



**All things considered, not such a bad result**

<b>Company/ASX Code</b>	Mirvac Group/MGR
<b>AGM date</b>	Thursday 19 November 2020
<b>Time and location</b>	11:00am AEDT Virtual meeting
<b>Registry</b>	Link Market Services
<b>Webcast</b>	Yes
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Sonja Davie assisted by Sue Howes
<b>Pre AGM Meeting?</b>	Yes with Chair John Mulcahy; Christine Bartlett, NED; Peter Hawkins, NED; Chris Akayan, Head of Culture & Capability; Bryan Howitt – General Manager, Investor Relations & Capital Allocation

Please note any potential conflict as follows: the individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

<b>Item 1</b>	<b>Consideration of accounts and reports</b>
<b>ASA Vote</b>	No vote required

**Summary of ASA Position**

**Governance and culture**

Mirvac continues its dedication to diversity with a 50% female board representation as well as exceeding its 40% self-imposed target of senior leadership roles being held by women (44%). The company also measures like-for-like gender pay gap and this is zero for FY20.

Mirvac also has stated environmental goals and uses its status and size to develop communities while reducing waste and environmental impact.

**Financial performance**

Operating profit dropped from \$631m (FY19) to \$602m (FY20), a 4.6% reduction, mainly as a result of delay in receipt of settlement revenue due to changed economic conditions. The profit attributable to securityholders declined by 43% (\$1,006m to \$572m) and the EPS amount has also almost halved.

Total assets increased by 6.8%, largely due to construction projects. Adjustments to fair value assumptions post COVID-19 resulted in an overall small uplift in carrying value of the assets, which is significantly different to most competitors. The differences are largely due to the specific nature of the assets held, being less affected by COVID-19 changes.

Distributions for FY20 totalled 9.1cps compared with 11.6cps in the previous year, a drop of 21.6%, while the share price dropped from a 52 week high of \$3.525 to a low of \$1.65 with the advent of

COVID-19 to then come back to \$2.17 at the end of June, resulting in an overall drop of 30.35% in TSR.

### **Key events**

The key event this year is the pandemic. Mirvac divides its business into office & industrial, retail, and residential segments. While the residential and industrial property parts of the business held up well in the pandemic, office and retail properties saw a major decline in revenues as a result of work-from-home directives and retail moving online. Mirvac management were proactive in negotiating rent reductions and engaging with stakeholders, and foresee a return to both office work and “retail as an experience”.

The Board and senior management took pay cuts of 20% for the period 1 April to 30 June. The company considers the environment they are working in at present to be COVID-normal and thus previous pay levels have resumed. No STI payments will be made as the gateway (operating profit level) was not met.

No equity was raised to provide liquidity post COVID-19. The group increased debt facilities by \$810m to enhance liquidity and also engaged in extending the term of some of its debt facilities.

### **Key Board or senior management changes**

Peter Hawkins will be stepping down from the Board at the AGM as part of the Board renewal process that commenced last year. Peter has served for 14.5 years, was head of the Human Resources Committee and attended every pre-AGM meeting with the ASA. Rob Sindel is standing for election at the AGM, maintaining the Board at eight.

### **ASA focus issue (not discussed under remuneration report or re-election of directors)**

The AGM will be virtual and the ASA anticipates that all shareholders will have good access and participation.

### **Summary**

(As at FYE)	2020	2019	2018	2017	2016
NPAT (\$m)	572	1006	1083	1164	1033
UPAT (\$m)	602	631	608	534	482
Share price (\$)	2.17	3.13	2.17	2.13	2.02
Dividend (cents)	9.1	11.6	11.0	10.4	9.9
TSR (%)	-30.35	42.30	7.00	10.50	14.50
EPS (cents)	14.2	27.6	29.4	31.4	27.9
CEO total remuneration, actual (\$m)	3.05	7.03	5.92	4.87	3.89

For FY20, the CEO's total actual remuneration was **33.16 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2020 data from the Australian Bureau of Statistics).

Note - For May 2020, the Full-time adult average weekly total earnings (annualised) was \$91,983 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings", Trend(a)).

<b>Item 2.1</b>	<b>Re-election of Christine Nildra Bartlett as a Director</b>
<b>ASA Vote</b>	<b>For</b>

#### **Summary of ASA Position**

Christine Bartlett was appointed as a director in 2014 and is standing for re-election by rotation. She has senior executive experience in the finance and property industries. Her security holding is 55,172, which is above the guideline of 50,000. Mirvac does not follow ASA guidelines in regards to non-executive director 'skin in the game' but they have increased their security holding requirements and incentives in the past few years.

Other board positions held include: Reliance Worldwide, Sigma Healthcare, TAL, and iCare as an external director. She is a member of the Audit, Risk and Compliance and Human Resources committees.

<b>Item 2.2</b>	<b>Re-election of Samantha Joy Mostyn as a Director</b>
<b>ASA Vote</b>	<b>For</b>

#### **Summary of ASA Position**

Samantha Mostyn was appointed as a director in 2015 and is standing for re-election by rotation. She has senior executive experience in human resources management. She has 48,705 securities and participates in the voluntary Non-Executive Director Fee Sacrifice Rights Plan. She has 6,042 rights which will automatically be converted to Mirvac securities in the first trading window of FY21, resulting in her exceeding the minimum security holding requirement of 50,000.

Other board positions held include: Transurban, GO Foundation, Sydney Swans, Alberts Group, and is chair of an APRA regulated Citibank subsidiary board. She is a member of the Human Resources and Nominations committees.

<b>Item 2.3</b>	<b>Election of Alan Robert Harold Sindel as a Director</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

Rob Sindel has recently (September 2020) been appointed as a director and is standing for formal election at the AGM. He has experience in the construction, supply chain and manufacturing industries in Australia and the UK.

Other board positions held include: Orora Limited (Chair), Boral, Australian Business Community Network Foundation and the Yalari NSW Advisory Committee, although we note that, with the exception of the Yalari NSW Advisory Committee, all these appointments have occurred in the 2020 calendar year. He is a member of the Human Resources committee.

<b>Item 3</b>	<b>Adoption of Remuneration Report</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

CEO rem. framework	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.500	30%	1.500	24%
STI - Cash	0.900	18%	1.800	29%
STI - Equity	0.300	6%	0.600	10%
LTI	2.250	46%	2.250	37%
Total	4.950	100%	6.150	100%

*The amounts in the table above are the statutory 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.

In FY20 fixed remuneration was reduced by 20% for the final 3 months of the year, STI did not meet hurdle (operating profit at least 90% of plan) and the ROIC component of the LTI did not meet the hurdle of 9.5%. With a relative TSR in the 68<sup>th</sup> percentile this resulted in a vesting outcome of 86.8% of the relative TSR component, reducing CEO pay from the target \$4.95m in FY20 to the actual \$3.05m.

The LTI structure remains the same as last year: 40% relative TSR and 50% ROIC, with the exception that for the FY21 LTI plan there will be a single performance measure (relative TSR) and this will apply for 100% of the award. This will occur for the FY21 year only and then revert to the structure identified above going forward. The group's reasoning for this is that the ongoing,

unknown effects of the pandemic on the business make ROIC an unreliable and unsuitable measure.

<b>Item 4</b>	<b>Participation by the CEO &amp; Managing Director in the long term performance ("LTP") plan</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

It is proposed that performance rights totalling \$2.25m be granted with the single TSR hurdle identified in the remuneration section above for the FY21 year. These will be granted at the average daily closing price of the stapled securities for the month prior to the AGM. The performance period commences 1 October 2020 and ceases 3 June 2023. The period 1 July to 30 September has been excluded due to the effects of the pandemic.

Mirvac has the ability to buy securities on the market, rather than pay out the rights in cash, in the unlikely event that this resolution is defeated. However, it likes the flexibility of being able to issue new securities and conserve cash (perhaps to use in acquisitions or other working capital).

<b>Item 5</b>	<b>Amendment of the MPT constitution</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

Due to changes in the tax laws relating to treatment of capital gains tax deductions for managed investment trusts, the previous constitution has requirements that could result in Mirvac having to distribute amounts in excess of taxable income. Changes are proposed to be made to the existing Constitution to avoid this issue.

#### ASA Disclaimer

*This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:*

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

*This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.*