies and are highly experienced in executing business acquisitions."

Serenitas CEO, Rob Nichols said: "We are excited at the opportunity to join with Mirvac and PEP, and we are thrilled to be able to grow and elevate the Serenitas portfolio of brands and lifestyle experiences for our customers. There is certainly a growing awareness of modern land lease communities across Australia and the benefits available to customers, which will no doubt drive future demand."

Mr Hanan said: "Our expansion into the living sectors comes against a backdrop of critical housing undersupply, and tailwinds including rising population growth, record low rental vacancy levels and affordability challenges. Our existing apartment and masterplanned communities product are beneficiaries of these fundamentals, and our build to rent portfolio and expansion into land lease are natural adjacencies to our residential capabilities.

"This transaction immediately scales our exposure to the land lease communities sector across Australia and reinforces our position as the only residential developer in Australia delivering across the spectrum of housing typologies from rental housing, build to rent, land lease, house and land, medium density and high density living. This depth of capability leaves Mirvac well placed to benefit from the structural tailwinds supporting the broader living sector in Australia.

"With over 50 years track record delivering a wide range of products across the residential sector, we look forward to expanding our customer offering into land lease communities, with this quality, affordable product for over 55s. There are an estimated 7.5 million people over 55 years old in Australia in 2023⁶, with strong forecast growth in this population, projected to almost double over the next 40 years⁷. This

Authorised for release by the Mirvac Group Board

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affordable housing solution, offering a community driven, secure, low maintenance lifestyle for over 55s, is expected to see the current 2% market penetration rate increase over time.”

Mirvac will fund the transaction from existing liquidity sources, and recent asset disposals, with completion targeted for 3Q24 and is expected to be accretive to FY25 earnings and beyond.

“This transaction is well aligned with our strategy and capabilities, delivering affordable housing solutions, investing in high quality recurring income streams, and providing an opportunity to unlock value from our existing and future masterplanned community landbank.

“Our newly established venture with aligned capital partners is expected to deliver solid returns on our co-invested capital, whilst producing an attractive, meaningful recurring income stream within our Investment business,” Mr Hanan said.

Further details on the transaction can be found in the Investor presentation released today, which can be found on our website, with a [webcast and Q&A session](#) scheduled for 9.30am this morning.

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About Mirvac

Founded in 1972, Mirvac is an Australian Securities Exchange (ASX) top 100 company. We own and manage assets across office, retail, industrial and build to rent in our investment portfolio, with ~\$26 billion of assets under management. Our development activities span commercial and mixed-use and residential, and our ~\$29 billion development pipeline enable us to deliver innovative and high-quality property for our customers, while driving long-term value for our securityholders.

¹ Funds advised by PEP.

² Existing investor in Serenitas platform.

³ Excluding transaction costs and completion adjustments.

⁴ Final deferred consideration subject to Tasman exercising its 12-month option to increase its combined investment in Serenitas to up to 19.99%.

⁵ Subject to completion adjustments and final bank valuations supporting acquisition debt facilities.

⁶ Source: 2021 Census data ABS.

⁷ Source: ABS Historical Population, Estimated Resident Population, Federal Treasury 2023 Intergenerational Report.

Acquisition of Serenitas

Expanding Residential offering with scale in the Land Lease sector

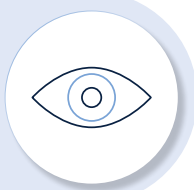
18 October 2023



Deal summary

ACQUISITION PROPELS MIRVAC TO BE A MAJOR LAND LEASE OWNER IN AUSTRALIA, ALIGNED WITH STRATEGIC GOALS TO INCREASE LIVING SECTORS EXPOSURE

OVERVIEW



- > Acquisition of the Serenitas Land Lease platform in partnership with Pacific Equity Partners Secure Assets (PEP)¹ and Tasman Capital Partners (Tasman)² for an enterprise value of approximately \$1,010 million³ (100% basis)
- > Mirvac to acquire ~47.5%⁴ stake, alongside funds advised by PEP (~47.5%⁴) and balance Tasman via acquisition vehicle
- > ~\$300m initial investment, with ~\$240m⁴ funded by Mirvac on settlement and \$60m⁵ deferred 12 months, target settlement by 3Q24
- > Serenitas business will continue to be operated by existing management team
- > Mirvac's investment will be managed as part of the Investment portfolio

STRATEGIC RATIONALE



- > Aligned with strategic goal to take advantage of housing under-supply and increase investment into the Living sectors
- > Land Lease sector offers strong underlying fundamentals, attractive immediate investment returns and capital light, self funding model
- > Acquisition propels Mirvac to major Land Lease owner in Australia
- > Delivers immediate scale with deep and experienced operating platform and management
- > Mirvac platform benefits - attractive investment returns, broader customer offering, potential to utilise Mirvac's existing residential land-bank and recycle capital

SERENITAS OVERVIEW



- > One of Australia's largest operational Land Lease platforms with a national presence across QLD, NSW, VIC and WA
- > Scale platform with 27 communities with over 6,200 sites including 4,200 operational sites (5.4% portfolio WACR) and over 2,000 development sites (98% DA approved)
- > Experienced management team with strong track record and established platform
- > Affordable mid market product offering – average sale price ~\$460,000⁶, ~20% discount to local median house price⁷

FINANCIAL IMPACT



- > Increase Investment portfolio exposure to the Living sectors to 5%⁸
- > Funded from existing debt facilities and proceeds of recent asset disposals
- > Returns well above investment hurdles
- > Transaction expected to be EPS accretive from FY25

1. Funds advised by PEP. 2. Existing investor in Serenitas platform. 3. Excluding transaction costs and completion adjustments. 4. Subject to completion adjustments and final bank valuations supporting acquisition debt facilities. 5. Final deferred consideration subject to Tasman exercising its 12-month option to increase its combined investment in Serenitas to up to 19.99%. 6. YTD August 2023. Excludes GST. Excludes 2 projects currently under external development service agreements. 7. For Development projects. Local median house price (Corelogic Data Oct 22) vs forecast new Land Lease sales pricing. 8. Pro-forma, based on Investment portfolio valuations as at 30 June 2023. Living sectors includes BTR and Land Lease based on co-investment equity stakes.

Strategic rationale for Mirvac

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INCREASE EXPOSURE TO CASH FLOW RESILIENT INVESTMENT SECTORS

- ✓ Meets strategic objective to increase exposure to the Living sectors taking advantage of housing undersupply
- ✓ Immediate scale in Land Lease sector with attractive investment fundamentals and accretive investment returns
- ✓ Quality platform with over 4,200 occupied income producing sites with experienced aligned capital partners



LEVERAGE DEVELOPMENT CAPABILITY

- ✓ Extends residential product offering to customers
- ✓ Opportunities to leverage existing and future MPC landbank and recycle capital



RETAIN BALANCE SHEET FLEXIBILITY

- ✓ Modest initial equity investment, funded from existing debt facilities and proceeds of recent asset disposals
- ✓ Capital efficient business model



EXPAND CAPITAL PARTNERING OFFERING

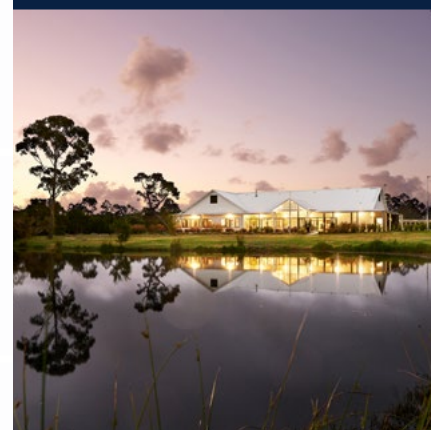
- ✓ Investment into established operating platform with aligned capital partners in asset class with deep capital demand
- ✓ Potential to introduce new capital partners over medium/long term



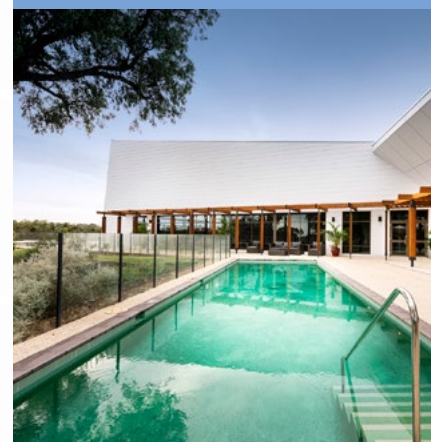
CONTINUED LEADERSHIP IN SUSTAINABILITY AND CULTURE

- ✓ Delivering new affordable housing solutions
- ✓ Provision of community infrastructure to support healthy and connected lifestyles

Selection of projects



ALBANY, WA



TUART LAKES, WA



ANCHORAGE, QLD



Mirvac has market leading capability across a wide spectrum of Living sectors

Deep capability and track record to take advantage of chronic under-supply across the wider housing market

Flexibility to adapt and capture the full value chain

LAND SUBDIVISION	HOMES	TERRACES	MID & HIGH RISE APARTMENTS	BUILD TO RENT	LAND LEASE COMMUNITIES
					
GUMNUT PARK, OLIVINE, MEL	TULLAMORE BUILT-FORM, MEL	GREEN SQUARE, SYD ¹	WATERFRONT QUAY, BNE ¹	LIV MUNRO, MEL	SERENITAS
					NEW OFFERING

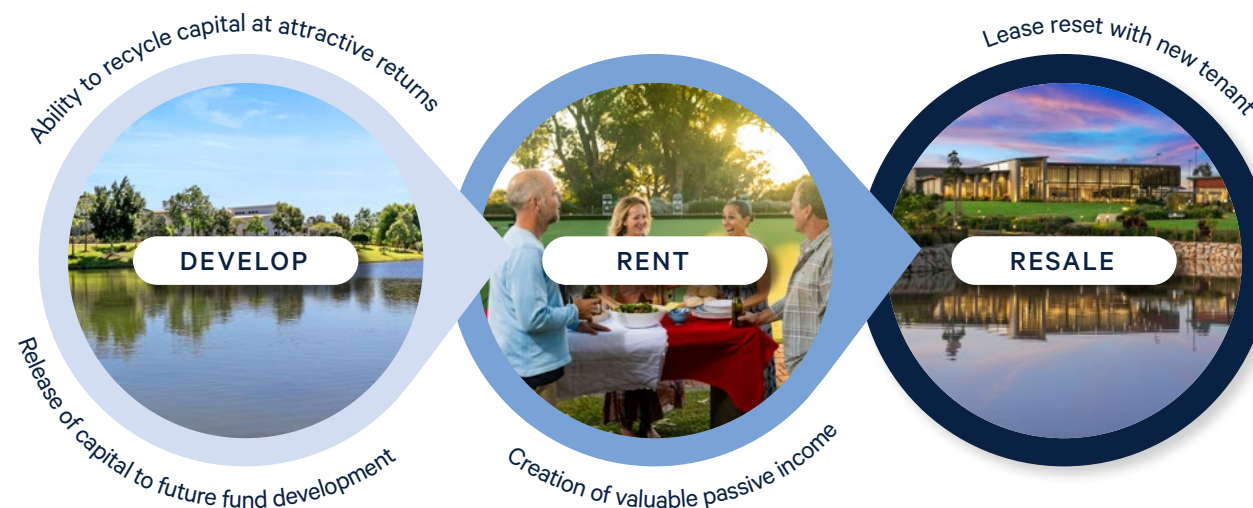
1. Artist impression, final design may differ.

Compelling investment proposition

LAND LEASE COMMUNITIES ARE CAPITAL LIGHT WITH STRONG, STABLE CASH GENERATION

Characteristics

Affordable housing solution	✓
Structural tailwinds: ageing population	✓
Under penetrated asset class	✓
Stable recurring cash flows	✓
Annual CPI+ indexation	✓
Government supported rental stream	✓
No incentives/ low capex	✓
High occupancy/ low downtime/ minimal arrears	✓
Concessional land tax	✓
Attractive development returns	✓
Low correlation with other asset classes	✓
Highly capital efficient model	✓



INVESTOR RETURNS

DEVELOPMENT
MARGIN

+

SECURE RENTAL INCOME
WITH CONTRACTED GROWTH

+

RESALE
FEE

Compelling customer proposition

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- > **Low maintenance** homes, with **high security**
- > Access to community amenity to encourage a **healthy and connected lifestyle**
- > Locations with good access to **medical facilities, shopping centres and other daily needs**



- > Supporting the **Federal Government strategy** to promote **ageing-in-place** as ~80% of over 55s want to age-in-place¹
- > Access to **Commonwealth Rental Assistance (CRA)** for qualifying customers



- > **Release of equity from sale of family home** – to fund purchase and lifestyle choices
- > **Simple acquisition process** with **no entry and exit fees** generally
- > **No stamp duty**



- > Independent community living, with access to high quality **community facilities**, addressing loneliness and promoting interaction
- > Alignment to the **'Great Australian Dream'** of owning a home



1. Australian Housing and Urban Research Institute (AHURI), Report No. 317.

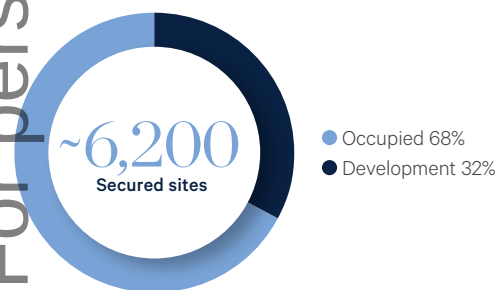
Serenitas is one of Australia's leading Land Lease operators

PLATFORM FOR IMMEDIATE SCALE AND GROWTH

- > One of Australia's largest pure-play Land Lease platforms with a national presence across QLD, NSW, VIC and WA
- Experienced management team led by Rob Nichols, deep platform with >100 FTEs
- Focus on the affordable / mid-market price point where the mass-market opportunity is the largest

AFFORDABLE HOMES DESIGNED TO APPEAL TO A LARGE CUSTOMER SEGMENT WHERE DEMAND IS STABLE OVER TIME

- ~20% discount to local median house price¹
- ~80% of customers qualify for CRA²
- Average East coast new home price: \$537k³
- Average West coast new home price: \$332k³



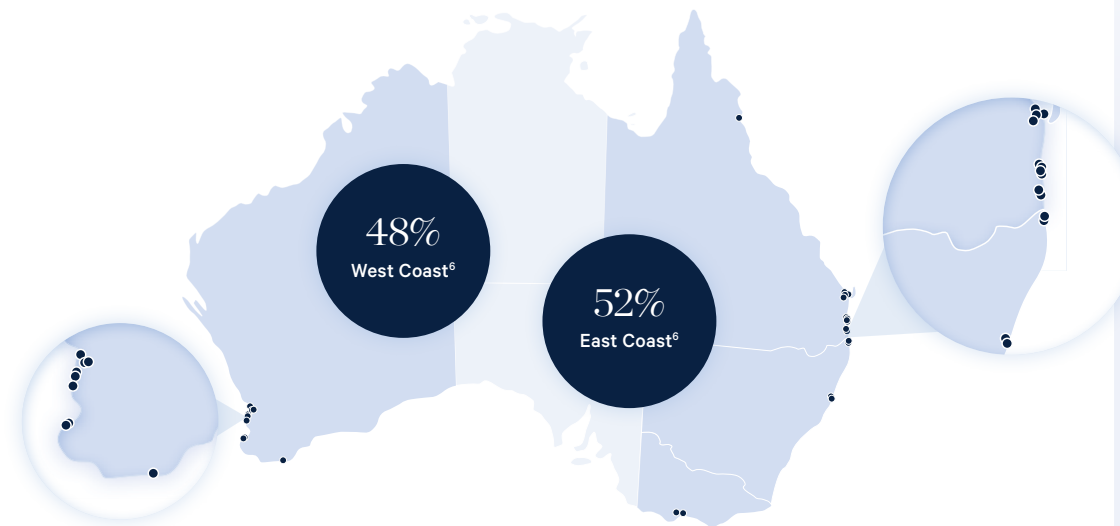
27
Communities

~6,200
Over 4,200 operating
& over 2,000
development sites^{4,5}

~98%
Development sites
DA approved

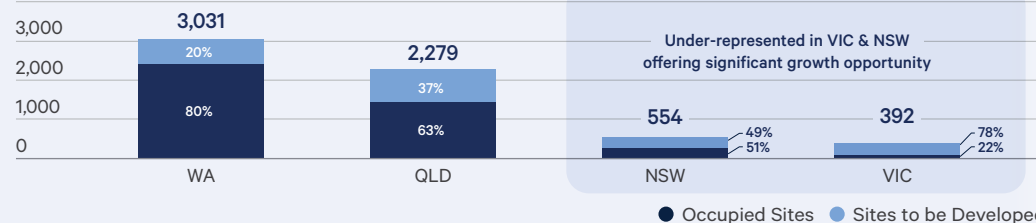
4
Greenfield
development projects
recently acquired

ATTRACTIVE PORTFOLIO WITH EAST COAST GROWTH OPPORTUNITIES



PORTFOLIO SUMMARY⁵

4,000 Number of sites



1. For development projects, local median house price vs forecast new Land Lease sales pricing (Corelogic Data Oct 22). 2. Serenitas management estimate. 3. YTD August 2023. Excludes GST. Excludes 2 projects currently under external development service agreements.

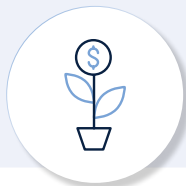
4. Includes 2 projects currently under external development service agreements. 5. As at 31 August 2023. 6. By number of sites. 7. ABS data. CAGR from 2016 to 2021.

Financial outcomes

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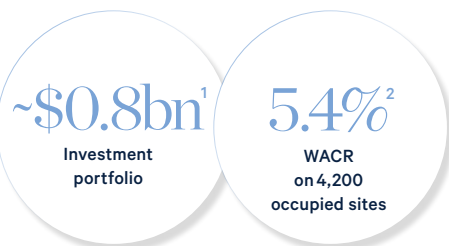
SERENITAS

INVESTMENT



INVESTMENT INCOME

- > Over 4,200 occupied sites
- > ~\$0.8bn Investment portfolio¹
- > 5.4% WACR² on 4,200 occupied sites
- > Delivers rental EBIT + valuation uplift
- > CPI+ annual indexation
- > ~80% of customers qualify for CRA³

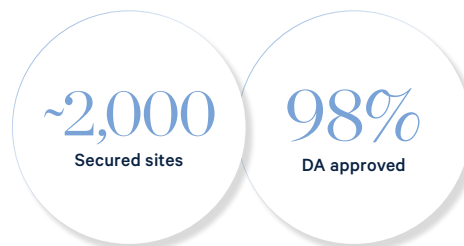


DEVELOPMENT



DEVELOPMENT EARNINGS

- > Over 2,000 secured sites (~98% DA approved)
- > Includes ~\$50m of inventory comprising completed and partially completed homes
- > Over 350 annualised new home sales rate CYTD⁴
- > Platform capable of achieving greater scale
- > Development EBIT
- > Generates new recurring income
- > Capital efficient, self funding



MIRVAC FINANCIAL IMPACT



FINANCIAL IMPACT

- > Settlement expected 3Q24
- > Accretive to FY25 EPS
- > Returns above hurdle rates
- > Funded from existing debt facilities and proceeds of recent asset disposals
- > Pro-forma headline gearing impact of ~1.4%⁵



1. Includes value of selected rent and land for future development of ~2,000 sites.

2. Independent valuation.

3. Serenitas management estimate.

4. Annualised sales rate CYTD to August 2023, includes new home sales under development service agreements.

5. Reflects indicative pro-forma gearing impact of the full ~\$300m initial investment based on 30 June 2023 balance sheet position and is subject to finalisation of settlement adjustments. Includes impact of deferred payment due 12 months post settlement.



Latitude 25, Queensland

Appendix

Land Lease presents an attractive investment thesis

ATTRACTIVE MACRO TRENDS

- > **Ageing population** - ~7.5 million Australian population >55 years today – expected to grow to ~14m by 2063¹ with ~2.0% CAGR next 10 years
- > Increased demand for **affordable housing**
- > Aligned with Government strategy to ‘age-in-place’

ATTRACTIVE SECTOR ATTRIBUTES

- > **Low market penetration** – only ~2% penetration compared to 5.5%² in the Retirement Villages sector and 6.4% in the US³
- > **Resilient cash flow** – capital efficient investment, with development margins, low maintenance and strong recurring cash income generation
- > **Strong capital demand** from domestic and offshore institutional investors
- > Early stage of maturing industry with **customer awareness building**

COMPELLING CUSTOMER PROPOSITION

- > Financially attractive – release of capital from sale of family home, **no stamp duty**, generally **no exit / entry fees**⁴, access to **Commonwealth Rental Assistance (CRA)** for qualifying residents
- > **Low maintenance** homes, with **high security**
- > Independent community living, with access to high quality **community facilities** and ability to **age-in-place**, providing a social, emotional and psychological connection between residents

1. Source: ABS Historical Population, Estimated Resident Population, Federal Treasury 2023 Intergenerational Report.

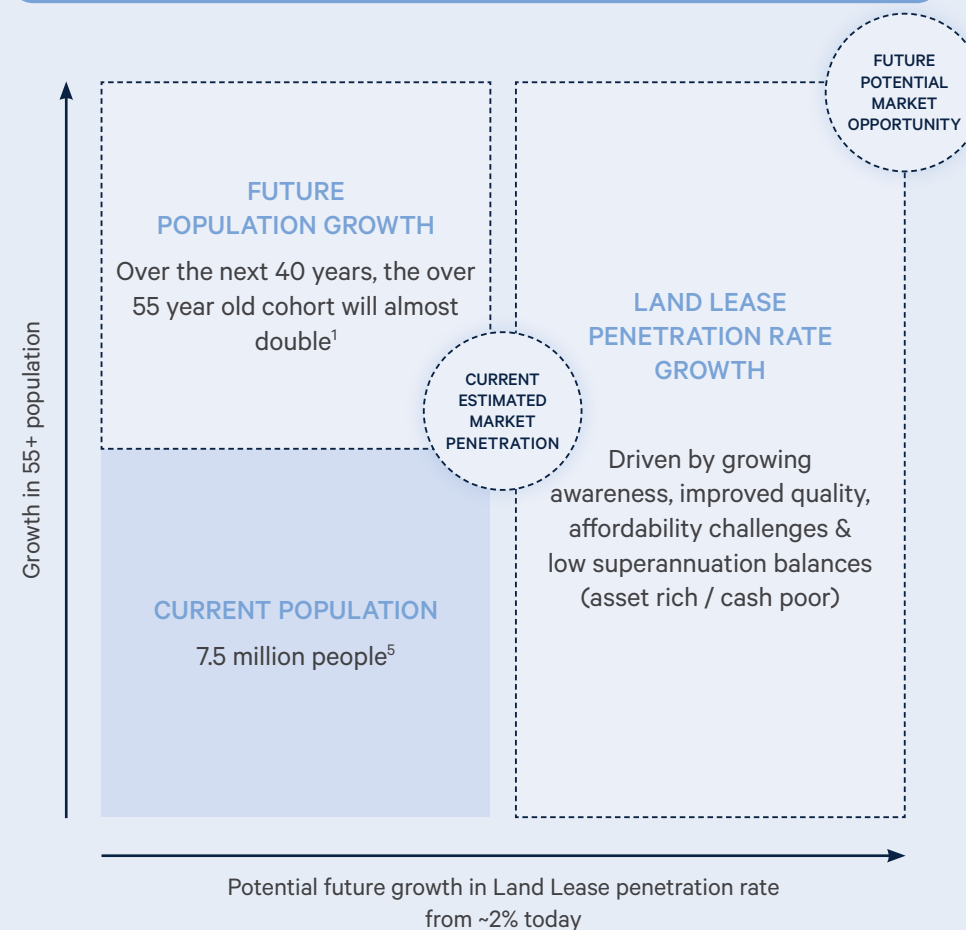
2. Source: UBS Residential sector review June 2023.

3. Source: Chadwick Valuers.

4. ~2,100 sites with selected rent arrangements in WA and VIC.

5. Source: 2021 Census data ABS.

GROWTH IN 55+ POPULATION AND LOW PENETRATION RATES



Acquisition overview

JV STRUCTURE WITH PEP AND TASMAN

- Mirvac and funds advised by PEP each hold ~47.5%¹ at completion
~5%¹ minority interest held by Tasman
- 12-month option provided to Tasman to increase ownership up to 19.99%, diluting Mirvac and PEP to 40% each
- PEP is an attractive partner to Mirvac with a strong track record in building and institutionalising portfolio companies and highly experienced in executing business acquisitions

SERENITAS MANAGEMENT

- Experienced leadership team with extensive experience working in Land Lease sector
- Deep integrated operational capability with >100 FTEs across the business
- Serenitas CEO, Rob Nichols, with 10 years experience in the Land Lease sector to remain with existing management team

GOVERNANCE

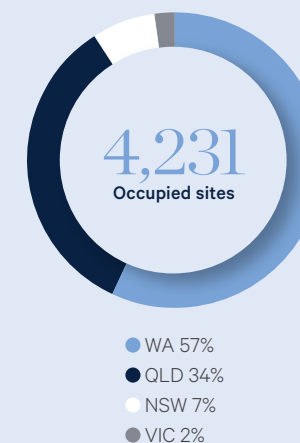
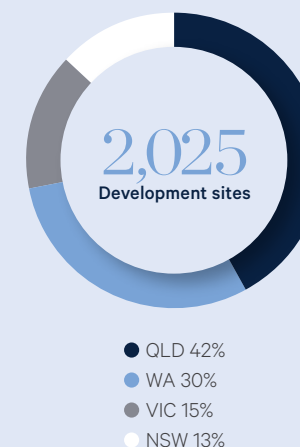
- Each of Mirvac and PEP will appoint two Board members to the Serenitas Board, with Tasman appointing one Board member
- On completion, each of Mirvac, PEP and Tasman will be parties to a Securityholders' Deed, which provides investor protections to each party



1. Subject to completion adjustments and final bank valuations supporting acquisition debt facilities.

Portfolio overview

Asset	Address	State	Occupied sites ²	Sites to be developed ²	Total sites ²
Joondalup	1140 Wanneroo Rd, Ashby	WA	316	—	316
Pineview	48 Ashley Rd, Tapping	WA	231	—	231
Hillview	597 Kalamunda Road, High Wycombe	WA	268	—	268
Bridgewater	106 Oakleigh Drive, Erskin	WA	371	3	374
Busselton	116 Leeuwin Boulevard, Busselton	WA	227	2	229
Vibe Baldivis	124 Sixty Eight Road, Baldivis	WA	282	35	317
Quart Lakes	831 Mandurah Road, Baldivis	WA	261	216	477
Outlook at Albany	20 Alison Parade, Bayonet Head	WA	94	137	231
Helena Valley ¹	2340 Helena Valley Road, Helena Valley	WA	277	103	380
Vantage at Vasse	2 Data Way, Kealy	WA	96	112	208
Monte Carlo	1189 Wynnym Road, Cannon Hill	QLD	117	28	145
Golden Downs	462 Beams Road, Fitzgibbon	QLD	231	—	231
Burleigh Town Village	3 Township Drive, Burleigh Heads	QLD	200	—	200
RV Homebase	50 lindah Road East, Tinana	QLD	280	—	280
Thyme Moreton Bay	70 Amy Street, Morayfield	QLD	117	65	182
Anchorage	835 Charlton Esplanade, Urangan	QLD	61	34	95
Latitude 25 ¹	1 Latitude Boulevard, Nikenbah	QLD	192	89	281
Thyme Mareeba	36 Anzac Avenue, Mareeba	QLD	124	51	175
Thyme Hervey Bay	5 Serenity Drive, Hervey Bay	QLD	117	216	333
Canungra	39 Finch Road, Canungra	QLD	DA approved	167	167
Rothwell	Lot 10 & 11 Gynther Road, Rothwell	QLD	DA approved	190	190
Lucas Lifestyle Estate	21 Harris Drive, Lucas	VIC	87	119	206
Sunbury	730 Sunbury Road, Sunbury	VIC	DA approved	186	186
Great Lakes Riverside Living	5 Mill Road, Failford	NSW	98	13	111
Pacific Palms and Southern Cross	40 Southern Cross Drive, Ballina	NSW	118	—	118
Thyme Evans Head	17 Memorial Airport Drive, Evans Head	NSW	66	98	164
Forster	70 Carmona Lane, Forster	NSW	DA approved	161	161
Total			4,231	2,025	6,256

TOTAL OCCUPIED SITES BY STATE²TOTAL DEVELOPMENT SITES BY STATE²

1. Latitude 25 (89 sites) and Helena Valley (103 sites) subject to development services agreements with third parties.

2. All figures as at 31 August 2023.

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Thank you

The Outlook at Albany, Western Australia

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AUTHORISED FOR RELEASE BY

The Mirvac Group Board

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