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Independent Pricing and Regulatory Tribunal

Network Operator and Retail Supplier Licence Application Form

8 Chifley Square

Mirvac Real Estate Pty Ltd

Appendices Section 7

APPENDIX 7.2.1 PART I

MIRVAC FINANCIAL REPORT 2009

Appendix 4E – Full Year Report

MIRVAC GROUP

Mirvac Group comprises Mirvac Limited (ABN 92 003 280 699) and its controlled entities (including Mirvac Property Trust (ARSN 086 780 645) and its controlled entities).

For the year ended 30 June 2009

(Previous corresponding period 30 June 2008)

Results for Announcement to the Market

				$'000
Revenues and other income	down	16%	to	1,790,128
Net (loss) attributable to the stapled securityholders of Mirvac Group	down	728%	to	(1,078,101)
Operating profit (profit before specific non-cash and other significant items) attributable to the stapled securityholders of Mirvac Group	down	43%	to	200,752

Dividends (distributions)	Amount per security	Franked amount per security
Final distribution	0.20 cents	-
Previous corresponding period	8.23 cents	-

Other information relating to the financial statements

1 Ratios

	2009	2008
(Loss)/profit before tax / total revenues and other income Consolidated loss from ordinary activities before tax as a percentage of total revenues and other income	(63.9%)	7.2%
(Loss)/profit after tax / equity interests Consolidated net loss from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(22.4%)	4.0%

Results for Announcement to the Market (continued)

2 Earnings per security (EPS)

	2009	2008
Basic EPS [1, 3]	(65.21 cents)	14.86 cents
Basic EPS before specific non-cash and other significant items [1]	13.55 cents	34.00 cents
Diluted EPS [2, 3]	(64.53 cents)	14.62 cents
Diluted EPS before specific non-cash and other significant items [2]	13.40 cents	33.44 cents
Weighted average number of ordinary securities outstanding during the period	1,481,241,701	1,036,006,036
Weighted average number of ordinary securities outstanding during the period after rights issue notional adjustment	1,653,361,987	1,156,389,937
Weighted average number of securities used in calculating diluted earnings per security	1,498,040,005	1,053,444,247
Weighted average number of securities used in calculating diluted earnings per security after rights issue notional adjustment	1,670,764,018	1,174,906,369

[1] EPS excludes securities issued under the Executive Incentive Scheme (EIS)
[2] EPS includes securities issued under the Executive Incentive Scheme (EIS), but excludes options and rights issued.
[3] Current and prior year numbers have been adjusted to reflect the impact of the rights issues, as required by accounting standard AASB 133. This is because the exercise price of the rights issue was less than the fair value of the securities and so includes a bonus element. The number of ordinary securities for both periods prior to the rights issue is multiplied by the fair value per share immediately before the exercise of rights divided by the theoretical ex-rights fair value per share.

3 NTA Backing

	2009	2008
Net tangible asset backing per ordinary security (AIFRS) – excluding EIS securities	$1.73	$3.77
Net tangible asset backing per ordinary security (AIFRS) – including EIS securities	$1.72	$3.71

4 Dividends/Distributions

Date the dividend (distribution) is payable	31 July 2009
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	30 June 2009
If it is a final dividend, has it been declared?	Yes

MIRVAC GROUP ANNUAL FINANCIAL REPORT

30 JUNE 2009

Mirvac Group comprises Mirvac Limited (ABN 92 003 280 699) and its controlled entities (including Mirvac Property Trust (ARSN 086 780 645) and its controlled entities).

This Financial Report covers both the separate Financial Statements of Mirvac Limited as an individual entity and the Consolidated Financial Statements for the consolidated entity consisting of Mirvac Limited and its subsidiaries. The Financial Report is presented in Australian currency.

Mirvac Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Mirvac Limited
Level 26, 60 Margaret Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 2 to 7 and the Directors' Report on pages 2 to 45, both of which are not part of this financial report.

The financial report was authorised for issue on 25 August 2009. The Directors have the power to amend and reissue the financial report.

Through the use of the internet, Mirvac has ensured that its corporate reporting is timely and complete. All press releases, financial reports and other information are available in the Investor Information Section on the Group's website: www.mirvac.com.

Mirvac Group
Directors' Report
30 June 2009

The Directors of Mirvac Limited present their report, together with the consolidated financial report of Mirvac Group ("Mirvac") or ("the Group") for the year ended 30 June 2009.

Mirvac comprises Mirvac Limited (the parent entity) and its controlled entities, which includes Mirvac Property Trust ("the Trust") and its controlled entities.

Directors

The following persons were Directors of Mirvac Limited during the whole of the financial year and up to the date of this report:

- Mr J A C MacKenzie
- Mr N R Collishaw
- Mr G J Paramor (retired 26 August 2008)
- Mr P J Biancardi
- Mr A G Fini (became non-executive on 1 January 2009)
- Mr P J O Hawkins
- Ms P Morris
- Mr R W Turner

Principal activities

The principal continuing activities of Mirvac consist of real estate investment, development, investment management and hotel management. Mirvac has two core divisions, Investment (comprising Mirvac Property Trust and Mirvac Asset Management) and Development (comprising residential and non-residential development), with investment management and hotel management facilitating capital interaction between the two core divisions and undertaking the management of external funds and hotels.

Dividends/distributions

Dividends/distributions paid to securityholders during the financial year were as follows:

	2009 $'000	2008 $'000
June 2008 quarterly dividend/distribution paid on 25 July 2008		
8.225 cents (2008: 7.975 cents)	**90,555**	80,907
September 2008 quarterly dividend/distribution paid on 24 October 2008		
5.000 cents (2008: 8.225 cents)	**56,768**	84,042
December 2008 quarterly dividend/distribution paid on 30 January 2009		
2.800 cents (2008: 8.225 cents)	**47,508**	84,514
March 2009 quarterly dividend/distribution		
Nil cents (2008: 8.225 cents)	**-**	89,786
Total dividends/distributions paid	**194,831**	339,249

The June 2009 quarterly dividend/distribution of 0.2 cents totalling $3.4 million declared on 30 June 2009 was paid on 31 July 2009.

Dividends and distributions paid and payable by Mirvac for the year ended 30 June 2009 totalled $107.7 million, being 8.0 cents per fully paid security (2008: $348.9 million – 32.9 cents per fully paid security).

Review of operations and activities

The statutory net loss after tax for the Group for the financial year 2009 was $1.08 billion (2008: net profit $171.8 million). The operating profit (profit before specific non-cash and other significant items) was $200.8 million in line with the high range NPAT guidance provided on 4 June 2009 (2008: $352.2 million).

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for specific non-cash items and other significant items such as property revaluations. Management considers operating profit to reflect the core earnings of Mirvac.

The following table summarises key reconciling items between net profit after tax and operating profit.

	2009 $'000	2008 $'000
Net (loss)/profit attributable to the stapled security holders	**(1,078,101)**	171,802
Specific non-cash items		
Net losses/(gains) from fair value of investment properties (excluding owner-occupied)	**487,203**	(146,270)
Net losses/(gains) on fair value of derivative financial instruments and associated foreign exchange movements	**104,003**	(51,337)
Expensing of security based payments	**7,112**	7,127
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	**6,393**	6,915
Straight line of lease revenue	**(1,297)**	(669)
Amortisation of lease incentives	**8,320**	8,189
Net losses from fair value of investment properties, derivatives and other specific non-cash items included in share of associates losses	**150,913**	12,074
Net gains from fair value of investment properties, derivatives and other specific non-cash items included in minority interest	**(6,256)**	(230)
Significant items		
Impairment of investments and loans included in share of net loss of associates and joint ventures	**33,225**	85,202
Impairment of investments including associates and joint ventures	**41,596**	76,110
Impairment of loans	**42,687**	-
Provision for loss on inventory	**186,506**	219,871
Impairment of goodwill, management rights and other intangibles	**273,645**	18,910
Net losses from other significant items included in minority interest	**(1,029)**	-
Tax effect		
Tax effect of non-cash and significant adjustments	**(54,168)**	(55,453)
Operating profit (profit before specific non-cash and significant items)	**200,752**	352,241

Financial highlights

Mirvac's statutory net loss after tax for the 12 months ended 30 June 2009 was impacted by the Investment Division's property revaluations of $487.2 million, and the share of net loss of associates and joint ventures accounted for using the equity method of $158.0 million. Additionally, the Group impaired goodwill, management rights and other intangibles totalling $273.6 million and made a provision for loss on inventory of $186.5 million.

Review of operations and activities (continued)

Key financial highlights for the 12 months ended 30 June 2009 included:

- Operating earnings of 13.4 cents per stapled security[1]
- NTA per security of $1.72[2]
- Total assets of $7.4 billion
- Net assets of $4.9 billion
- Full year distribution of 8.0 cents per stapled security
- 1,574 total residential lot settlements
- Exchanged contracts of $759 million for residential development

Capital management

In August 2008, the Group delivered its strategy to the market stating that it would simplify operational activities, cut costs and strengthen its balance sheet. During the period, the Group undertook a number of significant capital management activities which included:

- successfully completed $1.1 billion capital raising in June 2009 and $500 million capital raising in November 2008;
- renewed and extended debt facilities ($805 million for three years);
- decreased gearing to 18.7 per cent[3] and covenant gearing to 34.2 per cent;
- simplified operational processes with recurring costs savings of $25 million p.a.;
- preserved capital and further strengthened balance sheet with change in distribution policy to Trust taxable earnings; and
- post year end, achieved S&P BBB/A-2 rating.

Following the $1.1 billion capital raising in June 2009, the Group has fully funded its debt maturities and capital commitments beyond June 2011.

Operational highlights

Investment Division

As at 30 June 2009, the Investment Division (comprising Mirvac Property Trust ("MPT" or "the Trust") and Mirvac Asset Management ("MAM")) had a total portfolio value of $3.7 billion, with investments in 58 assets, covering the commercial, retail, industrial and hotel sectors, as well as investments in a number of Mirvac's other managed funds.

The Investment Division's statutory net loss before tax was $546.4 million, and operating profit before tax was $242.7 million, which was primarily a result of no gain on asset sales made during the period.

Valuations on all of the Division's 58 assets were undertaken during the 12 months to 30 June 2009 resulting in a total revaluation decline of $526.1 million[4]. Mirvac's total portfolio weighted average capitalisation rate has increased by 100 basis points to 7.6 per cent. During the year external valuations were undertaken on 45 assets (83.0 per cent of the total portfolio by book value) with the remaining 13 assets internally valued.

Despite the challenging operating environment, the Trust maintained its stable portfolio metrics with secure tenant covenants, minimal lease expiries and high portfolio occupancy of 95.9 per cent. The Trust's earnings are highly visible and secure with 93.9 per cent of FY2010 rent reviews fixed or CPI, and 56.8 per cent of revenue derived from ASX-listed, multinational and government tenants.

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1 Diluted earnings excluding specific, non-cash and other significant items.

2 NTA based on issued securities, including EIS securities

3 Adjusted for retail proceeds from 4 June 2009 Capital Raising, received post 30 June 2009 and USPP debt at hedged rate.

4 Gross revaluations including assets classified as owner occupied.

Review of operations and activities (continued)

MPT's development pipeline remained on track delivering a new commercial building, two refurbished retail shopping centres and an industrial warehouse.

Key highlights in the commercial portfolio for the 12 months ended 30 June 2009 included:

- 80,000 sqm of space leased which included two key renewals across 20,500 sqm;
- 5 Rider Boulevard, Rhodes, was completed. The A-grade building covers 25,000 sqm of lettable area and was fully leased on completion;
- occupancy rate of 98.1 per cent; and
- 5.8 per cent like-for-like income growth.

Key highlights in the retail portfolio for the 12 months ended 30 June 2009 included:

- 45,000 sqm of space leased;
- second stage of Moonee Ponds Central was completed in March 2009. The extension comprises 11,366 sqm of lettable area and is anchored by Kmart and First Choice Liquor;
- occupancy rate of 96.7 per cent; and
- occupancy cost of 13.0 per cent.

Key highlights in the industrial portfolio for the 12 months ended 30 June 2009 included:

- 30,000 sqm of space leased;
- Building 5 at Nexus Industry Park was completed in July 2008. The 12,339 sqm facility was fully leased to HPM; and
- occupancy rate of 90.8 per cent.

Operating in this volatile economic environment, the Division remains focussed on active asset management, ensuring income security, a balanced lease expiry profile and value maximisation.

The Division's strategy is to increase investment in Australian investment grade commercial and retail property assets focused on the east coast of Australia.

<u>Investment Management</u>

The focus for Mirvac's Investment Management business unit ("MIM") is to support the Group's activities - Investment and Development - and source capital for the two core Divisions through the establishment of investment partnerships with major financial institutions and institutional investors.

The difficult economic climate continued to impact MIM as a whole. A combination of downward pressure on asset valuations, constrained credit and reduced transactional activity has resulted in reduced fee income being received from MIM managed funds.

MIM recorded a statutory net loss before tax of $221.0 million and a net operating loss before tax of $42.3 million, which was impacted by the following items:

- $16.7 million in impairments relating to the Mezzanine Capital Loans;
- $12.6 million in one-off commitment payments; and
- $1.9 million of redundancy costs.

Review of operations and activities (continued)

Rationalisation of non-core and unscaleable funds continued during the period with:

- Domaine Funds – disposed to Australian Property Growth Fund;
- Mirvac Tourist Park Fund – Deed of Appointment and Retirement has been entered into, and subject to a successful Unitholder Meeting to be held on 3 September 2009, the transfer of management rights to Valuestream Investment Management Limited is expected to take place in mid-September 2009;
- Mirvac Industrial Trust [ASX: MIX] – management are currently reviewing strategies including expressions of interest in connection to a realisation of the Trust's portfolio; and
- Mirvac AQUA – Heads of Agreement has been entered into to dispose of the joint venture.

MIM continues to deliver upon its strategy of simplifying its activities and focusing on its wholesale capital raising capability to support Mirvac's core businesses.

<u>Hotel Management</u>
Hotels & Resorts is a fee-based business with three separate types of management agreements: leasing; management lots; and management agreements. The business unit continued to expand during the period within existing markets bringing the total hotels managed to 44, covering 5,616 rooms across Australasia.

Concern regarding consumer spending, businesses cutting costs on travel and conferences and Influenza A (H1N1) (also referred to as "swine flu") all had a negative influence on demand. Despite these influences, the Group's Hotels & Resorts business unit maintained a steady financial performance.

For the year ended 30 June 2009, Hotels & Resorts achieved a statutory net profit before tax of $12.3 million and operating profit before tax of $13.7 million.

During the 12 months to 30 June 2009, the business continued with its strategic expansion of hotel brands into existing markets with the addition of five new hotels under management during the period, including:

- Harbour Rocks Hotel Sydney (55 rooms);
- Hotel Lindum Melbourne (59 rooms);
- The Sebel Harbourside Kiama (88 rooms);
- Quay West Resort & Spa Falls Creek (40 rooms); and
- The Sebel Mandurah Perth (84 rooms).

Hotels & Resorts will continue to increase the number of hotels managed in Australia and New Zealand, focusing on regions which are under-represented by Mirvac's existing brands.

Development Division
The Group's Development Division conducts residential development across New South Wales, Victoria, Queensland and Western Australia. Market conditions remained challenging across all States due to the ongoing affects of the global credit crisis.

The Division's statutory net loss before tax was $354.7 million and operating profit before tax was $29.1 million. The Division's results were impacted by the following impairments:

- non-core inventory was written down by $128.8 million;
- completed and unsold inventory was written down by $35.2 million;
- core projects were written down by $22.5 million; and
- loans and investments in joint ventures and associates were written down by $50.6 million.

Non-core assets were written-down in order to facilitate accelerated disposal. This will enable the repositioning of the portfolio as the Division focuses on generational, large scale projects in line with the Group's strategy.

Despite the negative sentiment, the Division continued to deliver quality residential product resulting in the settlement of 1,574 lots as at 30 June 2009, with strong sales results in the western Sydney projects, following federal and state governments' First Home Buyer stimulus packages.

Review of operations and activities (continued)

State based settlements to the 12 months to 30 June 2009:

	House/land	Apartments	Total
NSW	47.5%	11.1%	58.6%
VIC	8.0%	0.3%	8.3%
QLD	7.4%	7.2%	14.6%
WA	11.4%	7.1%	18.5%
TOTAL	**74.2%**	**25.8%**	**100.0%**

The Division secured future income with $759 million of exchanged contracts (including Mirvac share of joint venture interest and Mirvac managed funds). Key projects included Tennyson Reach in Brisbane, The Royal, Newcastle, Yarra's Edge River Homes, Victoria, Rhodes in Sydney and Mandurah, Perth.

The Division will continue to focus on delivering Australia's pre-eminent residential developments, and concentrating on large master planned communities and generational projects. Rationalisation of non-core development projects and further refinement of the divisional operating model will allow capital to be repatriated and redeployed into large master planned communities matching the Group's stated strategy.

Outlook

Mirvac continues to focus on its major competitive strength of large-scale, pre-eminent residential developments and the proactive management of Australian investment grade assets.

Mirvac is driving its core businesses with the aim of ensuring it is well positioned to take advantage of opportunities.

Environmental regulations

Mirvac and its business operations are subject to compliance with both Commonwealth and State environment protection legislation.

At the Commonwealth level Mirvac has triggered the *Energy Efficiency Opportunities Act 2006 (Cth)* ("EEO") threshold and is required to participate. An EEO Assessment and Reporting Schedule ("ARS") has been approved under Section 16 of the Act and Mirvac is progressing assessments in accordance with the ARS with all Round 1 assessments to be complete by 30 June 2011.

Mirvac has also triggered the participation threshold of the *National Greenhouse and Energy Reporting Act 2007 (Cth)* ("NGER"). NGER requires large energy-using companies to report annually on greenhouse gas emissions, reductions, removals and offsets, and energy consumption and production figures. The first report under NGER is due by 31 October 2009.

To facilitate the above and other voluntary commitments, a Group wide sustainability strategy is in place which sets clear performance objectives, targets and measures that provide the necessary structure for the Group's forward planning and expansion.

The strategy is structured around six sustainability priority areas identified as "most significant" to Mirvac and its stakeholders. The areas are under constant review and improvement:

- Business Conduct – including sustainability in decision making and reporting performance.
- Mirvac People – driving a high performance culture committed to sustainability.
- Stakeholders – meeting needs, engendering loyalty and enhancing communities.
- Supply Chain – balancing financial, environmental and social factors.
- Environmental Impact – minimising Mirvac's impact on the environment.
- Climate Change Action – reduce greenhouse gas emissions and readying Mirvac for a carbon constrained future.

Mirvac is currently actioning more than 100 commitments or performance targets against the above priority areas.

Within Mirvac's Health Safety and Environment performance reporting systems, including internal and external audits and inspections, no incidents of significant harm to the environment occurred. Mirvac's development projects across Australia were issued a total of 23 environmental infringement notices throughout the reporting period with a total value of $13,300.

The notices related to minor incidents of environmental impact at development sites and included:

- eight instances of inadequate erosion control with the potential to pollute stormwater;
- six instances of inadequate sediment barriers;
- five instances of mud tracked onto public roads;
- two instances of noise emission outside defined hours of work;
- one clean up notice; and
- one instance of inadequate footpath protection.

Information on Directors

Directors' experience and areas of special responsibilities

The members of the Board, their qualifications, experience and responsibilities are set out below.

James A C MacKenzie, B.Bus, FCA, FAICD - Chairman - Independent Non-Executive

Chairman of the Nomination Committee
Member of the Human Resources Committee

James MacKenzie was appointed to the Mirvac Board in January 2005 and assumed the role of Chairman in November 2005. He is also Chairman of Pacific Brands Limited and Gloucester Coal Limited and a Director of Melco Crown Entertainment Limited.

James led the transformation of the Victorian Government's Personal Injury Schemes as Chairman of the TAC and Victorian WorkCover Authority from 2000-2007. He has previously held senior executive positions with ANZ Banking Group, Norwich Union and Standard Chartered Bank, and was Chief Executive Officer of the TAC. A Chartered Accountant by profession, James was a partner in both the Melbourne and Hong Kong offices of an international accounting firm now part of Deloitte.

Paul J Biancardi, B.Ec, FCA - Deputy Chairman - Independent Non-Executive

Chairman of the Audit, Risk and Compliance Committee
Member of the Human Resources Committee
Member of the Nomination Committee

Paul Biancardi was appointed a Non-Executive Director of Mirvac on 1 July 2001 and was appointed Deputy Chairman in August 2007. He is a former taxation partner of PricewaterhouseCoopers (the current auditors of Mirvac) and was Chairman of Coopers and Lybrand Chartered Accountants from 1994 to 1997. He retired from PricewaterhouseCoopers in 1999.

An experienced accountant, Paul brings extensive knowledge to the Mirvac Board in the areas of finance, taxation and human resources.

Paul is also a former Director of Crescent Capital Partners Limited and is a former Chairman of Hamilton James & Bruce Group Limited.

Information on Directors (continued)

Nicholas R Collishaw, SA (Fin), AAPI - Managing Director - Dependant

Member of the Nomination Committee

Nick Collishaw was appointed Managing Director on 26 August 2008. Prior to this appointment he was the Executive Director – Investment management responsible for Mirvac's Investment operations including Mirvac Property Trust, external funds management and Hotels and resorts, having been appointed to the Mirvac Board on 19 January 2006.

Nick has been involved in property and property funds management for over 20 years and has extensive experience in commercial, retail and industrial property throughout Australia. In various roles he has coordinated business acquisitions and investment fund creation, as well as implemented portfolio sales programs and managed large investment acquisitions.

Prior to joining Mirvac in 2005 following its merger with the James Fielding Group, Nick was an Executive Director and Head of Property at James Fielding Group. He has also held senior positions with Deutsche Asset Management, Paladin Australia Limited and Schroders Australia.

Nick is a Director of the Property Industry Foundation.

Adrian G Fini, B.Com - Non-Executive Director - Dependant

Adrian Fini was appointed to the Mirvac Board on 19 January 2006 as an Executive Director and became a Non-Executive Director with effect from 1 January 2009. He was formerly Chief Executive of Mirvac Fini, Mirvac's Western Australian Division, and the Executive Director responsible for Mirvac's Development Division.

Adrian has been involved in property development since 1977 and was appointed Managing Director of the Fini Group in 1994. Following its merger with Mirvac in 2001 he became the Chief Executive of the expanded Mirvac Western Australia business, broadening its development activities in the residential, commercial, industrial, retail and hospitality sectors in Western Australia, as well as integrating that business into the expanded Mirvac.

Adrian is also a Director of Little World Beverages Limited and the Art Gallery of Western Australia.

Peter J O Hawkins, B.CA (Hons), FAICD, SF Fin, FAIM, ACA (NZ) - Non-Executive Director - Independent

Chairman of the Human Resources Committee
Member of the Audit, Risk and Compliance Committee

Peter Hawkins was appointed a Non-Executive Director of Mirvac on 19 January 2006, following his retirement from the Australia and New Zealand Banking Group Limited (ANZ) after a career of 34 years. Prior to his retirement, Peter was Group Managing Director, Group Strategic Development, responsible for the expansion and shaping of ANZ's businesses, mergers, acquisitions and divestments and for overseeing its strategic cost agenda.

Peter was a member of ANZ's Group Leadership Team and sat on the Boards of Esanda Limited, ING Australia Limited and ING (NZ) Limited, the funds management and life insurance joint ventures between ANZ and ING Group.

He was previously Group Managing Director, Personal Financial Services, as well as holding a number of other senior positions during his career with the ANZ.

Peter is currently a Director of Visa Inc, Westpac Banking Corporation (and its wholly-owned subsidiary St George Bank Limited), Liberty Financial Services Pty Limited, Treasury Corporation of Victoria, Clayton Utz and Camberwell Grammar School.

Information on Directors (continued)

Penny Morris, AM, B.Arch (Hons), M.EnvSci, DipCD, FRAIA, FAICD - Non-Executive Director - Independent

Chairman of the Board Health, Safety, Environment and Sustainability Committee
Member of the Audit, Risk and Compliance Committee
Member of the Human Resources Committee

Penny Morris was appointed a Non-Executive Director of Mirvac on 19 January 2006, and has extensive experience in property development and management, having formerly been Group Executive Lend Lease Property Services, General Manager and Director, Lend Lease Commercial and Director of Commonwealth Property within the Federal Department of Administrative Services.

An experienced Director for more than 18 years, Penny has also been a Director of the Colonial State Bank, Australia Post Corporation, Howard Smith Limited, Energy Australia, Indigenous Land Corporation, Country Road Limited, Jupiters Limited, Principal Real Estate Investors (Australia) Limited, Strathfield Group Limited, Landcom and the Sydney Harbour Foreshore Authority.

Penny is currently a Director of Aristocrat Leisure Limited, Clarius Group Limited, NSW Institute of Teachers and Bowel Cancer and Digestive Research Institute Australia.

Richard W Turner, AM, B.Ec, FCA - Non-Executive Director - Independent

Member of the Audit, Risk and Compliance Committee
Member of the Human Resources Committee

Rick Turner was appointed a Non-Executive Director of Mirvac on 7 January 2005. Prior to its merger with Mirvac, Rick was a non-executive Director of the James Fielding Group Limited. He is a Chartered Accountant by profession and the former Chief Executive Officer of Ernst & Young, following a career of over 35 years with that organisation until his retirement.

Rick is currently Chairman of HBOS Australia Limited and a Director of Crown Holdings Limited (group), and was formerly a Director of Consolidated Media Holdings Limited (formerly PBL Limited), Bank of Western Australia Limited and a President and Director of the Smith Family. He is also a past Chairman, and is a current Director, of Pain Management Research Institute.

Group Company Secretary

Michael G A Smith, B.A, FAID, ACIS - Group Company Secretary

Michael Smith was appointed Group Company Secretary of Mirvac in October 2005. Prior to that he was Company Secretary of Promina Group Limited from its float in 2003 and has also been Company Secretary for Australand Holdings Limited, National Foods Limited and Macquarie Bank Limited.

Michael has extensive experience in legal, risk management, corporate governance, compliance and company secretarial practice for over 25 years in listed and public companies in Australia.

Meetings of Directors

The number of meetings of Mirvac's Board of Directors and of each Board Standing Committee held during the year ended 30 June 2009 and the number of meetings attended by each Director are detailed below:

	Board		Committees							
			Audit, Risk & Compliance		Human Resources		Health, Safety & Environment		Nomination	
Director	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
J A C MacKenzie	22	22	-	-	5	5	-	-	1	1
G J Paramor (retired 26 August 2008)	1	2	-	-	-	-	-	-	-	-
P J Biancardi	22	22	8	8	5	5	-	-	1	1
N R Collishaw	22	22	-	-	-	-	-	-	1	1
A G Fini	19	22	-	-	-	-	-	-	-	-
P J O Hawkins	22	22	7	8	5	5	-	-	-	-
P Morris	22	22	8	8	5	5	9	9	-	-
R W Turner	22	22	8	8	5	5	-	-	-	-

A Indicates number of meetings attended during the period the Director was a member of the Board or Committee.

B Indicates the number of meetings held during the period the Director was a member of the Board or Committee.

Remuneration Report

This Remuneration Report is set out under the following sections:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Equity instruments held by Key Management Personnel ("KMP")
5. Other benefits
6. Additional information

The information provided in this Remuneration Report has been audited as required by section 308 (3c) of the *Corporations Act 2001*.

1. Principles used to determine the nature and amount of remuneration

The following sections provide information on the Group's approach to remuneration, the structure of remuneration for Directors and KMP and the relationship to Mirvac performance.

a) Remuneration strategy, policies and practices

Mirvac's remuneration strategy creates the platform from which all pay decisions are made. The strategy defines the framework for setting fixed pay and the design parameters of short and long-term incentive programs. The purpose of remuneration at Mirvac is to support the execution of the business strategy. This requires programs that reward annual and long-term value creation and that retain the individuals most capable of delivering successful outcomes for securityholders. Further information on main pay components, comparison to market benchmarks and related performance criteria is provided under the discussion of remuneration structure.

The Human Resources Committee, consisting of five independent, Non-Executive Directors, is responsible for reviewing the remuneration strategy annually. It advises the full Board of Directors on remuneration policies and practices generally, and makes specific recommendations on remuneration packages, incentives and other terms of employment for Non-Executive and Executive Directors, including the Managing Director, as well as KMP.

The Human Resources Committee has access to Mirvac's General Manager, Human Resources and to the advice and data of independent, professional remuneration consultants as required to ensure the Group's base remuneration and incentive scheme practices remain consistent with the Board's remuneration strategy and current market practice, particularly within the industry sectors in which Mirvac operates.

Senior executive remuneration, incentives and other terms of employment are reviewed annually by the Human Resources Committee in conjunction with recommendations made by the Managing Director. The review considers individual results against key performance indicators, relevant business performance, as well as the Group's overall results and returns to its securityholders. The Group's Performance Appraisal system is a core component of its remuneration review. It is used to review past performance and set future objectives and development plans for employees at all levels.

At the beginning of each financial year, clear objectives are set for all employees, in order to provide clarity and focus to the individual and to the organisation as to what is expected to be achieved in the ensuing period.

Remuneration Report (continued)

The objectives used to evaluate Executive Directors and KMP are based on the following Key Responsibility Areas:

- finance;
- strategy;
- customer/stakeholder;
- corporate responsibility; and
- people.

Additional business or divisional specific objectives may also be set by the Managing Director each year, which are also reviewed by the Human Resources Committee. The Committee also sets specific targets and key performance indicators annually for the Managing Director.

Annual recommendations for individuals are submitted by the individual's manager to their manager for approval, ensuring that any pay increases or bonuses have two levels of approval, reducing subjectivity and maintaining relativities. As noted above the remuneration of the direct reports to the Managing Director is reviewed by the Human Resources Committee following review by, and on the recommendation of, the Managing Director.

b) Structure of remuneration

The employee population at Mirvac is segmented into four groups to determine participation in various pay programs as shown in the table below:

Segment	Fixed pay	Short-term incentives	Long-term performance rights	Long-term performance options
Senior executives	✔	✔	✔	✔
Executives	✔	✔	✔	
Managers	✔	✔		
Staff	✔	Eligible for discretionary bonus only		

Remuneration approaches vary between these levels in order to recognise their relative impact on Mirvac's performance and differences in market pay practices as follows:

- KMP, other senior executives and executives are eligible, at the discretion of the Human Resources Committee, to participate in the Short-Term Incentive ("STI") plan, and the Long-Term Incentive ("LTI") plan. The LTI plan is limited to these two segments because they have the largest strategic impact on the long-term success of Mirvac. Along with driving performance, the LTI plan is also necessary to facilitate executive security ownership;

- managers are eligible for the STI plan based on their responsibility for achieving annual objectives; and

- remaining staff will be eligible for a discretionary bonus where management recognises that exceptional individual performance has been achieved.

To assess market pay practices and quantum, Mirvac refers primarily to an Australian REIT peer group and secondly to general industry peer group based on market capitalisation size.

Remuneration Report (continued)

The Board has approved the following approach to determining Mirvac pay levels compared to the market:

- fixed pay is targeted at the median of peer market data, recognising that differences in the scope of each role and individual performance will allow fixed pay to be in a range from below median (e.g. in the case of recent promotions) to above median for consistently high performers;

- STI are positioned to deliver market median reward for "at target" performance and above market median reward for truly outstanding performance; and

- LTI are also positioned to deliver market median reward for "at target" performance and above market median reward for truly outstanding performance.

Further information on these three distinct components is described in the sections below.

i) Fixed pay

The key drivers of fixed pay are:

- individual appraisal based on the Performance Appraisal system; and

- the competitive market environment for the individual's skills and capabilities or the role the individual performs.

Fixed pay comprises base salary plus statutory superannuation contributions. Employees also have the opportunity to sacrifice some of their base salary for additional voluntary superannuation contributions and /or novated leases for motor vehicles.

Executives have the flexibility to allocate a portion of their base salary to certain other benefits. In such circumstances, the executive is also charged any resultant Fringe Benefits Tax so that there is no additional cost to Mirvac in allowing the executive to take the particular benefit.

ii) STI

The key drivers of the annual STI awards are:

- performance of the Group overall, measured against pre-determined targets such as profitability, return on equity and operating cash flow; and

- an individual's contribution to the Group or business unit's financial performance as well as their own performance in meeting or exceeding pre-determined objectives as measured during the Performance Appraisal process.

Short-term variable remuneration consists of an annual incentive payment as a cash bonus. The Group holds a significant portion of total remuneration as variable and "at risk" if performance criteria are not met or exceeded each year. STI outcomes can range from zero per cent to double the established target depending upon results. The Managing Director's participation is conditional upon Mirvac achieving a predetermined profit target.

Recognising the decreased financial performance of the Group and the impact on securityholders, no STI award was made for financial year 2009. The maximum opportunity as a percentage of fixed pay for Executive Committee members for the 2009 financial year was as follows:

Remuneration Report (continued)

	STI		
	Maximum STI % of fixed remuneration	**STI included in remuneration $**	**STI achieved % of potential maximum**
Executive Director			
N Collishaw	150%	-	-
Other Key Management Personnel			
E Campbell	120%	-	-
J Carfi	120%	-	-
G Collins	120%	-	-
B Draffen	140%	-	-
G Flowers	100%	-	-
C Freeman	120%	-	-
G Hodgetts	120%	-	-
J Mitchell	100%	-	-
A Turner	120%	-	-
M Wallace	120%	-	-

iii) Long-term variable remuneration

- **Long-Term Performance ("LTP") plan (current plan)**

Mirvac's current LTP scheme was introduced in financial year 2008 following approval by securityholders at the 2007 Annual General Meeting/General Meeting.

This plan applies to the Managing Director, Executive Directors, senior executives and other executive employees only for reasons stated above.

Under this plan participants are offered performance rights over Mirvac's stapled securities which can only be exercised if certain performance conditions are achieved over a three year period. For the Managing Director, Executive Directors and senior executives a portion of this award also comprises options over Mirvac's stapled securities. Grants of options will be limited to these employees only as they have the greatest capacity to drive the growth of the Group. If the performance rights and options, or a portion of each, vest and are exercised, entitlements will be satisfied by either an allotment of new securities or by purchase on market of existing securities, at the Board's discretion. Non-Executive Directors are not eligible to participate in this LTP plan. No loans have been made to participants under this plan.

The Board determined, on the recommendation of the Human Resources Committee, that the performance condition to apply to the vesting of the grants made during the financial year 2009 would be Relative Total Securityholder Return ("TSR"). For prior year grants, both TSR and absolute compound Earnings per Security ("EPS") growth were used. The use of EPS was discontinued for this grant to reflect the increased focus on delivering securityholder value creation during the performance period. Relative TSR continues to be the most objective measure of total value creation delivered to securityholders.

The Board reviews the performance conditions annually to determine the appropriate hurdles based on Mirvac's strategy and prevailing market practice. Future grants may be based on different performance metrics, as dictated by business need. For the anticipated financial year 2010 grant, the Board is intending to implement a Return on Equity ("ROE") hurdle along with the continued use of TSR. The use of ROE will emphasise the medium to long-term focus on the efficient use of capital.

Remuneration Report (continued)

For the financial year 2009 grant, entitlements to the performance rights and to exercise the options will only be based on the following vesting schedule:

Performance level	Relative TSR (percentile)	% of securities subject to this criterion to vest
<Threshold	<50^{th}	NIL
Threshold	50^{th}	50
Threshold – Maximum	50^{th} to 75^{th}	Pro-rata between 50 and 100
Maximum	75^{th} and above	100

For the financial year 2009 grant companies comprising the Comparator Group for assessing relative TSR performance are shown in the table below:

LTP Plan
FY2009 TSR Peer Group

Number	Symbol	Company
1	ABP	Abacus Property Group
2	AEZ	APN/UKA European Retail Property Group
3	ALZ	Australand Property Group
4	BJT	Babcock & Brown Japan Property Trust
5	BWP	Bunnings Warehouse Property Group
6	CNP	Centro Properties Group
7	CER	Centro Retail
8	CFX	CFS Retail Property Trust
9	CPA	Commonwealth Property Office Fund
10	DXS	Dexus Property Group
11	GMG	Goodman Group
12	GPT	GPT Group
13	FKP	FKP Property Group
14	IIF	ING Industrial Fund
15	IOF	ING Office Fund
16	LLC	Lend Lease Corporation Limited
17	MCW	Macquarie Countrywide Trust
18	MDT	Macquarie DDR Trust
19	MOF	Macquarie Office Trust
20	SGP	Stockland
21	TSO	Tishman Speyer Office Fund
22	VPG	Valad Property Group
23	WDC	Westfield Group

The term of the performance rights is ten years and of the options five years. However if the performance rights and options do not vest at the end of the three year performance period, they will lapse. Participants are prohibited from hedging both their unvested or vested performance rights and options. Directors have also indicated that there is no intention to re-test the performance conditions in the future.

As at 30 June 2009, 9,923,912 (2008: 2,910,520) performance rights and 10,464,491 (2008: 4,246,500) options had been issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. No performance rights or options vested during the year to 30 June 2009 (2008: nil).

Remuneration Report (continued)

In valuing options/rights, key inputs for the financial year 2009 grant are as follows:

	Performance options	Performance rights
Grant date	21 August 2008	21 August 2008
Performance hurdle	Relative TSR	Relative TSR
Performance period start	1 July 2008	1 July 2008
Performance testing date	30 June 2011	30 June 2011
Expiry date	26 September 2013	26 September 2018
Share price at grant date	$2.71	$2.71
Exercise price	$2.77	Nil
Expected life	4.0 years	2.9 years
Volatility	33%	33%
Risk free interest rate	5.61%	5.58%
Dividend yield	7.1%	7.1%

- **Superseded plans**

Two previous LTI plans were closed for new grants with the introduction of the current plan in 2007. Trading windows and hedging rules apply to securities under these plans.

- Employee Incentive Scheme

  Until 2006, Mirvac's long-term variable remuneration for employees was its Employee Incentive Scheme ("EIS"). The EIS, which was open to all permanent employees, was designed to widely share the benefits of the Group's performance through the provision of loans to purchase Mirvac stapled securities. Allocations were made annually, were unrestricted and fully vested on allotment. The loans were repayable via distributions received on the securities or upon their sale. Loans were provided on a recourse basis to Executive Directors but were provided on a non-recourse basis to other participants in the scheme. If the loan value is greater than the value of securities, the remaining balance is written off and the securities are forfeited.

  The EIS scheme was closed to new participants in 2006 as it was no longer considered to be consistent with market practice but existing arrangements remain in place until all current loans are repaid.

- LTI plan

  A revised LTI plan was introduced in 2006 and approved by securityholders at the Group's 2006 Annual General Meeting/General Meeting. Participation in the plan was open to the Managing Director, Executive Directors, other executives and eligible employees. Under this plan, participants were offered a loan, calculated as a percentage of a participant's pay component, which was applied to fund the acquisition of Mirvac's stapled securities at market value.

  The term of the loan is eight years. Any loan balance outstanding at the end of the eighth year must be repaid at that time. The loan is reduced annually by applying the after-tax amounts of any distributions paid by Mirvac to the outstanding principal. The loans are interest free and non-recourse over their term.

  Two performance conditions must be met before the securities acquired under the plan vest in full with the participant: Relative TSR and Absolute EPS growth.

  The satisfaction of each condition is given an equal weighting in terms of the total number of securities that may vest (i.e. 50 per cent of the total securities held by a participant is subject to each performance condition).

Remuneration Report (continued)

TSR performance condition

An entitlement to vesting of the securities will only occur if Mirvac's TSR ranking is at or above the 50th percentile of the comparator group (being the entities that comprise the ASX/S&P 200 Property Trust Accumulation Index) over a three year period as detailed in the vesting schedule below:

Performance level	Relative TSR (percentile)	% of securities subject to this criterion to vest
< Threshold	< 50th	Nil
Threshold	50th	50
Threshold – stretch	50th to 75th	Pro-rata between 50 and 100
Stretch	75th and above	100

EPS performance condition

An entitlement to vesting under this condition will only occur when Mirvac's EPS growth reaches 4 per cent compound over a three year period, detailed in the table below:

Performance level	Absolute EPS growth (compound)	% of securities subject to this criterion to vest
< Threshold	< 4%	Nil
Threshold	4%	50
Threshold – stretch	4% to 9%	Pro-rata between 50 and 100
Stretch	9% and above	100

On vesting 53.5 per cent of the original loan to fund the purchase of the vested securities will be waived. The remaining balance of the loan would continue to be reduced by after tax distributions until either the loan has been fully repaid or the eight year term expires, which ever occurs first.

If securities do not vest at the end of the three year period, they will be sold with the net proceeds payable to Mirvac. Participants in such circumstances would retain a sufficient portion of the sale proceeds to cover any tax liability arising from the sale of the securities.

Remuneration Report (continued)

If a participant terminates their employment after securities have vested, any outstanding loans will have to be repaid in full immediately or the underlying securities will be forfeited. Any unvested securities must be sold with the proceeds payable to the Group.

Other than the securities that vested for a qualifying reason, no other securities issued under this plan vested during the year to 30 June 2009.

The EIS scheme and its replacement the LTI plan introduced in 2006 are both closed to new participants and will remain in "run-off" mode until all loans made under each arrangement are extinguished. As at 30 June 2009, 2,817,308 (2008: 3,064,527) securities remain on issue under the 2006 plan.

iv) Retention programs

Special retention programs have been used in the past on a case-by-case basis as determined necessary by the Board Human Resources Committee, including selected KMP and other senior executives in the current financial year. These programs have taken the form of personal secured property loans or special equity grants of performance rights. The loans are interest-free and include provision for some or all of debt to be waived, typically based on service. Special equity grants were based on service alone, or included specific performance hurdles relevant to the individual's role.

When awarded, the annual retention value to the individual is offset against the value of the individual's LTI grant in each year until the retention program is complete, such that the individual's annual total maximum remuneration each year does not change. As such, any retention grant replaces a portion of the LTI award, consistent with participants having already been identified as crucial to long-term securityholder value.

During financial year 2009, several employees were invited to participate in an interest-free loan program which has since been closed to further entry, consistent with Mirvac's intention to eliminate the use of loan plans as part of employee reward. The amounts of the loans range from $500,000 to $2,000,000 and must be secured against property. The loan was granted on a full recourse basis. A progressively increasing forgiveness schedule allows for no more than 50 per cent of the total loan balance to be forgiven after five years of continued service. Participants have 12 months from the end of the fifth year to repay the balance due and interest is payable during this time.

c) Non-Executive Directors' remuneration

Mirvac Limited's Constitution provides that Non-Executive Directors are entitled to such remuneration as they determine, but that the total amount provided to all Directors (excluding the Managing Director and any Executive Directors) for their services as Directors must not exceed in the aggregate in any financial year the sum from time to time determined by securityholders in a general meeting. At the 2008 Annual General Meeting/General Meeting, securityholders approved an increase in this aggregate amount from $1,200,000 to $1,450,000 per annum.

Remuneration Report (continued)

Mirvac's Non-Executive Directors currently receive a base fee, plus fees for serving on the Audit, Risk and Compliance, and Human Resources Committees. The Chairs of each of these Committees receive an additional amount in recognition of the greater responsibility these positions demand.

However with effect from 1 July 2008 Non-Executive Directors were permitted to sacrifice some or all of their fees, on a monthly basis, to acquire Mirvac securities on market on a set trading day each month.

Mr Turner also received a fee for serving on the Board of the responsible entity for a number of registered trusts and schemes operated by Mirvac's Investment Management Division. This fee is paid by a subsidiary entity within the Group.

Members of the Audit, Risk and Compliance Committee ("ARCC") each receive an additional fee of $15,000 per annum for also acting as the ARCC for responsible entities of a number of registered trusts and schemes operated by the Investment Management Division. These additional fees are paid by subsidiary entities within the Group.

Non-Executive Directors have not received any fees in addition to those described above in respect of any other duties performed or services provided within the scope of the ordinary duties of a Director, do not receive bonuses or any other incentive payments or retirement benefits and are not eligible to participate in any of the executive or employee security acquisition plans established by the Group. However Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of Mirvac.

d) Relationship between remuneration policy and Mirvac performance

The global financial crisis continues to impact Mirvac, industry peers and the broader Australian economy. A challenging business environment, coupled with the stress of the reduction in available debt, has lead to lower profits and distributions to securityholders. Recognising the reality of this difficult operating environment, it has been agreed with the Board to suspend fixed pay increases and bonus awards for the current remuneration cycle. This understanding applies to all salaried staff, including the senior executive team. There will only be very limited circumstances where a pay adjustment may be made to reflect a significant role change. The LTI plans are tied directly to objective hurdles and will only vest when those performance criteria are met or exceeded. A summary of vesting under Mirvac's performance-hurdled equity grants is shown in the table:

Grant	Performance hurdle	Test date	Per cent vested at 30 June 2009	Value [(1)] of vested securities at 30 June 2009
FY2007 LTI[2]	TSR & EPS	30 June 2009	**37%**	**($1,159,630)** [3]
FY2008 LTP	TSR & EPS	30 June 2010	**0%**	**$0**
FY2009 LTP	TSR	30 June 2011	**0%**	**$0**

1 Value is the number of securities in the scheme multiplied by the unit price at 30 June, net of loans outstanding.

2 Negative amount reflects associated loan being greater than the underlying value of vested securities.

3 Include all participants of the scheme.

Remuneration Report (continued)

The table below provides summary information regarding the Group's earnings and securityholder's wealth for the five years to June 2009:

	2009	2008	2007	2006	2005
Operating earnings ($'000)	**200,752**	352,241	319,063	274,431	194,800
Statutory net profit ($'000)	**(1,078,101)**	171,802	556,056	441,094	244,459
Distributions paid ($'000)	**194,831**	339,249	300,735	274,343	251,157
Security price at 30 June ($)	**1.08**	2.96	5.70	4.35	3.57
Operating EPS – diluted (cents)	**13.4**	33.4	33.0	31.6	24.9
Statutory EPS – basic (cents)	**(65.2)**	14.9	58.7	52.2	32.1

There have been no returns of capital to securityholders in the last five years.

e) Other equity schemes in Mirvac

Mirvac has in operation a general employee exemption plan whereby offers are made to eligible Australian based employees (but not to Non-Executive Directors) to acquire Mirvac stapled securities to a value of $1,000 per annum tax free. Securities acquired under this plan must be held for a minimum of three years (or earlier at cessation of employment with the Group) during which time the securities are subject to a restriction on disposal but otherwise holders enjoy the same rights and benefits as other holders of Mirvac's stapled securities. As at 30 June 2009, 1,614,783 stapled securities (2008: 664,588) have been issued to employees under this general employee exemption plan. No securities have subsequently been issued in the period from 30 June 2009 to the date of this Report.

No other equity acquisition schemes are in operation in Mirvac as at 30 June 2009.

2. Details of remuneration

Details of the remuneration of each Director and the KMP (as defined in AASB 124: Related Party Disclosures) of Mirvac are set out in the following tables. The KMP of the parent entity and of the Group include members of the Executive Committee and who had authority and responsibility for planning, directing and controlling the activities of the Group.

This includes the 12 Group Executives who received the highest remuneration for the year ended 30 June 2009. These Executives are:

- E Campbell – Chief Executive Western Australia
- J Carfi – Chief Executive New South Wales
- G Collins – Chief Executive Victoria
- B Draffen – Chief Executive Development – Australia
- G Flowers – General Manager Operations (appointed 1 September 2008)
- C Freeman – Chairman, Mirvac UAE, UK and Queensland Development
- A Harrington – Joint Chief Executive Investment Management (until 31 December 2008)
- G Hodgetts – Joint Chief Executive Investment Management
- J Mitchell – Chief Financial Officer
- T Regan – Chief Operating Officer (until 31 August 2008)
- A Turner – Chief Executive Hotels
- M Wallace – Chief Executive Queensland

Remuneration Report (continued)

2009	Note	Short-term benefits: Cash salary and fees[1] $	Short-term benefits: STI[2] $	Short-term benefits: Non-cash benefits[3] $	Short-term benefits: Employee loan[4] $	Post-employment: Super contributions $	Share-based payment: Value of options[5] $	Share-based payment: Value of rights[5] $	Share-based payment: Value of issued securities[5] $	Other long-term benefits: Long service leave[6] $	Termination benefits [7] $	Total $
Executive Directors												
N Collishaw		1,837,529	-	-	167,903	13,745	300,188	423,475	30,996	32,995	-	2,806,831
A Fini	8	403,133	-	3,081	270,224	19,367	10,848	5,382	30,996	-	[15]625,000	1,368,031
G Paramor	11	393,398	-	3,524	-	15,727	30,509	15,137	131,989	-	2,000,000	2,590,284
Non-Executive Directors												
P Biancardi	9	178,173	-	-	-	91,827	-	-	-	-	-	270,000
A Fini	8	74,064	-	3,081	-	3,436	-	-	-	-	-	80,581
P Hawkins	9	190,553	-	-	-	9,877	-	-	-	-	-	200,430
J MacKenzie		406,255	-	-	-	13,745	-	-	-	-	-	420,000
P Morris	9	185,000	-	-	-	-	-	-	-	-	-	185,000
R Turner	9,10	226,248	-	-	-	18,752	-	-	-	-	-	245,000
Other Key Management Personnel												
E Campbell		600,000	-	6,162	151,783	50,000	77,383	103,323	12,997	10,569	-	1,012,217
J Carfi		584,393	-	-	193,976	13,745	50,375	82,674	12,247	9,708	-	947,118
G Collins		636,255	-	62,649	151,783	13,745	77,383	103,323	17,872	10,568	-	1,073,578
B Draffen		841,255	-	-	76,773	13,745	96,948	130,673	23,497	13,973	-	1,196,864
G Flowers	12	368,657	-	-	-	48,309	26,281	38,860	998	8,076	-	491,181
C Freeman		667,672	-	48,598	73,702	98,473	-	213,905	27,246	12,480	-	1,142,076
A Harrington	13	430,431	-	133,947	-	6,872	(9,793)	(15,182)	-	-	1,086,708	1,632,983
G Hodgetts		474,857	-	10,047	-	100,000	70,273	93,343	19,747	8,290	-	776,557
J Mitchell		636,255	-	-	-	13,745	58,006	78,998	13,597	10,568	-	811,169
T Regan	14	137,986	-	-	-	3,436	(57,126)	(73,077)	(44,997)	-	718,057	684,279
A Turner		472,255	-	-	142,626	77,745	60,103	78,852	19,747	7,910	-	859,238
M Wallace		526,680	-	7,434	151,783	13,745	45,988	75,650	9,997	8,748	-	840,025
Total		**10,271,049**	**-**	**278,523**	**1,380,553**	**640,036**	**837,366**	**1,355,336**	**306,929**	**133,885**	**4,429,765**	**19,633,442**

1 Salary and wages includes accrued annual leave paid out as part of salary and salary sacrifice amounts.
2 Bonuses relate to amounts accrued for the relevant financial year.
3 Non-monetary benefits include car parking and relocation costs and are inclusive of related Fringe Benefits Tax.
4 Employee loans are interest free and provided for personal use (excludes EIS loans). Compensation includes amounts forgiven during the year, imputed interest and related Fringe Benefits Tax.
5 Valuation of options, rights and securities is conducted by an external accounting firm. Negative amounts relate to forfeiture of some or all participation in equity plans due to terminations. Refer to note 34(f) for details.
6 Long service leave relates to amounts accrued during the financial period.
7 Termination benefits include annual leave and long service leave paid on termination.
8 Remuneration for A Fini has been shown separately for his change of role from Executive Director to Non-Executive Director on 1 January 2009.

Remuneration Report (continued)

Notes relating to prior page

[9] Messrs Biancardi, Hawkins and Turner and Ms Morris received additional fees of $15,000 each per annum for serving on the ARCC for various responsible entities and their respective trusts and schemes within Mirvac's Investment Management Division. This additional fee is included in each Director's total remuneration details above but does not form part of the pool of fees approved by Mirvac Limited's securityholders to Directors for the services provided as Directors of Mirvac Limited.

[10] Mr Turner also received $60,000 during the year for serving as a Non-Executive Director on the Boards of various responsible entities within Mirvac's Investment Management Division, which is included in the above remuneration details for Mr Turner but does not form part of the pool of fees approved by Mirvac Limited's securityholders to Directors for services provided as Directors of Mirvac Limited.

[11] Remuneration for G Paramor is from 1 July 2008 to his retirement on 26 August 2008.

[12] Remuneration for G Flowers is from appointment on 1 September 2008.

[13] Remuneration for A Harrington is from 1 July 2008 to his termination on 31 December 2008.

[14] Remuneration for T Regan is from 1 July 2008 to his termination on 31 August 2008.

[15] Payments made on resignation as an employee.

Remuneration related to performance

2009			Remuneration related to performance					
	Notes	Total remuneration $	STI $	Value of options $	Value of rights $	Value of issued securities $	Performance related remuneration as % of total $	Value of options granted as % of total $
Executive Directors								
N Collishaw		2,806,831	-	300,188	423,475	30,996	27%	11%
A Fini	1	1,368,031	-	10,848	5,382	30,996	3%	1%
G Paramor	2	2,590,284	-	30,509	15,137	131,989	7%	1%
Non-Executive Directors								
P Biancardi		270,000	-	-	-	-	-	-
A Fini	1	80,581	-	-	-	-	-	-
P Hawkins		200,430	-	-	-	-	-	-
J MacKenzie		420,000	-	-	-	-	-	-
P Morris		185,000	-	-	-	-	-	-
R Turner		245,000	-	-	-	-	-	-
Other Key Management Personnel								
E Campbell		1,012,217	-	77,383	103,323	12,997	19%	8%
J Carfi		947,118	-	50,375	82,674	12,247	15%	5%
G Collins		1,073,578	-	77,383	103,323	17,872	18%	7%
B Draffen		1,196,864	-	96,948	130,673	23,497	21%	8%
G Flowers	3	491,181	-	26,281	38,860	998	13%	5%
C Freeman		1,142,076	-	-	213,905	27,246	21%	-
A Harrington	4	1,632,983	-	(9,793)	(15,182)	-	-2%	-1%
G Hodgetts		776,557	-	70,273	93,343	19,747	24%	9%
J Mitchell		811,169	-	58,006	78,998	13,597	19%	7%
T Regan	5	684,279	-	(57,126)	(73,077)	(44,997)	-26%	-8%
A Turner		859,238	-	60,103	78,852	19,747	18%	7%
M Wallace		840,025	-	45,988	75,650	9,997	16%	5%
Total		**19,633,442**	**-**	**837,366**	**1,355,336**	**306,929**	**13%**	**4%**

[1] Remuneration for A Fini has been shown separately for his change of role from Executive Director to Non-Executive Director on 1 January 2009.

[2] Remuneration for G Paramor is from 1 July 2008 to his retirement on 26 August 2008.

[3] Remuneration for G Flowers is from appointment on 1 September 2008.

[4] Remuneration for A Harrington is from 1 July 2008 to his termination on 31 December 2008.

[5] Remuneration for T Regan is from 1 July 2008 to his termination on 31 August 2008.

Remuneration Report (continued)

2008	Note	Short-term benefits				Post-employment	Share-based payment			Other long-term benefits	Total
		Cash salary and fees [1] $	STI [2] $	Non-cash benefits [3] $	Employee loan [4] $	Super contributions $	Value of options [5] $	Value of rights [5] $	Value of issued securities [5] $	Long service leave [6] $	$
Executive Directors											
G Paramor		1,804,062	-	1,100	-	96,718	572,644	161,248	144,395	31,885	**2,812,052**
N Collishaw		892,951	250,000	3,300	-	13,129	203,606	57,331	33,650	16,448	**1,470,415**
A Fini		799,307	-	6,457	316,452	38,193	203,606	57,331	33,650	13,448	**1,468,444**
Non-Executive Directors											
P Biancardi	8	169,521	-	-	-	99,960	-	-	-	-	**269,481**
P Hawkins	8	186,871	-	-	-	13,804	-	-	-	-	**200,675**
J MacKenzie	8	382,000	-	39,375	-	38,000	-	-	-	-	**459,375**
P Morris	8	170,000	-	-	-	-	-	-	-	-	**170,000**
R Turner	8, 9	280,000	-	-	-	25,000	-	-	-	-	**305,000**
Other Key Management Personnel											
E Campbell		507,359	100,000	47,779	121,210	13,129	111,347	31,356	14,107	9,081	**955,368**
J Carfi	7	82,388	62,500	2,614	15,767	-	-	2,239	2,202	1,392	**169,102**
G Collins		512,643	100,000	44,990	121,061	13,129	111,347	31,356	19,319	9,143	**962,988**
B Draffen		622,391	150,000	56,360	67,758	13,129	127,256	35,835	25,507	12,453	**1,110,689**
C Freeman		749,698	-	3,941	292,022	15,302	-	-	29,579	12,506	**1,103,048**
A Harrington		587,662	75,000	43,251	-	19,694	127,256	35,835	19,324	10,748	**918,770**
G Hodgetts		409,623	100,000	35,970	-	79,407	106,045	29,863	21,354	7,151	**789,413**
J Mitchell		433,507	100,000	30,654	-	13,129	67,870	19,112	14,677	8,473	**687,422**
T Regan		614,760	-	23,991		13,129	137,859	38,820	25,507	10,615	**864,681**
A Turner		414,751	50,000	-	169,067	77,129	100,744	28,370	21,436	6,881	**868,378**
M Wallace	7	78,604	62,500	4,633	12,605	631	-	2,090	1,795	1,260	**164,118**
Total		**9,698,098**	**1,050,000**	**344,415**	**1,115,942**	**582,612**	**1,869,580**	**530,786**	**406,502**	**151,484**	**15,749,419**

1 Salary and wages includes accrued annual leave paid out as part of salary.
2 STI relate to amounts accrued for the relevant financial year.
3 Non-monetary benefits include motor vehicle costs and car parking and are inclusive of related Fringe Benefits Tax.
4 Employee loans are interest free and provided for personal use (excludes EIS loans). Compensation includes amounts forgiven during the year, imputed interest and related Fringe Benefits Tax.
5 Valuation of options, rights and securities is conducted by an external accounting firm. Refer to note 34(f) for details.
6 Long service leave relates to amounts accrued during the financial period.
7 Remuneration for J Carfi and M Wallace are from appointment on 21 April 2008.
8 Messrs Biancardi, Hawkins and Turner and Ms Morris received additional fees of $15,000 each per annum for serving on the ARCC for various responsible entities and their respective trusts and schemes within Mirvac's Investment Management Division. This additional fee is included in each Director's total remuneration details above but does not form part of the pool of fees approved by Mirvac Limited's securityholders to Directors for the services provided as Directors of Mirvac Limited.
9 Mr Turner also received $120,000 during the year for serving as a Non-Executive Director on the Boards of various responsible entities within Mirvac's Investment Management Division, which is included in the above remuneration details for Mr Turner but does not form part of the pool of fees approved by Mirvac Limited's securityholders to Directors for services provided as Directors of Mirvac Limited.

Remuneration Report (continued)

3. Service agreements

KMP terms of employment are detailed in formal service agreements. Each agreement, with the exception of the agreement for the Managing Director is of a continuing duration and has no set term of service (subject to the termination provisions within the agreement). Each agreement covers (in addition to other standard matters) the relevant KMP:

- general duties;
- remuneration and other benefits; and
- termination of employment and termination benefits.

The employer may generally terminate an KMP employment without notice or payment in lieu of notice in cases of serious and wilful misconduct by the KMP, or in certain other circumstances. The following table summarises the individual details of the service agreements that are in place for Mirvac Group's Executive Directors and KMP.

Name	Term of agreement	Notice period	Severance period[1]	Eligible for STI	Eligible for LTI	Eligible for termination benefit[2]	Eligible for other benefits
N Collishaw	4 years	6 months	Yes	Yes	Yes	Yes	Yes
A Fini	No term	3 months	Yes	Yes	Yes	Yes	Yes
G Paramor	No term	3 months	Yes	Yes	Yes	Yes	Yes
E Campbell	No term	3 months	Yes	Yes	Yes	Yes	Yes
J Carfi	No term	3 months	Yes	Yes	Yes	Yes	Yes
G Collins	No term	3 months	Yes	Yes	Yes	Yes	Yes
B Draffen	No term	3 months	Yes	Yes	Yes	Yes	Yes
G Flowers	No term	3 months	Yes	Yes	Yes	Yes	Yes
C Freeman	No term	3 months	Yes	Yes	Yes	Yes	Yes
A Harrington	No term	3 months	Yes	Yes	Yes	Yes	Yes
T Regan	No term	3 months	Yes	Yes	Yes	Yes	Yes
G Hodgetts	No term	3 months	Yes	Yes	Yes	Yes	Yes
J Mitchell	No term	3 months	Yes	Yes	Yes	Yes	Yes
A Turner	No term	3 months	Yes	Yes	Yes	Yes	Yes
M Wallace	No term	3 months	Yes	Yes	Yes	Yes	Yes

[1] For the Managing Director, severance is the balance after termination up to the contract period end. For all other executives severance period consists of amounts of nine months fixed pay and pro-rate STI.

[2] For the Managing Director, termination consists of the balance of fixed pay which would have otherwise been paid up to the contract end. For all other executives termination consists of nine months of fixed pay and pro-rata STI. In the event of a corporate amalgamation where there is a material change of status or responsibilities of the Executive leading to a termination payment of 18 months fixed pay and STI at target will be made.

4. Equity instruments held by KMP

The relevant interests held in stapled securities of Mirvac by the KMP are detailed in note 33 of the Group's full financial statements.

5. Other benefits

Fees paid by Mirvac for Directors' and Officers' liability insurance are not itemised for each Director and, as their disclosure would breach the terms of the policy, are not set out in this Report. Executives and Directors (including Non-Executive Directors) are entitled to participate in arrangements available to directly purchase Mirvac developed residential property, on the same terms and conditions as apply to other employees within the Group.

Remuneration Report (continued)

6. Additional information

a) Loans to KMP

Information on loans to Executive Directors and other KMP is disclosed in Note 33. Loans are not provided to Non-Executive Directors.

b) Directors' interests

Particulars of Directors' relevant interests in the stapled securities of Mirvac or a related body corporate, in debentures of (or interests in a registered scheme made available by) Mirvac or a related body corporate and their rights or options over any such securities, debentures or registered scheme interests as notified by the Directors to the Australian Securities Exchange ("ASX") in accordance with Section 250G of the *Corporations Act 2001* as at 30 June 2009 are as follows:

Directors	**Interests in securities of related entities**	**Mirvac stapled securities[1]**
J A C MacKenzie		76,629
Mirvac Real Estate Investment Trust – units	93,841	
Mirvac Industrial Trust – units	122,643	
Mirvac Development Fund – Seascapes – units	300,000	
P J Biancardi		66,394
Mirvac Development Fund – Seascapes – units	25,000	
Mirvac Development Fund – Meadow Springs – units	50,000	
N R Collishaw		1,426,413
Mirvac Development Fund – Seascapes – units	10,000	
Mirvac Development Fund – Meadow Springs – units	25,000	
Performance rights		985,960
Options		2,336,340
A G Fini		9,825,384
Mirvac Development Fund – Seascapes – units	250,000	
Mirvac Development Fund – Meadow Springs – units	400,000	
Mirvac Industrial Trust – units	100,000	
Performance rights		77,612
Options		275,631
P J O Hawkins		212,547
P Morris		134,354
R W Turner		141,974
Mirvac Development Fund – Seascapes – units	25,000	
Mirvac Development Fund – Meadow Springs – units	25,000	

1 Excludes securities subscribed for at 30 June 2009 as part of the retail offer, capital raising in June 2009, but not issued until 9 July 2009.

Remuneration Report (continued)

Mr Collishaw participated in the LTP plan and the general employee exemption plan with the approval of Mirvac's securityholders during the year.

For the year ended 30 June 2009, Mr Collishaw received 869,600 performance rights and 1,923,100 options under the LTI plan and 505 stapled securities under the general employee exemption plan.

For the year ended 30 June 2009, Mr Fini did not participate in Mirvac's LTI plan or the general employee exemption plan. Following his resignation as an Executive Director of the Group, Mr Fini was permitted to continue to participate in the LTI plan and retain two thirds of the performance rights and options granted to him in the year ended 30 June 2008.

During the year Mirvac introduced a security acquisition plan for Non-Executive Directors whereby a portion of their Directors fees could be sacrificed on a monthly basis and applied to acquire additional Mirvac stapled securities. Messrs Hawkins and Turner and Ms Morris participated in this plan during the year. In addition, Non-Executive Directors remained eligible to participate in Mirvac's Distribution Reinvestment Plan on the same terms and conditions as are available to other Mirvac securityholders.

No Director has entered into any contract under which the Director is entitled to a benefit and that confers a right to call for or deliver securities in, or debentures of, or interests in a registered scheme made available by Mirvac Limited or a related body corporate.

c) Options over unissued securities

During the year ended 30 June 2009, options over 6,355,600 Mirvac stapled securities were issued to Executives pursuant to Mirvac's LTI plan as detailed in this Remuneration Report. Options over 137,609 Mirvac stapled securities were forfeited during the year as a result of employees leaving the Group.

No securities in the Group or any of its controlled entities were issued during or since the year ended 30 June 2009 as a result of the exercise of an option over unissued securities.

Other Directorships

Details of all Directorships of other listed companies held by each Director in the three years immediately before 30 June 2009 and the period for which each Directorship was held are as follows:

Director	Company	Date appointed	Date ceased
J A C MacKenzie	Bravura Solutions Limited	April 2006	November 2008
	Circadian Technologies Limited	July 2002	July 2008
	Gloucester Coal Limited	June 2009	Current
	Melco Crown Entertainment Limited	April 2008	Current
	Pacific Brands Limited	April 2008	Current
	Strategic Pooled Development Limited	November 2005	October 2007
	Zenyth Therapeutics Limited	April 2005	November 2006
A G Fini	Little World Brewing Limited	November 1999	Current
P J O Hawkins	St George Bank Limited	April 2007	Delisted December 2008
	Visa Inc	October 2007	Current
	Westpac Banking Corporation	December 2008	Current
P Morris	Aristocrat Leisure Limited	February 2004	Current
	Clarius Group Limited	August 2005	Current
R W Turner	Consolidated Media Holdings Limited	November 1998	April 2009
	Crown Limited	July 2007	Current

Non-audit services

Mirvac may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are relevant (non-audit services).

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in note 37 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the ARCC is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the ARCC to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES110: Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Insurance of officers

During the financial year, Mirvac paid a premium for an insurance policy insuring any past, present, or future Director, Secretary, executive officer or employee of the Group against certain liabilities. In accordance with commercial practice, the insurance policy prohibits disclosure of the nature of the liabilities insured against and the amount of the premium.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration required under section 307C of the *Corporations Act 2001* is set out on page 31.

Rounding of amounts

Mirvac Limited is of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This statement is made in accordance with a resolution of the Directors.

N R Collishaw
Director

Sydney
25 August 2009

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
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Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mirvac Limited and the entities it controlled during the period.

R L Gavin
Partner
PricewaterhouseCoopers

Sydney
25 August 2009

1. Governance within Mirvac

Mirvac has implemented various systems and processes to ensure that the interests of securityholders and other stakeholders in Mirvac are protected at all times.

The Board is responsible for ensuring that Mirvac is properly managed and is committed to maintaining the highest standards of corporate governance and fostering a culture that values ethical behaviour, integrity and respect to protect those stakeholders' interests.

This Statement sets out the key corporate governance principles adopted by Directors in governing the Group and reflects the corporate governance policies and practices in place as at 30 June 2009 and throughout the year ending on that date.

Mirvac predominately operates in Australia and its stapled securities are listed on the ASX.

The ASX Listing Rules require all listed entities to report on the extent to which their corporate governance practices follow the principles and recommendations contained in the ASX Corporate Governance Council's publication "Corporate Governance Principles and Recommendations" ("Recommendations") which was issued in 2007.

As detailed in this Statement, Mirvac considers its practices do comply with the Recommendations in all aspects unless disclosed otherwise.

Copies of Mirvac's corporate governance policies and practices are posted to its website as required by the Recommendations (www.mirvac.com), and may be found under the Corporate Governance sub-heading within the "About Mirvac" section on the homepage.

2. Board of Directors

2.1 Board role and responsibilities

The primary objective of the Mirvac Board is to build long-term securityholder value with due regard to other stakeholder interests.

The Board has formalised its roles and responsibilities into a Board Charter which also clarifies the roles and responsibilities that are delegated to management.

In summary, the Board's accountabilities and responsibilities cover the following areas:

- strategy and planning;
- personnel;
- remuneration;
- capital management and financial reporting;
- performance monitoring;
- risk management; and
- audit and compliance.

Responsibility for the day to day management and administration of Mirvac is delegated by the Board to the Managing Director, assisted by the Executive Committee.

The Managing Director manages the Group in accordance with the strategy, plans and delegations approved by the Board.

The Board monitors the decisions and actions of the Managing Director and the performance of the Group to gain assurance that progress is being made towards attainment of the approved strategies and plans. The Board also monitors the performance of the Group through its Committees.

2. Board of Directors (continued)

The Managing Director provides open and detailed reports on the Group's performance and related matters to each Board meeting. The Chief Financial Officer and Group Treasurer provide comprehensive reports on Mirvac's financial performance and other relevant matters such as debt position and status of financing facilities.

A copy of the Board Charter is available on Mirvac's website.

Recommendations 1.1 and 1.3

2.2 Board size and composition

The Board determines its size and composition subject to the limits imposed by Mirvac's Constitutions, which provide that there be a minimum of three and a maximum of ten Directors.

The Board is to comprise a majority of independent Non-Executive Directors with an appropriate range of skills, experience and expertise to deal with current and emerging issues of the business. Mirvac's Board currently comprises five independent Non-Executive Directors, one dependent Non-Executive Director and one Executive Director being the Managing Director. Details of the Directors in office as at the date of this report, including their qualifications, experience, date of appointment and their status as independent or dependent non-executive or executive are set out on pages 9 to 11 of the Directors' Report.

The Board considers that its Directors collectively bring the range of skills, knowledge and experience necessary to direct the Group.

Recommendations 2.1 and 2.6

2.3 Role of the Chairman

The Chairman of the Board is appointed by the Directors and, as specified in the Board Charter, must be an independent, Non-Executive Director who at the same time is not the Chief Executive of the Group.

The Chairman, Mr MacKenzie, is an independent Non-Executive Director who is also Chairman of the Board's Nomination Committee and a member of its Human Resources Committee.

The Chairman's specific role is detailed in the Board Charter. In general the Chairman leads the Board and ensures that its principles and processes are maintained including the timely provision of accurate and clear information to Directors. The Chairman also encourages debate and active engagement in the Boardroom and in conjunction with the Managing Director and Group Company Secretary sets agendas for Board meetings that focus on strategy and performance. The Chairman is also responsible for facilitating the relationship between the Board and the Managing Director and other executives in particular.

Recommendations 2.2 and 2.3

2.4 Independence of Directors

The Board considers that an appropriate balance between independent Non-Executive, and Executive, Directors is necessary to appropriately govern Mirvac effectively and to promote securityholder interests. It is committed to ensuring a majority of the Board is independent at all times.

The Board has developed a policy, contained in the Board Charter, to determine the independence of its Directors. This determination is conducted annually or at any other time where the circumstances of a Director change such as to warrant reconsideration.

2. Board of Directors (continued)

Independent Directors must be independent of management and any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment as Directors of the Group.

It is Mirvac's view and that of its Board, that five of its Non-Executive Directors are independent. Mr Fini was appointed a Non-Executive Director with effect from 1 January 2009. Prior to that appointment he was an Executive Director of the Group. The guideline published in the Recommendations concerning relationships affecting independence status indicates that a Director that has previously been employed in an executive capacity should not be considered independent until a period of three years from ceasing that employment has elapsed. Mirvac accepts this guideline in relation to Mr Fini's position. However it is Mirvac's view that each of its Directors has exercised judgment and discharged his or her responsibilities in an unrestricted and independent manner throughout the year. No other Non-Executive Director has a relationship that may affect his or her independent status and each continues to satisfy the specific materiality tests set down by the Board Charter.

Recommendations 2.1 and 2.6

2.5 Conflicts of interest

The Board has approved guidelines for Board members dealing with conflicts of interests with their duties as Directors of Mirvac as detailed in the Board Charter.

A Director with an actual or potential conflict of interest in relation to a matter before the Board does not receive any papers prepared in relation to that matter and, when the matter comes before the Board for discussion, is not present for the discussion and takes no part in the decision making process.

Minutes recording the matter in which a Director is considered to have a conflict of interest are not provided to that Director. However, the Chairman would normally advise the conflicted Director of the broad nature of the matter for discussion and the progress of the matter through the Board process.

Mirvac's Code of Conduct also sets down guidelines for dealing with conflicts of interest that may arise particularly for Executives and other employees.

2.6 Meetings of the Board

The Board is scheduled to meet monthly each year, and at any other time to deal with specific matters between the scheduled meetings. As part of that meeting schedule Directors, with Mirvac's Executives and other key managers, hold a strategy session prior to the end of Mirvac's financial year to determine strategic direction and related issues for the ensuing year.

Papers are circulated well in advance of meetings in either electronic or paper form to assist in the decision making process. Board meetings are also scheduled away from head office at the Group's State and regional offices to provide Directors with the opportunity to view the businesses that comprise Mirvac and to meet employees from those businesses.

Details of the number of Board and Committee meetings held during the year together with the number of meetings attended by each Director are set out on page 12 of the Directors' Report.

2.7 Review of Board and Executive performance

a) Board

The performance of the Board is conducted annually by the Chairman supported by the Group Company Secretary. The appraisal is conducted initially by way of questionnaires completed by each Director individually which effectively review:

2. Board of Directors (continued)

- the performance of the Board and each of its Committees against the requirements of their respective charters;
- the individual performance of the Chairman and each Director; and
- the processes and procedures of the Board to identify areas for improvement.

The completed questionnaires are used as the basis of interviews conducted by the Chairman with Directors.

The appraisal process conducted during the year ended 30 June 2009 indicated that no major issues or concerns were identified that required further attention. The primary focus of the Board over the next 12 months will be to continue to implement strategies focussing on Mirvac's core businesses and competencies and to monitor Executive performance to deliver securityholder value over the longer term in the face of a challenging operating environment.

The Human Resources Committee reviews and makes recommendations to the Board on the criteria for, and the evaluation of, the performance of the Managing Director. The Managing Director evaluates the performance of the Executive Directors.

b) Key executives

Evaluation of key executives' performance is conducted annually by the Managing Director. This evaluation includes assessment of the respective executive's performance against business and personal objectives agreed at the beginning of the year. A copy of this evaluation is also reviewed by the Human Resources Committee.

The Managing Director also monitors executive performance throughout the year through regular meetings where progress towards achieving the set objectives is assessed and discussed.

Recommendations 1.2, 1.3, 2.5 and 2.6

2.8 Nomination and appointment of new Directors

Mirvac's Board Nomination Committee is responsible for identification and recommendation of candidates to the Board.

External consultants may be retained to assist the Committee to ensure a wide selection of potential Directors is assessed.

All new Directors are required to sign and return a letter of appointment which sets out the key terms and conditions of their appointment, including duties, rights and responsibilities, the time commitment envisaged and the Group's expectations of its Directors.

Directors, other than the Managing Director, appointed during a year only hold office until the next Annual General/General Meetings following their appointment, where upon they must retire and seek election by securityholders. Mirvac provides securityholders with relevant information on the candidates for election in such instances.

Recommendations 2.4 and 2.6

2.9 Retirement and re-election of Directors

Mirvac's Constitutions provide that one-third of Directors must retire each year and seek re-election by securityholders at the Annual General/General Meetings. This ensures that the maximum time that each Director can serve in any single appointment is three years.

2. Board of Directors (continued)

The Chairman will evaluate the contribution of retiring Directors prior to the Board endorsing their standing for re-election. At this time, Mirvac has not imposed any maximum on the number of terms that a Non-Executive Director may serve. The Managing Director is not included in the number of Directors that must retire each year.

Recommendation 2.6

2.10 Access to independent information and advice

As detailed in the Board Charter, the Board and its Committees may seek advice from independent experts whenever it is considered appropriate. Individual Directors, with the consent of the Chairman, may seek independent professional advice on any matter connected to their responsibilities as a Director of the Group, at the Group's expense. No Director availed him or herself of this right during the year.

Recommendation 2.6

3. Board Committees

3.1 Committees' charters and membership

The Board has established the following standing Committees to assist it in the discharge of its responsibilities:

- Audit, Risk and Compliance Committee ("ARCC");
- Human Resources ("HR") Committee;
- Nomination ("Nomination") Committee; and
- Health, Safety, Environment and Sustainability ("HSE") Committee.

Each Committee has adopted its own terms of reference or Charter, approved by the Board, setting out matters relevant to its composition and responsibilities. The Charters are reviewed annually by the Board.

Copies of the Committee Charters are available under the Corporate Governance sub-heading within the "About Mirvac" section of Mirvac's website.

In addition project approvals to purchase or invest/divest and approvals to commence construction to a value or cost up to $25 million each have been delegated to the Executive Committee for approval.

All Directors are entitled to attend meetings of the standing Committees. Papers considered by the standing Committees are available to all Directors via an electronic portal with access restricted to Directors only.

Minutes of all standing Committee, and the Executive Committee, meetings are provided as part of the papers for Board meetings, and the proceedings of each meeting are reported by the Committee Chairman at the next Board meeting.

Each Committee is entitled to the resources and information it requires to discharge its responsibilities, including direct access to employees and advisors.

The performance of each Committee, including its individual members, is evaluated as part of the annual performance review of the Board conducted by the Chairman.

3. Board Committees (continued)

Members of the standing Committees are:

	ARCC	HR	Nomination	HSE
J MacKenzie		✓	✓ (ch)	
P Biancardi	✓ (ch)	✓	✓	
P Hawkins	✓	✓ (ch)		
P Morris	✓	✓		✓ (ch)
R Turner	✓	✓		
N Collishaw			✓	

Note:
(ch): designates Chairman of the Committee

Each Committee member is an independent, Non-Executive Director, with the exception of Mr Collishaw who is the Managing Director. The HSE Committee, although chaired by an independent Non-Executive Director, comprises a number of Executives and other senior managers with expertise in HSE matters.

Details of the number of meetings held by each Committee during the year, together with the number attended by each Committee member, are set out on page 12 of the Directors' Report.

Details of the qualifications of the Directors that comprise each Committee are set out on pages 9 to 11 of the Directors' Report.

The Executive Committee meets monthly and comprises the Managing Director, business unit Chief Executives, the General Manager Operations, Group Company Secretary, Chief Financial Officer and General Manager, Human Resources who are all Mirvac employees.

Recommendations 2.4, 2.6, 4.1, 4.3, 4.4 and 8.1

3.2 ARCC

Each member of the Committee has the technical expertise to enable the Committee to effectively discharge its mandate, chaired by Mr Biancardi, a Chartered Accountant with extensive knowledge of taxation, finance and human resources in particular.

The Managing Director and Chief Financial Officer as well as representatives of the external and internal auditors attend all meetings by invitation. The ARCC regularly meets with the external auditors without management present.

The role of the ARCC is to assist the Board in fulfilling its oversight responsibilities in relation to the Group's financial reporting, legal and regulatory compliance, internal controls and risk management as well as the internal and external audit functions, as fully detailed in its Charter.

Also reporting to the ARCC is the Compliance Committee which has direct responsibility for monitoring and reviewing the Compliance Plans of Mirvac entities that hold Australian Financial Service ("AFS") licenses, and overseeing their adherence to all applicable laws and regulations.

The Compliance Committee meets on a quarterly basis and comprises four independent members.

3. Board Committees (continued)

Through the ARCC, the Compliance Committee reports to the respective Boards of the AFS licensed entities.

Recommendations 4.1, 4.2, 4.4 and 7.1

3.3 HR Committee

The objectives of this Committee are to assist the Board in ensuring the Group:

- has coherent remuneration policies and practices which are consistent with the Group's strategic goals and human resource objectives by attracting and retaining Directors and Executives and other employees who will create value for securityholders; and

- fairly and responsibly remunerates Directors and Executives having regard to the performance of the Group, the performance of the individuals and the general remuneration environment;

as further detailed in its Charter.

Additional information on Mirvac's remuneration policies and practices is set out in the Remuneration Report starting on page 13 of the Directors' Report.

Recommendations 8.1 and 8.3

3.4 Nomination Committee

The objective of this Committee is to assist the Board in ensuring that Mirvac has Boards and Committees of effective composition, size, expertise and commitment to adequately discharge their responsibilities and duties, having regard to the law and the highest standards of governance, with the specific responsibilities as set out in its Charter.

Recommendations 2.4 and 2.6

3.5 HSE Committee

Each member of this Committee has the technical expertise to enable the Committee to effectively discharge its mandate, chaired by Ms Morris who has extensive experience in HSE matters particularly in the property development and construction industries.

The objectives of this Committee are to assist the Mirvac Board lead the Group's commitment to HSE matters by reporting on compliance with applicable statutory requirements, codes, standards and guidelines, as well as measurable objectives and targets aimed at the elimination of work related incidents or impacts from the Group's activities, products and services.

The HSE Committee meets monthly and reports to each Mirvac Board Meeting on Mirvac's performance against set goals and targets.

4. External auditor relationship

Mirvac's ARCC in accordance with its Charter, is responsible for overseeing the relationship with the Group's external auditor, PricewaterhouseCoopers, including the terms of engagement of the external auditor and the scope of the external audit program each year. The ARCC is also responsible for monitoring and evaluating the performance, and independence, of the external auditor.

4. External auditor relationship (continued)

4.1 Approach to auditor independence

The Board has adopted a policy and practice protocol for auditor independence which forms part of the ARCC's Charter published on Mirvac's website.

That policy and practice protocol endorses the fundamental principles of auditor independence that, in order to be eligible to undertake any non-audit related services, the external auditor must not, as a result of that assignment:

- create a mutual or conflicting interest with that of Mirvac;
- audit their own work;
- act in a management capacity or as an employee; or
- act as an advocate for Mirvac.

The Policy also details the services that the external auditor will be prohibited from performing.

4.2 Certification of independence

PricewaterhouseCoopers has provided the ARCC with a half-yearly and annual certification of its continued independence, in accordance with the requirements of the Corporations Act, and in particular confirmed that it did not carry out any services or assignments during the year ended 30 June 2009 that were not compatible with auditor independence.

4.3 Other monitoring of independence

In addition to the audit partner rotation and appointment requirements set out in the Policy and in the Corporations Act, the ARCC also reviews and approves, or declines, as considered appropriate before the engagement commences, any individual engagement for non-audit services involving fees exceeding $100,000. Below this amount, approval, or otherwise as considered appropriate, is delegated to the Chief Financial Officer.

No work will be awarded to the external auditor if the ARCC (or the Chief Financial Officer as applicable) believes such work would give rise to a "self review threat" (as defined in APES110: Code of Ethics for Professional Accountants) or would create a conflict, or perceived conflict, of interest for the external auditor or any member of the audit team, or would otherwise compromise the auditor's independence requirements under the Corporations Act.

4.4 Attendance at the Annual General Meeting/General Meeting.

A partner of Mirvac's external auditor, PricewaterhouseCoopers, attends all Annual General/General Meetings of the Group and is available to answer questions from securityholders on the conduct of the audit of the Group. Securityholders are also provided with a reasonable opportunity to ask questions of the auditor at the Meetings.

The external auditor is also allowed a reasonable opportunity to answer written questions submitted by securityholders to the meetings.

No questions were directed to the auditors in regard to the conduct of the audit of Mirvac's 2008 Financial Report and no questions were directed to the auditors at Mirvac's 2008 meetings.

Recommendation 6.2

5. Recognise and manage risk

5.1 Approach to risk management

Mirvac's activities span real estate investment, development and hotels and investment management.

These activities involve risks of varying types and to varying extents. Risk can relate to both threats to existing activities as well as a failure to take advantage of opportunities that may arise.

Mirvac's objective is to ensure those risks are identified and, where practical and economically viable, measures implemented to mitigate or otherwise manage the impact those risks may have on the Group's activities.

In recognition that risk management is a key element of an organisation's effective corporate governance processes, Mirvac's Board of Directors has adopted a Risk Management Policy statement and associated procedures for identifying, assessing and managing Mirvac's strategic, operational, financial and reputational risks.

This Policy forms a key component of the overall control environment and is reviewed annually to ensure it reflects the current internal and external context of the Group, the markets in which it operates and to ensure it reflects changes to the Group's approach to risk management that may have occurred during the review period.

The objectives of the Policy are to:

- provide a systematic approach to risk management aligned to the Group's strategic objectives;
- define the mechanisms by which the Group determines its risk appetite and considers and manages risks; and
- articulate the roles and accountabilities for the management, oversight and governance of risk.

The approach defined within this Policy is consistent with the Australian and New Zealand standard on risk management: AS/NZS 4360:2004.

The Policy applies to all legal entities within Mirvac to enable an enterprise wide approach to managing risk to be applied.

Supporting this Policy is a "Risk Management Roadmap and Framework" which has been prepared to guide the various business units in addressing their particular risk exposures through a structured implementation of risk management processes. Although structured, the Framework maintains a sufficient degree of flexibility to allow the respective business units to adopt appropriate strategies to address their risk exposures.

The Mirvac Board determines the overall risk appetite for the Group and has approved the strategies, policies and practices to ensure that risks are identified and managed within the context of this risk appetite.

The application of the Group's policies and procedures to manage risk is ultimately the responsibility of the Board, which has in turn delegated specific authority to the Group's ARCC (as more fully detailed in the ARCC's Charter).

The ARCC advises the Board on risk management and is responsible for reviewing policies for approval by the Board and for reviewing the effectiveness of the Group's approach to risk management. Risk management is a standing agenda item for all ARCC meetings.

5. Recognise and manage risk (continued)

The Board has charged management with the responsibility for managing risk within the Group and the implementation of mitigation measures, under the direction of the Managing Director supported by the Executive Committee.

A group risk management department has been established to facilitate the process by providing a centralised role in advising the various business units on executing risk management and mitigation strategies, as well as consolidating risk reporting to the Executive Committee, the ARCC and ultimately the Board.

Internal Audit's role is to assess risks and controls, enhance processes and to monitor controls to provide assurance to the ARCC and the Board that the material risks and compliance obligations are being effectively managed.

The Head of Internal Audit has unfettered access to the ARCC and its Chairman at all times.

Mirvac's approach to risk management is to establish an effective control environment to manage "material risks" to its business. A material risk is defined as the probability that an action, inaction or natural event may hinder or prevent the achievement of key business objectives.

The Group's risk management and internal control systems are designed to provide reasonable assurance that:

- risk exposures are identified and adequately monitored and managed through appropriate risk mitigation measures;
- financial, management and operational information is accurate, relevant, timely and reliable; and
- there is compliance with the spirit of, as well as the letter of, policies, standards, procedures and applicable laws, regulations and licences.

The Managing Director supported by the Executive Committee is responsible for implementing and maintaining effective risk management and internal control systems for the operational risks that arise from the Group's activities.

To ensure consistent and effective practices are employed each business unit has established a risk management group and developed risk registers detailing the key risks facing the particular business unit. These registers also detail the controls implemented to manage or mitigate the identified risks, as well as the persons responsible for implementing the controls and managing the risks.

These registers are reviewed and updated regularly, or as changing circumstances dictate initially by the respective business unit, and reviewed by Internal Audit, prior to submission to the Executive Committee.

To address a specific operational risk, the Board established the HSE Committee to oversee and report to the Board on the Group's management of its HSE performance, risks and legal obligations.

The Board has also approved principles and policies to manage the financial risks arising from the Group's operations, including its financing and treasury management activities.

The ARCC reviews and reports to the Board in relation to the integrity of the Group's financial reporting, internal control structure, risk management systems as well as the internal and external audit functions.

Executive assurance is provided to the Board and the ARCC as to the effectiveness of the Group's risk management and internal control systems in relation to financial reporting risks as detailed in the next section. Management also reports to the ARCC to enable it to access the effectiveness of the management of material business risks.

5. Recognise and manage risk (continued)

The ARCC also oversees, and reports to various Boards within the Group on the specific risks and compliance requirements arising from the activities of the Group's AFS licensed entities and respective Managed Investment Schemes. The ARCC is assisted in this process by a Compliance Committee, comprising four independent members, that reviews the compliance performance of these licensed entities and their various schemes and funds on a quarterly basis.

As noted previously, Mirvac's Risk Management Policy, Framework and underlying strategies are reviewed annually by the ARCC and the Board to ensure continued application and relevance to the Group's activities and exposures. The group risk department co-ordinates this review process.

Mirvac's approach to risk management and internal compliance and control is posted to Mirvac's website under the Corporate Governance sub-heading within the "About Mirvac" section on the homepage.

Recommendations 7.1, 7.2, 7.3 and 7.4

5.2 Executive assurance

The Managing Director and Chief Financial Officer have provided the following assurance to the Mirvac Board in connection with the Group's full year financial statements and reports, namely that in their opinion, to the best of their knowledge and belief:

a) the financial records of Mirvac for the year ended 30 June 2009 have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;

b) the financial statements of Mirvac and the notes to those statements for the year ended 30 June 2009 comply with the relevant accounting standards;

c) the Group's financial statements, and the notes to those statements, for the year ended 30 June 2009 give a true and fair view of the financial position, operational results and the performance of Mirvac;

d) the statements referred to in paragraphs a) to c) above are founded on a system of risk management and internal compliance and control which implements the policies adopted by the Mirvac Board; and

e) Mirvac's risk management and internal compliance and control system is operating effectively in all material respects in relation to financial reporting risks.

The effective control environment established by the Mirvac Board supports this assurance provided by the Managing Director and Chief Financial Officer.

However, it should be noted that associates and joint ventures, which are not controlled by Mirvac, are not covered for the purposes of this assurance or declaration given under Section 295A of the *Corporations Act 2001*.

Further, these declarations provide a reasonable but not absolute level of assurance about risk management, internal compliance and control systems, and do not imply a guarantee against adverse events or more volatile conditions and outcomes in the future.

Recommendations 7.3 and 7.4

6. Remuneration policies and practices

The Remuneration Report set out on pages 13 to 28 of the Directors' Report details Mirvac's remuneration policies and practices including the relationship between remuneration, group performance and returns to securityholders.

Recommendations 8.1, 8.2 and 8.3

7. Corporate conduct and responsibility

7.1 Approach to corporate conduct

Integrity is one of Mirvac's core values. In the Group's 37 year history, it has built a reputation for integrity and in dealing fairly, honestly and transparently with all stakeholders.

Mirvac has adopted a Code of Conduct which espouses its core values and reflects the recommendations in terms of the matters addressed. Each member of the Executive Committee certifies to the ARCC their adherence to the requirements of the Code on a quarterly basis.

The Code of Conduct applies to Mirvac's Board of Directors, executives and all other employees. A copy of the Code has been made available to all and is posted on the Group's intranet and is available under the Corporate Governance sub-heading within the "About Mirvac" section of Mirvac's website.

Recommendations 3.1 and 3.3

7.2 Compliance with the Code of Conduct

To fulfil Mirvac's commitment to its core values and the requirements of the Code of Conduct, the Group needs to be able to ensure that:

- violations of the Code and these values are detected and reported; and
- appropriate action is taken in response to any violations.

Accordingly Mirvac encourages its Non-Executive Directors, executives and other employees to report promptly in good faith any serious violations or suspected serious violations of the law or its Code of Conduct. To facilitate this, and in addition to the quarterly sign-off referred to earlier, the Group has established its "Open Line" program to allow staff to report in good faith suspected fraud, theft, criminal activity or any other conduct which may cause loss or be detrimental to Mirvac's reputation. The Open Line program sets out the measures to be taken and the protection to be provided in instances where violations or other suspected matters are reported.

Further, Part 9.4AAA of the *Corporations Act* also provides protection to "whistleblowers" in certain specified circumstances.

Recommendations 3.1 and 3.3

7.3 Political and charitable donations

Mirvac supports the democratic process within Australia and does make modest donations to Australia's major political parties to facilitate attendance at conferences and meetings where the Group is able to provide its views on policies and matters that may impact its operations. Mirvac's Code of Conduct stipulates that donations can only be made on the approval of the Managing Director.

During the year ended 30 June 2009, Mirvac donated $18,264 to State based political parties in New South Wales, Queensland and Western Australia.

7. Corporate conduct and responsibility (continued)

The recently established Mirvac Foundation is the focus of Mirvac's charitable support on both a national and State basis. The Foundation is currently supporting financially in each State, charities that care for the homeless. Mirvac staff also donate financially to the Foundation and donate their time to support these charities' activities. In addition to making a direct financial contribution to the Foundation, Mirvac matches the financial contributions of staff to the Foundation, makes staff available to provide development and construction advice as well as providing materials and personnel to assist in building programs. Staff are also permitted time off with full pay to support the charities in other areas of their respective operations, where this is feasible.

7.4 Security Trading Policy

Mirvac has implemented a Security Trading Policy that covers dealings in securities by Directors, executives and other designated employees as well as their respective associates. These designated persons may only deal in Mirvac securities, or in securities of other public, listed entities that are related to Mirvac, in certain periods as identified in the Policy. Not withstanding this, no Director, Executive or other employee may deal whenever they are in possession of price sensitive information. Any securities dealing in the Group by Directors is notified to the ASX within five business days of the dealing. Mirvac does not stipulate any minimum security holding requirements by its Directors.

In particular the Policy also prohibits Executives and other employees hedging options they may hold over Mirvac securities.

Mirvac's Security Trading Policy is available under the Corporate Governance sub-heading within the "About Mirvac" section of Mirvac's website.

Recommendations 3.2 and 3.3

7.5 Market Disclosure Policy and practice

Mirvac is committed to:

- effectively communicating with its securityholders and facilitating an efficient and informed market in its securities by keeping the market appraised through announcements to the ASX, of all material information; and
- compliance with the requirements of the Corporations Act, ASX Listing Rules and the ASX Corporate Governance Principles and Recommendations.

The Group's Continuous Disclosure Policy is designed to support its commitment to a fully informed market in its securities by ensuring that announcements are:

- made to the ASX in a timely manner, are factual and do not omit material information; and
- expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Supporting the Continuous Disclosure Policy is its Communications Policy which governs Mirvac's policy in relation to interactions with external individuals, investors, analysts and other market participants.

The Group Company Secretary is responsible for the Group's compliance with its continuous disclosure obligations and for overseeing and coordinating disclosures to the ASX and other interested parties.

All disclosures are posted to Mirvac's website. Also posted to its website are annual and half-year reports, profit releases, market briefings, notices of meetings and its regularly updated property compendium. Web-casting and teleconferencing facilities are provided for market briefings to encourage participation from all stakeholders, regardless of location.

7. Corporate conduct and responsibility (continued)

Mirvac has also rotated the location of its Annual General Meeting/General Meeting over the past two years, after many years in Sydney, to allow securityholders in other States where there is a significant representation to participate in person. The 2009 Meetings will be held in Sydney.

The Continuous Disclosure and Communications Policies are posted to Mirvac's website under the Corporate Governance sub-heading within the "About Mirvac" section on the homepage.

Recommendations 5.1, 5.2, 6.1 and 6.2

Mirvac Group
Income Statements
For the Year Ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Revenue					
Development and construction revenue	4	**1,090,809**	1,180,509	**-**	-
Development management fee revenue		**24,225**	30,491	**-**	-
Rental revenue from investment properties		**329,931**	322,529	**-**	-
Hotel operations revenue		**147,367**	163,748	**-**	-
Investment management fee revenue		**46,615**	59,784	**-**	-
Interest revenue	4	**22,975**	19,307	**3,658**	2,559
Dividend and distribution revenue		**1,084**	1,626	**-**	-
Other revenue		**12,793**	19,827	**-**	-
Total revenue from continuing operations		**1,675,799**	1,797,821	**3,658**	2,559
Other income					
Net gain from fair value adjustments on investment properties	16	**-**	146,270	**-**	-
Gain on financial instruments	4	**113,306**	25,145	**-**	-
Foreign exchange gains		**-**	51,432	**487**	-
Net gain on sale of investments		**985**	2,406	**-**	-
Net gain on sale of investment property		**-**	41,146	**-**	-
Net gain on assets reclassified as held for sale		**-**	48,578	**-**	-
Net gain on sale of property, plant and equipment		**38**	15,852	**-**	-
Total other income		**114,329**	330,829	**487**	-
Total revenue and other income		**1,790,128**	2,128,650	**4,145**	2,559
Net loss from fair value adjustments on investment properties	16	**(487,203)**	-	**-**	-
Foreign exchange loss		**(72,514)**	-	**-**	-
Net loss on assets classified as held for sale		**(83)**	-	**-**	-
Cost of property development and construction		**(971,190)**	(959,658)	**-**	-
Investment property expenses		**(81,380)**	(78,150)	**-**	-
Hotel operating expenses		**(45,339)**	(53,679)	**-**	-
Share of net loss of associates and joint ventures accounted for using the equity method	13	**(157,995)**	(50,208)	**-**	-
Employee benefits expense		**(183,839)**	(201,828)	**(1,357)**	(1,114)
Depreciation and amortisation	5	**(28,256)**	(27,728)	**-**	-
Impairment of goodwill, management rights and other intangibles	18	**(273,645)**	(18,910)	**-**	-
Impairment of investments including associates and joint ventures		**(41,596)**	(76,110)	**-**	-
Impairment of loans		**(59,386)**	-	**-**	-
Finance costs expense	5	**(87,931)**	(139,888)	**(13,373)**	(12,686)
Loss on financial instruments	5	**(144,468)**	(24,812)	**-**	-
Selling and marketing expense		**(25,438)**	(42,991)	**-**	-
Provision for loss on inventory		**(186,506)**	(219,871)	**-**	-
Other expenses		**(87,904)**	(82,288)	**(64)**	(2,054)
(Loss)/profit before income tax		**(1,144,545)**	152,529	(10,649)	(13,295)
Income tax benefit	6	**65,307**	22,865	2,839	14,254
(Loss)/profit for the year		**(1,079,238)**	175,394	**(7,810)**	959
Profit/(loss) attributable to minority interest		**1,137**	(3,592)	**-**	-
Net (loss)/profit attributable to the stapled securityholders of the Group		**(1,078,101)**	171,802	**(7,810)**	959
Earnings per stapled security for net profit attributable to the stapled securityholders of Mirvac					
Basic earnings per security	7	**(65.21)**	14.86		
Diluted earnings per security	7	**(64.53)**	14.62		

The above Income Statements should be read in conjunction with the accompanying notes.

Mirvac Group
Balance Sheets
As at 30 June 2009

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
Current assets					
Cash and cash equivalents	38	**896,541**	29,273	**182,373**	8,038
Receivables	8	**248,449**	310,516	**2,917,678**	2,603,510
Derivative financial assets	14	**5,520**	-	**-**	-
Current tax assets	6	**6,428**	63,301	**7,596**	55,309
Inventories	9	**590,040**	683,153	**-**	-
Other financial assets at fair value through profit or loss	10	**18,489**	19,262	**-**	-
Assets classified as held for sale	11	**-**	6,274	**-**	-
Other assets	12	**41,059**	49,389	**250**	12
Total current assets		**1,806,526**	1,161,168	**3,107,897**	2,666,869
Non-current assets					
Receivables	8	**204,153**	182,185	**10,514**	3,998
Inventories	9	**1,080,336**	1,000,842	**-**	-
Investments accounted for using the equity method	13	**397,648**	600,182	**-**	-
Derivative financial assets	14	**7,512**	95,127	**-**	-
Other financial assets	15	**-**	-	**341,583**	321,805
Investment properties	16	**3,210,106**	3,436,782	**-**	-
Property, plant and equipment	17	**548,997**	633,485	**-**	-
Intangible assets	18	**58,584**	320,845	**-**	-
Deferred tax assets	6	**59,975**	64,122	**8,719**	2,260
Total non-current assets		**5,567,311**	6,333,570	**360,816**	328,063
Total assets		**7,373,837**	7,494,738	**3,468,713**	2,994,932
Current liabilities					
Payables	19	**226,573**	325,389	**1,570,843**	1,980,020
Borrowings	20	**422,554**	138,000	**-**	-
Provisions	21	**10,110**	95,633	**-**	-
Other liabilities	22	**20,988**	33,882	**-**	-
Total current liabilities		**680,225**	592,904	**1,570,843**	1,980,020
Non-current liabilities					
Payables	19	**43,724**	16,385	**651,657**	-
Borrowings	20	**1,681,288**	2,201,861	**-**	-
Derivative financial liabilities	23	**43,123**	110,632	**-**	-
Deferred tax liabilities	6	**46,842**	139,462	**54**	425
Provisions	21	**5,833**	23,327	**-**	-
Total non-current liabilities		**1,820,810**	2,491,667	**651,711**	425
Total liabilities		**2,501,035**	3,084,571	**2,222,554**	1,980,445
Net assets		**4,872,802**	4,410,167	**1,246,159**	1,014,487
Equity					
Contributed equity	24	**5,447,366**	3,771,459	**1,153,689**	917,394
Reserves	25	**110,545**	133,816	**19,320**	16,796
Retained earnings	26	**(749,862)**	435,265	**73,150**	80,297
Total parent entity interest		**4,808,049**	4,340,540	**1,246,159**	1,014,487
Minority interest	27	**64,753**	69,627	**-**	-
Total equity		**4,872,802**	4,410,167	**1,246,159**	1,014,487

The above Balance Sheets should be read in conjunction with the accompanying notes.

Mirvac Group
Statements of Changes in Equity
For the Year Ended 30 June 2009

Consolidated	Note	Issued capital $'000	Reserves $'000	Retained earnings $'000	Minority interest $'000	Total $'000
Balance at 1 July 2008		**3,771,459**	**133,816**	**435,265**	**69,627**	**4,410,167**
Decrement on revaluation of property, plant and equipment, net of tax	25	-	(32,261)	-	-	(32,261)
Exchange differences on translation of foreign operations	25	-	3,200	-	-	3,200
Net loss recognised directly in equity		-	(29,061)	-	-	(29,061)
Net loss		-	-	(1,078,101)	(1,137)	(1,079,238)
Total recognised income and expenses for the year		-	(29,061)	(1,078,101)	(1,137)	(1,108,299)
Security based payment transactions	25	-	5,790	-	-	5,790
Equity based compensation – movement in retained earnings	26	-	-	661	-	661
EIS securities converted/sold/forfeited	24	3,290	-	-	-	3,290
Contributions of equity, net of transaction costs	24	1,672,617	-	-	-	1,672,617
Dividends/distributions provided for or paid	26	-	-	(107,687)	-	(107,687)
Minority interest	27	-	-	-	(3,737)	(3,737)
Balance at 30 June 2009		**5,447,366**	**110,545**	**(749,862)**	**64,753**	**4,872,802**
Balance at 1 July 2007		**3,322,183**	**77,093**	**611,218**	**69,916**	**4,080,410**
Increment on revaluation of property, plant and equipment, net of tax	25	-	51,985	-	-	51,985
Exchange differences on translation of foreign operations	25	-	(2,359)	-	-	(2,359)
Net income recognised directly in equity		-	49,626	-	-	49,626
Net profit			-	171,802	3,592	175,394
Total recognised income and expenses for the year		-	49,626	171,802	3,592	225,020
Security based payment transactions	25	-	7,097	-	-	7,097
Equity based compensation – movement in retained earnings	26	-	-	1,142	-	1,142
EIS securities converted/sold/forfeited	24	8,189	-	-	-	8,189
Contributions of equity, net of transaction costs	24	441,087	-	-	-	441,087
Dividends/distributions provided for or paid	26	-	-	(348,897)	-	(348,897)
Minority interest	27	-	-	-	(3,881)	(3,881)
Balance at 30 June 2008		**3,771,459**	**133,816**	**435,265**	**69,627**	**4,410,167**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Mirvac Group
Statements of Changes in Equity (continued)
For the Year Ended 30 June 2009

Parent entity	Note	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2008		**917,394**	**16,796**	**80,297**	**1,014,487**
Net loss		-	-	(7,810)	(7,810)
Total recognised income and expenses for the year		-	-	(7,810)	(7,810)
Share based payment transactions	25	-	2,524	-	2,524
Equity based compensation – movement in retained earnings	26	-	-	663	663
EIS securities converted/sold/forfeited	24	856	-	-	856
Contributions of equity, net of transaction costs	24	235,439	-	-	235,439
Balance at 30 June 2009		**1,153,689**	**19,230**	**73,150**	**1,246,159**
Balance at 1 July 2007		**835,379**	**9,699**	**78,196**	**923,274**
Net profit		-	-	959	959
Total recognised income and expenses for the year		-	-	959	959
Share based payment transactions	25	-	7,097	-	7,097
Equity based compensation – movement in retained earnings	26	-	-	1,142	1,142
EIS securities converted/sold/forfeited	24	2,325	-	-	2,325
Contributions of equity, net of transaction costs	24	79,690	-	-	79,690
Balance at 30 June 2008		**917,394**	**16,796**	**80,297**	**1,014,487**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Mirvac Group
Cash Flow Statements
For the Year Ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		**1,859,414**	1,954,903	**431**	838
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,734,719)**	(1,747,500)	**(19,630)**	(22,425)
		124,695	207,403	**(19,199)**	(21,587)
Interest received		**16,206**	15,467	**3,658**	2,559
Joint venture and associates distributions received		**39,303**	77,897	**-**	-
Dividends received		**1,084**	1,626	**-**	-
Borrowing costs paid		**(174,409)**	(173,359)	**(13,478)**	(12,633)
Income tax refund/(paid)		**41,165**	(8,114)	**42,979**	(6,805)
Net cash inflows/(outflows) from operating activities	38(b)	**48,044**	120,920	**13,960**	(38,466)
Cash flows from investing activities					
Payment for property, plant and equipment		**(74,465)**	(89,707)	**-**	-
Proceeds from the sale of assets		**536**	60,926	**-**	-
Payments for investment properties		**(26,637)**	(218,048)	**-**	-
Proceeds from the sale of investment properties and assets held for sale		**6,000**	467,283	**-**	-
Payments for loans to related entities		**-**	(142)	**(75,064)**	12,022
Proceeds from loans to related entities		**3,290**	75	**-**	-
Payments for loans to unrelated entities		**(12,609)**	-	**-**	-
Proceeds from loans to unrelated entities		**1,108**	3,632	**-**	
Contributions to joint ventures and associates		**(76,250)**	(206,025)	**-**	-
Proceeds from joint ventures and associates		**2,327**	2,398	**-**	-
Purchase of controlled entities		**(11,798)**	(60,123)	**-**	-
Proceeds from sale of investments		**1,005**	30,256	**-**	-
Net cash (outflows)/inflows from investing activities		**(187,493)**	(9,475)	**(75,064)**	12,022
Cash flows from financing activities					
Proceeds from borrowings		**1,273,033**	1,314,931	**-**	-
Repayment of borrowings		**(1,684,767)**	(1,531,428)	**-**	(10,341)
Proceeds from issue of shares		**1,600,546**	298,337	**239,739**	52,991
Capital raising costs		**(40,818)**	-	**(4,300)**	-
Dividends/distributions paid		**(141,160)**	(201,134)	**-**	(8,168)
Net cash inflows/(outflows) from financing activities		**1,006,834**	(119,294)	**235,439**	34,482
Net increase/(decrease) in cash and cash equivalents		**867,385**	(7,849)	**174,335**	8,038
(Overdraft)/cash received on acquisition of business combinations	39	**(209)**	12,719	**-**	-
Cash and cash equivalents at the beginning of the period		**29,273**	25,294	**8,038**	-
Effects of exchange rate changes on cash and cash equivalents		**92**	(891)	**-**	-
Cash and cash equivalents at the end of the period	**38(a)**	**896,541**	29,273	**182,373**	8,038

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

The Financial Statements of Mirvac consist of the Consolidated Financial Statements of Mirvac Limited and its controlled entities including the Mirvac Property Trust and its controlled entities. These Financial Statements include the separate Financial Statements of Mirvac Limited as an individual entity.

Mirvac – stapled securities

A Mirvac Group stapled security comprises one Mirvac Limited share "stapled" to one Mirvac Property Trust unit to create a single listed entity traded on the ASX. The stapled securities cannot be traded or dealt with separately.

With the establishment of the Group and its common investors, Mirvac Limited and Mirvac Funds Limited (as responsible entity for Mirvac Property Trust) have common Directors and common business objectives, and operates as Mirvac Group with two core businesses:

- real estate investment management; and
- real estate development.

The entities forming the stapled Group entered into a Deed of Cooperation which provided that the members consider the interests of Mirvac as a whole, when entering into any agreement or arrangement, or carrying out any act. This Deed of Cooperation means that members of the stapled group, where permitted by law, will carry out activities with other members on a cost recovery basis, thereby maintaining the best interests of Mirvac as a whole.

The two Mirvac entities comprising the stapled group, remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the *Corporations Act 2001*. In accordance with Urgent Issues Group Interpretation 1013, "Consolidated Financial Reports in relation to Pre-Date-Of-Transition Stapling Arrangements", Mirvac Limited has been deemed the parent entity of Mirvac Property Trust.

The stapled security structure will cease to operate on the first to occur of:

- any of Mirvac Limited or Mirvac Property Trust resolving by special resolution in general meeting and in accordance with its constitution to terminate the stapling provisions; or
- the commencement of the winding up of Mirvac Limited or Mirvac Property Trust.

The ASX reserves the right (but without limiting its absolute discretion) to remove one or more entities with stapled securities from the official list if any of their securities cease to be 'stapled' together, or any equity securities of the same class are issued by one entity which are not stapled to equivalent securities in the other entity or entities.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation of financial report

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

1. Summary of significant accounting policies (continued)

Compliance with International Financial Reporting Standards ("IFRS")

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements of the Group comply with IFRS. The parent entity's Financial Statements also comply with IFRS.

Historical cost convention

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of Financial Statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Mirvac's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.

Principles of consolidation

(i) Subsidiaries

The Consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of Mirvac as at 30 June 2009 and the results of all subsidiaries for the financial year then ended.

Subsidiaries are all those entities (including special purpose entities) over which Mirvac has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Mirvac controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to Mirvac. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by Mirvac (refer to note 1: Business combinations).

Intercompany transactions and balances between Mirvac entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated Income Statement and Balance Sheet, respectively.

Investments in subsidiaries are accounted for at cost in the individual statements of Mirvac Limited (parent entity).

1. Summary of significant accounting policies (continued)

(ii) Associates

Associates are all entities over which Mirvac has significant influence but not control or joint control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for in the Consolidated Financial Statements using the equity method of accounting, after initially being recognised at cost. Investments in associates are accounted for in the parent entity Financial Statements using the cost method. Mirvac's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Mirvac's share of its associates' post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investments.

When Mirvac's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, Mirvac does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between Mirvac and its associates are eliminated to the extent of Mirvac's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by Mirvac.

Investments in associates within certain asset classes, including infrastructure investments, have been measured at fair value. Changes in fair value are recognised as income or expenses in the Income Statement in the financial year in which the change occurred.

(iii) Joint ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the Financial Statements under the appropriate headings.

Joint venture entities

Interests in joint ventures are accounted for in the Consolidated Financial Statements using the equity method and are carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the entity are recognised in the Income Statement, and the share of movements in reserves is recognised in reserves in the Balance Sheet.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of Mirvac's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

1. Summary of significant accounting policies (continued)

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Mirvac Limited entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Mirvac Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Foreign controlled entities

The results and financial position of entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of the Balance Sheet;
- income and expenses for each Income Statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Exchange differences are recognised in the Income Statement in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items which form part of the net investment in a foreign operation, which are recognised in the foreign currency translation reserve. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Income Statement, as part of the gain or loss on sale where applicable.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Development projects and land sales

Revenue for development projects and land sales is recognised when the risks and rewards of ownership are transferred.

1. Summary of significant accounting policies (continued)

(ii) Construction contracts

Revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately.

When the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

(iii) Hotel revenue

Revenue is recognised when goods and services have been provided to the customer.

(iv) Rental income

Rental revenue for operating leases is recognised on a straight line basis over the term of the lease, except when an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises. Lease incentives offered under operating leases are amortised on a straight-line basis and offset against rental income.

(v) Recoverable outgoings

Recovery of outgoings as specified in lease agreements is accrued on an estimated basis and adjusted when the actual amounts are invoiced to the respective tenants.

(vi) Fees

Revenues from the rendering of property funds management, property advisory and facilities management services are recognised upon the delivery of the service to the customers or where there is a signed unconditional contract for sale or purchase of assets.

(vii) Interest

Interest revenue is brought to account when earned, taking into account the effective yield on the financial asset.

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1. Summary of significant accounting policies (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Mirvac Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Mirvac Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Mirvac Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements within the tax consolidated group are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 6(d).

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Under the current income tax legislation Mirvac Property Trust is not liable for income tax, provided its taxable income is fully distributed to unit holders each financial year.

Leases

Leases of property, plant and equipment where Mirvac has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease’s inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset’s useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

1. Summary of significant accounting policies (continued)

Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of Mirvac's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1: Intangible assets). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Impairment of assets

Goodwill and intangibles that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using post-tax discount rate that reflects current market assessments of both the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised for the amount by which the asset's (or cash-generating unit ("CGU")) carrying amount exceeds its recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGU).

The lowest level at which Mirvac allocates and monitors goodwill is at the primary reporting segments level (note 3). Within each reporting segment, there are a number of CGU.

Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

1. Summary of significant accounting policies (continued)

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that Mirvac will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Income Statement.

Mezzanine loans

Mezzanine loans are loans to unrelated parties for predominately real estate property development. These loans are secured by a second ranking mortgage, behind the senior lender. Mezzanine loans are recognised initially at fair value. Collectability of loans is reviewed on an ongoing basis and those which are considered uncollectible are written off through the income statement.

Inventories

Inventories comprise development projects, construction contracts and hotel stock.

(i) Development projects

Development projects are valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and all other costs directly related to specific projects, including an allocation of direct overhead expenses. Upon completion of the contract of sale, borrowing costs, and other holding charges are expensed as incurred. Profits on development projects are not brought to account until settlement of the contract of sale.

(ii) Construction contracts

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under payables.

Contract costs include all costs directly related to specific contracts, and costs that are specifically chargeable to the customer under the terms of the contract.

The stage of completion is measured using the percentage of completion method unless the outcome of the contract cannot be reliably measured.

(iii) Hotel stock

Hotel stock is stated at lower of cost and net realisable value.

Assets classified as held for sale

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Investment properties classified as held for sale are carried at fair value. An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset classified as held for sale is recognised at the date of de-recognition.

1. Summary of significant accounting policies (continued)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale are presented separately from the other assets in the Balance Sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

Investments and other financial assets

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Mirvac provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Balance Sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the Balance Sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Mirvac's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Balance Sheet date.

Purchases and sales of investments are recognised on trade-date being the date on which Mirvac commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Mirvac has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the Income Statement in the period in which they arise.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in equity are included in the Income Statement as gains and losses from investment securities.

1. Summary of significant accounting policies (continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), Mirvac establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

Impairment of financial assets

Mirvac assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value) less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Mirvac designates certain derivatives as either: (1) hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

Mirvac documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Mirvac also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

1. Summary of significant accounting policies (continued)

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the Balance Sheet date. The quoted market price used for financial assets held by Mirvac is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Mirvac uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Mirvac for similar financial instruments.

Transaction costs are included in the initial carrying amounts of the financial instruments, which are not carried at fair value through profit or loss.

Property, plant and equipment

Property, plant and equipment comprises land and buildings, plant and equipment (including hotel plant and equipment), owner-occupied hotel management lots, owner-occupied freehold hotels, owner-occupied properties and investment properties under construction.

Increases in the carrying amounts arising on the revaluation of certain classes of property, plant and equipment are credited, net of tax, to the asset revaluation reserve in equity. To the extent that the increase reverses a decrease previously recognised in Income Statement, the increase is first recognised in the Income Statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Income Statement.

(i) Plant and equipment (including hotel plant and equipment)

Plant and equipment (including hotel plant and equipment) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

1. Summary of significant accounting policies (continued)

(ii) Owner-occupied hotel management lots

Hotel management lots are classified as owner-occupied where the lot is owned and managed by Mirvac. The management lots, land and buildings are shown at fair value, less subsequent depreciation for buildings. Fair values are derived through annual Directors' valuations. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

(iii) Owner-occupied freehold hotels

Owner-occupied freehold hotels are shown at fair value, less subsequent depreciation for buildings. Fair values are determined by external valuers on a rotation basis with one-half of the portfolio being revalued annually. Those assets which are not subject to an external valuation at the reporting date are fair valued internally by Directors. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

(iv) Owner-occupied administration properties

Administration properties are classified as owner-occupied where Mirvac occupies more than 10 per cent of the total lettable area of the individual property. Owner-occupied administration properties are shown at fair value, less subsequent depreciation for buildings. Fair values are determined by external valuers on a rotation basis with one-half of the portfolio being revalued annually. Those assets which are not subject to an external valuation at the reporting date are fair valued internally by Directors. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

(v) Property under construction

Property under construction is carried at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Mirvac and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	3 – 15 years
Office leasehold improvements	1 – 10 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimate recoverable amount (note 1: Impairment of assets).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement on a net basis when the risks and rewards pass to the purchaser. When revalued assets are sold, it is Mirvac's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

1. Summary of significant accounting policies (continued)

Investment property

(i) Investment properties

Investment properties are properties held for long-term rental yields and for capital appreciation.

Investment properties are carried at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases, with any gain or loss arising from a change in fair value recognised in the Income Statement in the period.

Investment properties are revalued by external valuers on a rotation basis with one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the reporting date are fair valued internally by management.

The carrying amount of the investment properties recorded in the Balance Sheet includes components relating to lease incentives.

(ii) Investment properties under redevelopment

Existing investment properties being redeveloped for continued future use are carried at fair value.

Lease incentives

Lease incentives provided under an operating lease are recognised on a straight-line basis against rental income.

As these incentives are repaid out of future lease payments, they are recognised as an asset in the consolidated Balance Sheet as a component of the carrying amount of investment properties and amortised over the lease period.

Where the investment property is supported by a valuation that incorporates the value of fit-outs, the investment property is revalued back to the valuation amount after the lease incentive amortisation has been charged as an expense.

1. Summary of significant accounting policies (continued)

Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Mirvac's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of joint ventures and associates is included in investments in joint ventures and associates respectively. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGU's for the purpose of impairment testing. Each of those CGU's represents Mirvac's primary reporting segments (note 3).

(ii) Management rights

Management rights are carried at cost less accumulated amortisation and impairment losses. Amortisation is charged to the Income Statement on a straight line basis over the estimated useful lives of the intangible assets. Management rights held in relation to an unlisted property fund are amortised over the useful life of seven years. All other management rights have an indefinite useful life and are not amortised but tested annually for impairment.

(iii) Carbon sequestration rights

Carbon sequestration rights are recorded as intangible assets and are stated at historic cost. Cost includes expenditure that is directly attributable to the acquisition of the items. Carbon sequestration rights are not amortised. Instead, carbon sequestration rights are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

1. Summary of significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to Mirvac prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables, whose settlement is deferred, are measured at amortised cost.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless Mirvac has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors and accruals in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave vesting within 12 months of the reporting date is recognised and is measured in accordance with (i) above and included in provisions. The liability for long service leave vesting more than 12 months from the reporting date is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, at the reporting date, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows.

1. Summary of significant accounting policies (continued)

(iii) Share-based payments

Share based payments are recognised for the following plans:

- **Current LTI plan**

  The fair value at grant date is independently determined using a bi-nomial option pricing model that takes into account the exercise price, the vesting and performance criteria, the impact of dilution, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield and the risk-free interest rate for the term of the equity instrument. The fair value is then expensed on a straight line basis over the vesting period of equity instruments.

- **Employee exemption plan**

  Share based expense relating to the securities issued under the employee exemption plan (EEP) are expensed to the Income Statement in the period to which they are granted with a corresponding increase to Mirvac's contributed equity.

- **Superseded plans**

  The fair value of equity instruments granted under the superseded LTI plan and EIS is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period. No expense relating to EIS has been recognised in the financial year ended 30 June 2009.

(iv) Bonuses

A liability for bonuses payable is recognised in other creditors and accruals where there is a present obligation to settle the liability and at least one of the following conditions is met:

- there are formal terms for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonuses are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Mirvac recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after Balance Sheet date are discounted to present value.

(vi) Retirement benefit obligations

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1. Summary of significant accounting policies (continued)

Provisions

Provisions for legal claims, forward contracts and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contributed equity

Ordinary securities are classified as equity.

Incremental costs directly attributable to the issue of new securities or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new securities or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

In accordance with AASB 2 "Share Based Payments", securities issued as part of the Mirvac LTI and EIS are not classified as ordinary securities, until such time as the employee loans are fully repaid or they leave Mirvac.

Distributions

Provision is made for the amount of any distribution declared on or before the end of the year but not distributed at balance date.

Earnings per security

(i) Basic earnings per security

Basic earnings per security are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary securities outstanding during the year. In calculating basic earnings per security, securities issued under the Mirvac EIS have been excluded from the weighted average number of securities.

(ii) Diluted earnings per security

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities (including those securities issued under the EIS) and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

1. Summary of significant accounting policies (continued)

Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Comparative information

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

Rounding of amounts

Mirvac is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New accounting standards and AASB Interpretations

In the current year, Mirvac has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current annual reporting period.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. Mirvac's assessment of the impact of these new standards and interpretations is set out below.

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009) AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. Mirvac will adopt AASB 8 from 1 July 2009. It is likely to result in no increase in the number of reportable segments presented. In addition, the segments will be reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated by management to groups of CGU's on a segment level, the change in reportable segment may also require a reallocation of goodwill. However, this is not expected to result in any additional impairment of goodwill.

- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009) The revised AASB 123 has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of Mirvac, as the Group already capitalises borrowing costs relating to qualifying assets.

1. Summary of significant accounting policies (continued)

- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009). The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the Financial Statements. If an entity has made a prior period adjustment or has reclassified items in the Financial Statements, it will need to disclose a third balance sheet (Statement of Financial Position), this one being as at the beginning of the comparative period. Mirvac will apply the revised standard from 1 July 2009.

- AASB 2008-1 Amendments to Australian Accounting Standards – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009) AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Mirvac will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group’s share-based payments.

- Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009). The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the Income Statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs must be expensed. This is different to Mirvac’s current policy which is set out in note 1(i) above. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(b)(i). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with Mirvac’s current accounting policy if significant influence is not retained. Mirvac will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009) The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to IFRS are part of the IASB’s annual improvements project published in May 2008. They clarify that all of a subsidiary’s assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

- Amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to IFRS are part of the IASB’s annual improvements project published in May 2008. They clarify that all of a subsidiary’s assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. Mirvac will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

- AASB Interpretation 15 Agreements for the Construction of Real Estate (effective 1 January 2009) AASB-I 15 clarifies whether AASB 111 Construction Contracts should be applied to particular transactions. Mirvac intends to apply the interpretation from 1 July 2009. It has reviewed its current agreements for the sale of real estate in light of the new guidance and concluded that there would be a reduction $5.95 million of after tax profit for the current financial year if the Group had adopted the interpretation for the current period.

1. Summary of significant accounting policies (continued)

- AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009). In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of IFRS and AABS 127 Consolidated and Separate Financial Statements. Mirvac will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

- AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008) AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the Group. It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. Mirvac will apply the interpretation prospectively from 1 July 2009. There will be no changes to the accounting for the existing hedge of the net investment in the United Kingdom subsidiary.

- AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009) AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. Mirvac will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.

- AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its securityholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. This is different to Mirvac's current policy which is to measure distributions of non-cash assets at their carrying amounts. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. Mirvac will apply the interpretation prospectively from 1 July 2009.

- AASB 140 (Amendment) Investment Property and consequential amendments to AASB 116) (effective from 1 January 2009). The amendments were made by AASB 2008-5 Amendments to Australia Accounting Standards arising from the Annual Improvements Project in July 2008. Property that is under construction or development for future use as investment property is within the scope of AASB 140. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The consolidated entity currently has property, plant and equipment which is being developed for use as an investment property on completion and will apply this amended standard in future reporting periods. The consolidated entity will apply the amendments from 1 July 2009. It is not expected to have a material impact on the consolidated entity's financial statements.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying Mirvac's accounting policies

The following are the critical judgements (estimations are detailed below), that management has made in the process of applying Mirvac's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

(i) Revenue recognition

Construction revenue

Mirvac has recognised construction revenue amounting to $78,760,000 (2008: $85,144,000) using the percentage of completion basis. The percentage of completion is determined by calculating the expenses incurred to date as a percentage of total estimated costs. Management is confident that the percentage of completion calculated in determining the above revenue represents that actual percentage of the completed contracts.

Development revenue

The measurement of development revenue, which is recognised when the risks and rewards of ownership are transferred, requires management to use estimations and judgements around future selling prices, selling rates and future development costs. Development revenue recognised for the period amounts to $1,012,049,000 (2008: $1,095,365,000).

(b) Key sources of estimation uncertainty

In preparing the Financial Statements of Mirvac, management are required to make estimations and assumptions. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Inventories

Mirvac is required to carry inventory at the lower of cost or net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and cost to sell. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The key assumptions require the use of management judgement and are reviewed half-yearly. During the period Mirvac has expensed $186,506,000 (2008: $219,871,000) in relation to inventory that was carried in excess of the net realisable value.

(ii) Impairment of goodwill

Mirvac annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. Determining whether goodwill is impaired requires an estimation of the value in use of the CGU's to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the balance sheet date was $45,536,000 (2008: $259,474,000). There was an impairment loss recognised during the period of $224,086,000 (2008: nil). Details on the assumptions used are provided in note 18.

2. Critical accounting estimates and judgements (continued)

(iii) *Estimated impairment of investments accounted for using the equity method*

During the period Mirvac impaired a number of investments accounted for using the equity method. The investments are tested for impairment, by comparing recoverable amounts (higher of value in use and fair value less costs to sell) with the carrying amounts, whenever there is indication that the investment may be impaired. In determining the value in use of the investment, Mirvac estimates the present value of the estimated future cash flows expected to arise from distributions to be received from the investment and from its ultimate disposal. Details of this impairment and the assumptions used by management in assessing the impairment are provided in notes 29 and 30.

(iv) *Fair value of investments not traded in active markets*

The fair value of investments that are not traded in an active market is determined by the unit price as advised by the Fund Manager. The unit price is determined by the net present value calculations using future cash flows and an appropriate post tax discount rate. The carrying value of investments not traded in an active market is determined using the above described techniques and assumptions are $18,489,000 (2008: $19,262,000) and are disclosed as financial assets at fair value through profit or loss (note 10).

(v) *Carrying value of management rights*

The carrying value of management rights are initially carried at fair values as at the date of acquisition. Mirvac has used discounted cash flow analysis to assess the carrying value of the acquired management rights. During the period Mirvac assessed an impairment of management rights of $48,531,000 (2008: $18,910,000) which was expensed during the period. Further information on the impairment expense is detailed in note 18. The carrying value of management rights at 30 June 2009 was $13,048,000 (2008: $60,343,000) and is disclosed as part of intangibles (note 18).

(vi) *Valuation of investment properties and owner occupied properties*

Mirvac uses judgement in respect of the fair values of investment properties and owner occupied properties. Investment properties and owner occupied properties are re-valued by external valuers on a rotation basis with approximately one half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the reporting date are fair valued internally by management. The assumptions used in the estimations of fair values include expected future market rentals, discount rates, market prices and economic conditions. The carrying value as at balance date for investment property is $3,210,106,000 (2008: $3,436,782,000) and owner occupied property $255,009,000 (2008: $285,803,000). Details on investment properties provided in note 16 and owner occupied note 17.

(vii) *Valuation of assets acquired in business combinations*

During the year Mirvac completed the acquisitions of Mirvac Pacific Pty Limited and Mirvac UK Property Limited (note 39). On recognising these acquisitions, management used estimations and assumptions on the fair value of the assets and liabilities assumed at date of exchange.

(viii) *Valuation of share based payment transactions*

Valuation of share based payment transactions is performed using judgements around the fair value of the equity instruments on the date at which they are granted. The fair value is determined using a bi-nominal option pricing model. Mirvac recognises a share based payment over the vesting period which is based on the estimation of the number of equity instruments likely to vest. At the end of the vesting period Mirvac will assess the total expense recognised comparison to the number of equity instruments that ultimately vested.

2. Critical accounting estimates and judgements (continued)

(ix) Valuation of derivatives and other financial instruments

Mirvac uses judgement in selecting the appropriate valuation technique for financial instruments not quoted in an active market. Valuation of derivative financial instruments involves assumptions based on quoted market rates adjusted for specific features of the instrument. The valuations of any financial instrument may change in the event of market volatility.

3. Segmental information

(a) Primary segments

Mirvac's segment reporting format is that of business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Mirvac is organised into two core and one non core business areas:

- **Development**

  The Development segment's primary operations are property development and construction of residential, commercial, industrial and retail development projects throughout Australia. In addition project management fees are received from the management of development and construction projects on behalf of joint ventures and residential development funds.

- **Investment**

  Investment holds investments in properties covering the retail, commercial, industrial and hotel sectors, held for the purpose of producing rental income throughout Australia, predominately through MPT and its subsidiary trusts. Income is also derived from investments in associated entities including Mirvac Real Estate Investment Trust and Mirvac Industrial Trust. Fees are also received by Mirvac Asset Management which provides asset management services.

- **Investment Management**

  Investment Management and Hotel's facilitate capital interaction between Mirvac's two core divisions being Investment and Development, and undertake the management of external funds and hotels across Australasia.

(b) Geographical segment

Mirvac operates predominantly in Australia.

(c) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are based on an arm's length basis and are eliminated on consolidation.

3. Segmental information

2009	Development $'000	Investment MPT/MAM $'000	Investment management Hotel Management $'000	Investment management External Funds $'000	Unallocated $'000	Elimination $'000	Totals $'000
Revenue							
Development and construction revenue	1,093,006	-	-	-	-	(2,197)	**1,090,809**
Development management fee revenue	31,625	-	-	-	-	(7,400)	**24,225**
Rental revenue from investment properties	61	333,792	-	-	-	(3,922)	**329,931**
Hotel operations revenue	-	-	147,367	-	-	-	**147,367**
Investment management fee revenue	5,079	9,673	-	33,743	-	(1,880)	**46,615**
Interest revenue	9,424	1,030	478	8,005	4,695	(657)	**22,975**
Dividend and distribution revenue	196	1,091	-	109	-	(312)	**1,084**
Other revenue	5,617	3,078	541	1,575	2,103	(121)	**12,793**
Inter-segment sales	105,095	67,776	-	30	2,608	(175,509)	**-**
Total revenue	1,250,103	416,440	148,386	43,462	9,406	(191,998)	**1,675,799**
Gain on financial instruments	-	-	-	-	113,306	-	**113,306**
Net gain on sale of investments	-	-	-	985	-	-	**985**
Net gain on sale of property, plant and equipment	8	-	25	-	5	-	**38**
Total other income	8	-	25	985	113,311	-	**114,329**
Total revenues and other income	1,250,111	416,440	148,411	44,447	122,717	(191,998)	**1,790,128**
Net loss from fair value adjustments on investment properties	-	515,584	-	-	-	(28,381)	**487,203**
Foreign exchange loss	-	-	(80)	-	72,594	-	**72,514**
Net loss on assets classified as held for sale	83	-	-	-	-	-	**83**
Cost of property development and construction	1,075,229	-	-	-	-	(104,039)	**971,190**
Investment property outgoings	-	81,279	-	30	-	71	**81,380**
Hotel operating expenses	-	-	48,096	-	-	(2,757)	**45,339**
Share of net loss of associates and joint ventures accounted for using the equity method	9,692	119,749	-	21,383	-	7,171	**157,995**
Employees benefits expense	47,422	15,792	69,917	22,187	28,607	(86)	**183,839**
Depreciation and amortisation	3,005	13,290	5,277	898	2,620	3,166	**28,256**
Impairment of goodwill, management rights and other intangibles	125,882	-	-	146,735	-	1,028	**273,645**
Impairment of investments in associates and joint ventures	9,950	16,446	-	15,200	-	-	**41,596**
Impairment of loans	40,687	-	-	18,699	-	-	**59,386**
Finance costs expense	53,325	76,641	124	14,294	13,930	(70,383)	**87,931**
Loss on financial instruments	-	110,261	-	177	34,487	(457)	**144,468**
Selling and marketing expense	16,359	863	8,026	22	168	-	**25,438**
Provision for loss on inventory	186,506	-	-	-	-	-	**186,506**
Other expenses	36,704	12,898	4,737	25,846	12,483	(4,764)	**87,904**
Loss before income tax	(354,733)	(546,363)	12,314	(221,024)	(42,172)	7,433	**(1,144,545)**
Income tax benefit							**65,307**
Loss for the year							**(1,079,238)**
Profit attributable to minority interest							**1,137**
Net loss attributable to the stapled securityholders of the Group							**(1,078,101)**

3. Segmental information (continued)

2008	Development $'000	Investment MPT/MAM $'000	Investment management Hotel Management $'000	Investment management External Funds $'000	Unallocated $'000	Elimination $'000	Totals $'000
Revenue							
Development and construction revenue	1,185,037	-	-	-	-	(4,528)	**1,180,509**
Development management fee revenue	39,277	-	-	-	-	(8,786)	**30,491**
Rental Revenue from investment properties	2,014	324,803	-	-	-	(4,288)	**322,529**
Hotel operations revenue	-	-	164,828	-	-	(1,080)	**163,748**
Investment management fee revenue	4,820	16,182	-	39,604	-	(822)	**59,784**
Interest revenue	6,334	2,209	779	7,987	5,310	(3,312)	**19,307**
Dividend and distribution revenue	-	1,977	-	15	-	(366)	**1,626**
Other revenue	10,269	13,489	1,330	5,312	70	(10,643)	**19,827**
Inter-segment sales	71,919	68,928	-	48	2,657	(143,552)	**-**
Total revenue	1,319,670	427,588	166,937	52,966	8,037	(177,377)	**1,797,821**
Net gain from fair value adjustments on investment properties	-	181,808	-	-	-	(35,538)	**146,270**
Gain on financial instruments	-	19,533	-	-	6,186	(574)	**25,145**
Foreign exchange gain	-	-	(316)	-	51,748	-	**51,432**
Net gain on sale of investments	-	-	-	2,406	-	-	**2,406**
Net gain on the sale of investment	-	41,146	-	-	-	-	**41,146**
Net gain on assets classified as held for sale	-	48,578	-	-	-	-	**48,578**
Net gain on sale of property, plant and equipment	16,704	(41)	(168)	(179)	(464)	-	**15,852**
Total other income	16,704	291,024	(484)	2,227	57,470	(36,112)	**330,829**
Total revenues and other income	1,336,374	718,612	166,453	55,193	65,507	(213,489)	**2,128,650**
Cost of property development and construction	1,022,867	-	-	-	-	(63,209)	**959,658**
Investment property outgoings	-	78,152	-	30	-	(32)	**78,150**
Hotel operating expenses	-	-	56,051	-	-	(2,372)	**53,679**
Share of net loss of associates and joint ventures accounted for using equity method	(26,258)	(10,611)	-	85,293	-	1,784	**50,208**
Employees benefits expense	45,974	20,011	75,378	14,477	45,988	-	**201,828**
Depreciation and amortisation	3,338	11,159	4,906	863	1,882	5,580	**27,728**
Impairment of goodwill, management rights and other intangibles	-	-	-	18,910	-	-	**18,910**
Impairment of investments in associates and join ventures	-	76,110	-	-	-	-	**76,110**
Finance costs expense	70,051	114,268	1,376	12,881	12,850	(71,538)	**139,888**
Loss on financial instruments		-	-	-	24,778	34	**24,812**
Selling and marketing expense	33,017	523	8,921	184	346	-	**42,991**
Provision for loss on inventory	219,871	-	-	-	-	-	**219,871**
Other expenses	33,295	25,041	6,175	16,478	19,787	(18,488)	**82,288**
Profit/(loss) before income tax	(65,781)	403,959	13,646	(93,923)	(40,124)	(65,248)	**152,529**
Income tax benefit							**22,865**
Profit for the year							**175,394**
Loss attributable to minority interest							**(3,592)**
Net profit attributable to the stapled securityholders of the Group							**171,802**

3. Segmental information (continued)

	Development	Investment					
		MPT/MAM	Hotel Management	External Funds	Unallocated	Elimination	Totals
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
June 2009							
Total assets	5,572,133	5,387,996	343,150	634,292	5,509,866	(10,073,600)	**7,373,837**
Total liabilities	5,661,088	987,202	287,410	804,971	4,492,374	(9,732,010)	**2,501,035**
Investment in associates and joint ventures	201,037	227,415	-	19,245	-	(50,049)	**397,648**
Acquisitions of investments and property, plant and equipment	99,598	9,778	2.033	4,330	1,909	-	**117,648**
Depreciation and amortisation expense	3,005	13,290	5,277	898	2,620	3,166	**28,256**
June 2008							
Total assets	5,129,143	5,255,416	293,299	866,762	4,612,363	(8,662,245)	**7,494,738**
Total liabilities	4,917,146	1,636,138	242,492	829,597	3,808,063	(8,348,865)	**3,084,571**
Investment in associates and joint ventures	241,612	366,928	-	38,542	-	(46,900)	**600,182**
Acquisitions of investments and property, plant and equipment	3,403	233,376	4,527	552	6,690	-	**248,548**
Depreciation and amortisation expense	3,338	11,159	4,906	863	1,882	5,580	**27,728**

4. Revenue and other income

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Development and construction revenue				
Development revenue	**1,012,049**	1,095,365	**-**	-
Construction revenue	**78,760**	85,144	**-**	-
Total development and construction revenue	**1,090,809**	1,180,509	**-**	-
Interest revenue				
Cash and cash equivalents	**13,597**	11,316	**3,658**	2,559
Joint venture and related party loans	**5,865**	3,481	**-**	-
Mezzanine loans	**3,513**	4,489	**-**	-
Others	**-**	21	**-**	-
Total interest revenue	**22,975**	19,307	**3,658**	2,559
Gain on financial instruments				
Gain on interest rate derivatives	**-**	24,758	**-**	-
Gain on revaluation of other financial instruments	**-**	387	**-**	-
Gain on revaluation cross currency derivatives	**113,306**	-	**-**	-
Gain on financial instruments	**113,306**	25,145	**-**	-

5. Expenses

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
(Loss)/profit before income tax expense includes the following specific expenses				
Finance costs				
Interest and finance charges paid/payable net of provision release	**158,023**	178,156	**13,373**	12,626
Amount capitalised	**(104,055)**	(77,850)	-	-
Interest capitalised in current and prior years expensed this year net of provision release	**31,571**	37,045	-	-
Borrowing costs amortised	**2,392**	2,537	**-**	60
Finance costs expense	**87,931**	**139,888**	**13,373**	12,686
Depreciation				
Plant and equipment	**10,174**	9,250	**-**	-
Owner-occupied management lots	**1,448**	1,345	**-**	-
Owner-occupied freehold hotels	**689**	859	**-**	-
Owner-occupied administration properties	**4,256**	6,359	**-**	-
Office leasehold improvements	**43**	-	**-**	-
Total depreciation	**16,610**	**17,813**	**-**	-

5. Expenses (continued)

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Amortisation				
Lease fit-outs	**8,320**	6,550	**-**	-
Amortisation of intangibles	**439**	701	**-**	-
Deferred expenses	**2,887**	2,664	**-**	-
Total amortisation	**11,646**	9,915	**-**	-
Total depreciation and amortisation	**28,256**	27,728	**-**	-
Loss on financial instruments				
Loss on cross currency derivatives	**-**	24,812	**-**	-
Loss on interest rate derivatives	**143,396**	-	**-**	-
Loss on revaluation of other financial instruments	**1,072**	-	**-**	-
Loss on financial instruments	**144,468**	24,812	**-**	-
Other charges against assets				
Provision for loss on inventory	**186,506**	219,871	**-**	-
Bad and doubtful debts – trade debtors	**1,082**	594	**-**	-
Impairment of goodwill, management rights and other intangibles	**273,645**	18,910	**-**	-
Impairment of investments including associates and joint ventures	**41,596**	76,110	**-**	-
Impairment of loans	**59,386**	-	**-**	-
Other provisions – long service leave	**681**	2,601	**-**	-
Rental expense relating to operating leases	**5,945**	3,652	**-**	-

6. Income tax

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
(a) Income tax (benefit)				
Current tax	**7,522**	(1,853)	**(6,492)**	(13,339)
Deferred tax	**(70,083)**	(20,479)	**620**	(210)
(Over)/under provided in prior years	**(2,746)**	(533)	**3,033**	(705)
Income tax (benefit)	**(65,307)**	(22,865)	**(2,839)**	(14,254)
Deferred income tax/(benefit) included in income tax (benefit)/expense comprises				
Decrease/(increase) in deferred tax assets	**10,964**	(50,042)	**1,078**	(453)
(Decrease)/increase in deferred tax liabilities	**(81,047)**	29,563	**(458)**	243
Deferred income tax (benefit)/expense	**(70,083)**	(20,479)	**620**	(210)

6. Income tax (continued)

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
(b) Numerical reconciliation of income tax (benefit) to prima facie tax payable				
Profit from continuing operations before income tax expense	**(1,144,545)**	152,529	**(10,649)**	(13,295)
Income tax calculated at 30%	**(343,363)**	45,758	**(3,195)**	(3,989)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income				
Non-deductible impairment of goodwill, management rights and other intangibles	**81,947**	5,700	**-**	-
Non-deductible impairment of investments including associates and joint ventures	**6,787**	25,500	**-**	-
Non-deductible impairment of loans	**12,806**	-	**-**	-
Other non-deductible /non assessable items	**19,473**	4,876	**-**	-
Utilisation of prior year tax losses not previously recognised	**(2,677)**	-	**(2,677)**	(9,560)
Trust net loss/(income)	**162,466**	(104,166)	**-**	-
	(62,561)	(22,332)	**(5,872)**	(13,549)
(Over)/under provision in previous year	**(2,746)**	(533)	**3,033**	(705)
Income tax (benefit)	**(65,307)**	(22,865)	**(2,839)**	(14,254)
(c) Tax losses				
Unused tax losses incurred by Australian entities for which no deferred tax asset has been recognised	**57,551**	66,478	**57,551**	66,478
Potential tax benefit at 30%	**17,265**	19,943	**17,265**	19,943

(d) Tax consolidation legislation

Mirvac Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Mirvac Limited.

The entities within the consolidated tax group have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Mirvac Limited for any current tax payable assumed and are compensated by Mirvac Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mirvac Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

6. Income tax (continued)

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
(e) Current tax assets				
Tax receivable	**6,428**	63,301	**7,596**	55,309
(f) Net deferred tax liabilities				
Non-current assets – deferred tax assets				
The balance comprises temporary differences attributable to:				
Amounts recognised in income statement				
Employee provisions	**8,468**	10,207	**-**	-
Accrued expenses	**9,541**	17,277	**(63)**	446
Provision for diminution in investments	**-**	-	**1,500**	1,500
Unearned profits with associates	**15,189**	12,246	**-**	-
Derivative financial instruments	**8,868**	23,951	**-**	-
Impairment of loans	**5,097**	-	**-**	-
Tax losses of prior years	**7,359**	-	**5,608**	-
Property, plant and equipment	**3,401**	-	**-**	-
Receivables	**338**	-	**-**	-
Other	**-**	-	**(40)**	(127)
Amounts recognised directly in equity				
Share capital raising costs	**1,714**	441	**1,714**	441
Deferred tax assets	**59,975**	64,122	**8,719**	2,260
Non-current liabilities – deferred tax liabilities				
The balance comprises temporary differences attributable to:				
Amounts recognised in income statement				
Inventory	**16,563**	77,345	-	-
Receivables	**-**	4,710	-	-
Equity accounted investments	**7,011**	15,427	-	-
Property, plant and equipment	**-**	(688)	-	-
Foreign exchange translation gains	**12,969**	34,629	**-**	-
Other	**3,743**	-	**54**	425
Amounts recognised directly in equity				
Revaluation of property, plant and equipment	**6,556**	8,039	**-**	-
Deferred tax liabilities	**46,842**	139,462	**54**	425
Net deferred tax assets/(liabilities)	**13,133**	(75,340)	**8,665**	1,835

6. Income tax (continued)

Movements in deferred tax

Consolidated	**Employee Provisions $'000**	**Accrued Expenses $'000**	**Provision for Diminution in Investments $'000**	**Unearned Profits with Associates $'000**	**Derivative Financial Instruments $'000**	**Impairment of loans $'000**	**Tax losses $'000**	**Property Plant & Equipment $'000**
Opening balance at 1 July 2007	14,886	8,314	-	5,193	(18,996)	-	-	19
(Credited)/charged to the income statement	(4,679)	8,963	-	7,053	42,947	-	-	669
Credited to equity	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-
Closing balance at 30 June 2008	10,207	17,277	-	12,246	23,951	-	-	688
(Credited)/charged to the income statement	**(1,782)**	**(7,736)**	**-**	**2,943**	**(15,083)**	**5,097**	**(1,611)**	**2,729**
Credited to equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer of prior year tax losses from current tax	**-**	**-**	**-**	**-**	**-**	**-**	**7,359**	**-**
Disposal of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition of subsidiary	**43**	**-**	**-**	**-**	**-**	**-**	**1,611**	**(16)**
Closing balance at 30 June 2009	**8,468**	**9,541**	**-**	**15,189**	**8,868**	**5,097**	**7,359**	**3,401**
Parent								
Opening balance at 1 July 2007	-	129	1,500	-	(337)	-	-	-
(Credited)/charged to the income statement	-	317	-	-	337	-	-	-
Credited to equity	-		-	-	-	-	-	-
Closing balance at 30 June 2008	-	446	1,500	-	-	-	-	-
(Credited)/charged to the income statement	**-**	**(509)**	**-**	**-**	**-**	**-**	**-**	**-**
Credited to equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer of prior year tax losses from current tax	**-**	**-**	**-**	**-**	**-**	**-**	**5,608**	**-**
Closing balance at 30 June 2009	**-**	**(63)**	**1,500**	**-**	**-**	**-**	**5,608**	**-**

6. Income tax (continued)

Movements in deferred tax

Consolidated	Receivables $'000	Share Capital Raising Costs $'000	Inventory $'000	Equity Accounted Investments $'000	Foreign Exchange Translation Gains/(Losses) $'000	Other $'000	Revaluation of Property, Plant & Equipment $'000	Total $'000
Opening balance at 1 July 2007	-	74	(102,828)	(10,855)	18,000	(2,167)	(4,428)	**(92,788)**
(Credited)/charged to the income statement	(4,710)	(201)	25,483	(4,572)	(52,629)	2,155	-	**20,479**
Credited to equity	-	568	-	-	-	-	(3,611)	**(3,043)**
Acquisition of subsidiary	-	-	-	-	-	12	-	**12**
Closing balance at 30 June 2008	(4,710)	441	(77,345)	(15,427)	(34,629)	-	(8,039)	**(75,340)**
(Credited)/charged to the income statement	5,048	(569)	54,818	8,416	21,660	(3,847)	-	**70,083**
Credited to equity	-	1,842	-	-	-	-	1,483	**3,325**
Transfer of prior year tax losses from current tax	-	-	-	-	-	-	-	**7,359**
Disposal of subsidiary	-	-	-	-	-	(72)	-	**(72)**
Acquisition of subsidiary	-	-	5,964	-	-	176	-	**7,778**
Closing balance at 30 June 2009	338	1,714	(16,563)	(7,011)	(12,969)	(3,743)	(6,556)	**13,133**
Parent								
Opening balance at 1 July 2007	-	74	-	-	-	(309)	-	**1,057**
(Credited)/charged to the income statement	-	(201)	-	-	-	(243)	-	**210**
Credited to equity	-	568	-	-	-	-	-	**568**
Closing balance at 30 June 2008	-	441	-	-	-	(552)	-	**1,835**
(Credited)/charged to the income statement	-	(569)	-	-	-	458	-	**(620)**
Credited to equity	-	1,842	-	-	-	-	-	**1,842**
Transfer of prior year tax losses from current tax	-	-	-	-	-	-	-	**5,608**
Closing balance at 30 June 2009	-	1,714	-	-	-	(94)	-	**8,665**

7. Earnings per security

	Consolidated	
	2009	2008
	Cents	Cents
Earnings per security [1]		
Basic earnings per security	**(65.21)**	14.86
Diluted earnings per security [2]	**(64.53)**	14.62
Reconciliation of earnings used in calculating earnings per security	**$'000**	$'000
Basic and diluted earnings per security		
Net (loss)/profit used in calculating earnings per security	**(1,078,101)**	171,802
Weighted average number of securities after rights issue notional adjustment used as denominator [1]	**Number '000**	Number '000
Weighted average number of securities used in calculating basic earnings per security	**1,653,361,987**	1,156,389,937
Adjustment for calculation of diluted earnings per security		
Securities issued under EIS	**17,402,031**	18,516,432
Weighted average number of securities used in calculating diluted earnings per security	**1,670,764,018**	1,174,906,369

[1] Current and prior year numbers have been adjusted to reflect the impact of the rights issues, as required by accounting standard AASB 133. This is because the exercise price of the rights issue was less than the fair value of the securities and so includes a bonus element. The number of ordinary securities for both periods prior to the rights issue is multiplied by the fair value per share immediately before the exercise of rights divided by the theoretical ex-rights fair value per share.
[2] Diluted securities does not include the options and rights issued under the current LTI plan as the exercise of these equity instruments are contingent on conditions during the vesting period.

8. Receivables

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current receivables				
Trade receivables	**87,039**	97,227	**-**	-
Provision for doubtful debts	**(1,924)**	(1,314)	**-**	-
	85,115	95,913	**-**	-
Amounts due from related entities	**27,126**	75,363	**-**	-
Amounts due from subsidiaries	**-**	-	**2,917,646**	2,603,061
Amounts due from unrelated entities	**7,323**	6,492	**-**	-
Mezzanine loans	**20,574**	26,263	**-**	-
Accrued income	**11,333**	34,367	**-**	-
Other receivables	**96,978**	72,118	**32**	449
	248,449	310,516	**2,917,678**	2,603,510
Non-current receivables				
Loans to directors and employees	**7,513**	4,003	**7,493**	3,998
Amounts due from related entities	**131,180**	111,117	**3,021**	-
Other receivables	**65,460**	67,065	**-**	-
	204,153	182,185	**10,514**	3,998

Further information in relation to amounts due from related entities is set out in note 35 and loans to KMP is set out in note 33.

8. Receivables (continued)

(a) Trade receivables

The average credit period on sales of goods is 30 days. No interest is charged on any outstanding trade receivables. Refer to note 8 (d) on discussions regarding the credit risk of receivables.

(b) Other receivables

These amounts generally arise from transactions outside of the classification of trade receivables such as GST receivables and other sundry debtors.

(c) Bad and doubtful trade receivables

Movements in the provision for doubtful debts are detailed below:

	Consolidated	
	2009	2008
	$'000	$'000
Opening balance at 1 July	**(1,314)**	(958)
Amounts written off during the year	**472**	238
Increase in allowance recognised in profit and loss	**(1,082)**	(594)
Closing balance 30 June	**(1,924)**	(1,314)

Mirvac has written off $472,000 (2008: $238,000) of bad and doubtful trade receivables during the current year. This loss has been applied against the provision for doubtful debts.

(d) Credit risk

Receivables consist of a large number of customers. Mirvac does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of its customers and, where appropriate, an allowance for doubtful debtors is raised. Mirvac holds collateral in certain circumstances which takes the form of either bank guarantees, security deposits, personal guarantee or mortgage over property until completion. There is no concentration of credit risk with respect to receivables as Mirvac has a large number of customers, geographically dispersed.

The ageing of receivables is detailed below:

	Consolidated			
	2009		2008	
	Total receivables	**Bad debt allowance**	Total receivables	Bad debt allowance
	$'000	**$'000**	$'000	$'000
Not past due	**400,473**	**(150)**	456,339	-
Renegotiated	**-**	**-**	-	-
Past due 1 – 30 days	**36,167**	**-**	19,840	-
Past due 31 – 60 days	**5,797**	**-**	6,471	-
Past due 61 – 90 days	**1,496**	**(29)**	3,648	-
Past due 91 – 120 days	**6,857**	**(830)**	1,092	-
Past 120 days	**3,736**	**(915)**	6,625	(1,314)
	454,526	**(1,924)**	494,015	(1,314)

The parent entity has no balances past due. Under certain circumstances, Mirvac has not provided for all balances past due as it has been determined that there has not been a significant change in credit quality at reporting date based upon the customer's payment history and analysis of the customer's financial accounts.

8. Receivables (continued)

The Group holds collateral over receivables of $131,495,000 (2008: $75,177,000). The fair value of the collateral held equals the fair value of the receivables for which the collateral is held. The terms of the collateral are if payment due is not received per the agreed terms, Mirvac is able to claim the collateral held.

(e) Interest rate risk exposures

Refer to note 36 for Mirvac's exposure to interest rate risk.

9. Inventories

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current				
Development projects				
Cost of acquisition	**389,203**	281,581	-	-
Development costs	**298,333**	46,085	-	-
Borrowing costs capitalised during development	**69,699**	40,379	-	-
Provision for losses	**(255,721)**	(54,825)	-	-
	501,514	313,220	-	-
Construction work in progress (amount due from customers for contract work)				
Contract costs incurred and recognised profits less recognised losses	**760,756**	946,817	-	-
Borrowing costs capitalised during construction	**7,913**	1,918	-	-
Progress billings	**(681,346)**	(579,990)	-	-
	87,323	368,745	-	-
Hotel inventories	**1,203**	1,188	-	-
Total current inventory	**590,040**	683,153	-	-
Non-current				
Development projects				
Cost of acquisition	**655,888**	675,910	-	-
Development costs	**375,620**	311,814	-	-
Borrowing costs capitalised during development	**123,442**	85,206	-	-
Provision for losses	**(148,165)**	(189,728)	-	-
	1,006,785	883,202	-	-
Construction work in progress (amount due from customers for contract work)				
Contract costs incurred and recognised profits less recognised losses	**73,783**	514,938	-	-
Borrowing costs capitalised	**1,965**	20,796	-	-
Progress billings	**(2,197)**	(418,094)	-	-
	73,551	117,640	-	-
Total non-current inventory	**1,080,336**	1,000,842	-	-
Aggregate carrying amount of inventories				
Current	**590,040**	683,153	-	-
Non current	**1,080,336**	1,000,842	-	-
Total inventory	**1,670,376**	1,683,995	**-**	**-**

10. Other financial assets at fair value through profit or loss

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
Units in unlisted fund					
Opening balance at 1 July		**19,262**	17,770		
(Loss)/gain on revaluation		**(773)**	1,492	**-**	-
Closing balance at 30 June	29	**18,489**	19,262	**-**	-

Changes in fair values of other financial assets at fair value through profit or loss are recorded as (loss)/gain on financial instruments in the Income Statement.

Price risk exposures

Refer to note 36 for Mirvac's exposure to price risk on other financial assets at fair value through profit or loss.

11. Assets classified as held for sale

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Investment properties	**-**	6,274	**-**	-

12. Other assets

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current				
Prepayments	**20,880**	16,350	**250**	12
Monies held in trust	**20,179**	33,039	**-**	-
	41,059	49,389	**250**	12

13. Investments accounted for using the equity method

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Balance sheet					
Investment accounted for using the equity method					
Interests in associates	29	**168,381**	284,180	**-**	-
Interests in joint ventures	30	**229,267**	316,002	**-**	-
		397,648	600,182	**-**	-
Income statement					
Share of net loss of associates and joint ventures accounted for using the equity method					
Interests in associates	29	**(101,158)**	7,508	**-**	-
Interests in joint ventures	30	**(56,837)**	(57,716)	**-**	-
		(157,995)	(50,208)	**-**	-

14. Derivative financial assets

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent entity 2009 $'000	Parent entity 2008 $'000
Current				
Interest rate swap contracts – fair value	**5,520**	-	**-**	-
	5,520	-	-	-
Non-current				
Interest rate swap contracts – fair value	**4,838**	89,423	**-**	-
Interest rate collar contracts – fair value	**-**	5,704	**-**	-
Cross currency swaps – fair value	**2,674**	-	**-**	-
	7,512	95,127	**-**	-

(a) Instruments used by Mirvac

Refer to note 36 for information on instruments used by Mirvac.

(b) Interest rate risk exposures

Refer to note 36 for Mirvac's exposure to interest rate risk on interest rate swaps.

15. Other financial assets

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Shares in subsidiaries	**-**	-	**341,583**	321,805

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1: Principles of consolidation:

(a) Shares held in controlled entities of Mirvac

Name of entity	Country of incorporation	Class of shares/units	Equity Holding 2009 %	Equity Holding 2008 %
107 Mount Street Head Trust	Australia	Units	**100**	100
107 Mount Street Sub-Trust	Australia	Units	**100**	100
197 Salmon Street Pty Limited [2]	Australia	Ordinary	**100**	100
A.C.N. 087 773 859 Pty Limited (formerly Domaine Services Pty Limited)	Australia	Ordinary	**100**	100
A.C.N. 110 698 603 Pty Limited (formerly Domaine Holdings Pty Limited) 2	Australia	Ordinary	**100**	100
Australian Sustainable Investments Fund [1]	Australia	Units	**35**	35
Banksia Unit Trust [5]	Australia	Units	**100**	-
Cambridge Management Services Pty Limited [2]	Australia	Ordinary	**100**	100
CMS Holdings (Mirvac) Pty Limited [2]	Australia	Ordinary	**100**	100
Domaine Property Funds Limited (formerly Mirvac Domaine Property Funds Limited) [2]	Australia	Ordinary	**-**	100
Ford Mirvac Unit Trust	Australia	Units	**100**	100
Fyfe Road Pty Limited (formerly Domaine Fyfe Road Pty Limited)	Australia	Ordinary	**100**	100
Hexham Project Pty Limited	Australia	Ordinary	**100**	100
HIR Boardwalk Tavern Pty Limited [2]	Australia	Ordinary	**100**	100
HIR Golf Club Pty Limited [2]	Australia	Ordinary	**100**	100
HIR Golf Course Pty Limited [2]	Australia	Ordinary	**100**	100
HIR Property Management Holdings Pty Limited [2]	Australia	Ordinary	**100**	100
HIR Property Management Pty Limited [2]	Australia	Ordinary	**100**	100
HIR Tavern Freehold Pty Limited [2]	Australia	Ordinary	**100**	100
Hope Island Resort Services Limited [2]	Australia	Ordinary	**100**	100
Hoxton Park Airport Limited [2]	Australia	Ordinary	**100**	100
HPAL Holdings Pty Limited [2]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions (Finance) Pty Limited [2]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions (Holdings) Pty Limited	Australia	Ordinary	**79**	79
JF (ASIF) Pty Limited [2]	Australia	Ordinary	**100**	100
Magenta Shores Unit Trust [6]	Australia	Units	**100**	-
Magenta Unit Trust	Australia	Units	**100**	100
MFM US Real Estate, Inc	United States	Common	**100**	100
MGR US Real Estate, Inc	United States	Common	**100**	100
Mirvac (Beacon Cove) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac (Docklands) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac (WA) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac (Walsh Bay) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Advisory Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Aero Company Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Capital Investments Pty Limited [2]	Australia	Ordinary	**100**	100

15. Other financial assets (continued)

(a) Shares held in controlled entities of Mirvac (continued)

Name of entity	Country of incorporation	Class of shares/units	Equity Holding 2009 %	Equity Holding 2008 %
Mirvac Capital Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Commercial Funding Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Commercial Sub SPV Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Constructions (Homes) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Constructions (QLD) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Constructions (SA) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Constructions (VIC) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Constructions (WA) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Constructions Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Design Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Developments NZ Limited	New Zealand	Ordinary	**100**	100
Mirvac Developments Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Elderslie Pty Limited	Australia	Ordinary	**100**	100
Mirvac ESAT Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Finance Limited [2]	Australia	Ordinary	**100**	100
Mirvac Funds Limited [2]	Australia	Ordinary	**100**	100
Mirvac Funds Management Limited [2]	Australia	Ordinary	**100**	100
Mirvac George Street Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Group Finance Limited [2]	Australia	Ordinary	**100**	100
Mirvac Group Funding Limited [2]	Australia	Ordinary	**100**	100
Mirvac Harbourtown Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Holdings (WA) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Holdings Limited [2]	Australia	Ordinary	**100**	100
Mirvac Homes (NSW) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Homes (QLD) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Homes (SA) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Homes (VIC) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Homes (WA) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Home Builders (VIC) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Hotel Services Pty Limited	Australia	Ordinary	**100**	100
Mirvac Hotels Pty Limited [3]	Australia	Ordinary	**100**	100
Mirvac ID (Bromelton) Pty Limited	Australia	Ordinary	**100**	100
Mirvac ID (Bromelton) Sponsor Pty Limited	Australia	Ordinary	**100**	100
Mirvac Industrial Developments Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac International (Middle East) Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac International (Middle East) No. 2 Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac International (Middle East) No. 3 Pty Limited [4]	Australia	Ordinary	**100**	-
Mirvac International Investments Limited [2]	Australia	Ordinary	**100**	100
Mirvac International No 3 Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac International Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac JV's Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Management Limited [2]	Australia	Ordinary	**100**	100
Mirvac Mandurah Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac National Developments Pty Limited (formerly Mirvac Treasury No.2 Pty Limited) [2]	Australia	Ordinary	**100**	100
Mirvac Newcastle Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Pacific Pty Limited [9]	Australia	Ordinary	**100**	-
Mirvac Parking Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Parklea Pty Limited	Australia	Ordinary	**100**	100
Mirvac PFA Limited [2]	Australia	Ordinary	**100**	100

15. Other financial assets (continued)

(a) Shares held in controlled entities of Mirvac (continued)

Name of entity	Country of incorporation	Class of shares/units	Equity Holding 2009 %	Equity Holding 2008 %
Mirvac Precinct 2 Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Projects No 2 Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Projects Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Properties Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Property Advisory Services Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Property Services Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Queensland Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Real Estate Debt Funds Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Real Estate Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac REIT Management Limited [2]	Australia	Ordinary	**100**	100
Mirvac Retail Head SPV Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Retail Sub SPV Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Rockbank Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Services Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac South Australia Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Spring Farm Limited [2]	Australia	Ordinary	**100**	100
Mirvac Treasury Limited [2]	Australia	Ordinary	**100**	100
Mirvac Treasury No 3 Limited [2]	Australia	Ordinary	**100**	100
Mirvac UK Limited	United Kingdom	Ordinary	**100**	100
Mirvac UK Property Limited	United Kingdom	Ordinary	**100**	100
Mirvac UK Services Limited	United Kingdom	Ordinary	**100**	100
Mirvac Victoria Pty Limited [2]	Australia	Ordinary	**100**	100
Mirvac Wholesale Funds Management Limited	Australia	Ordinary	**100**	100
Mirvac Wholesale Industrial Developments Limited [2]	Australia	Ordinary	**100**	100
Mirvac Woolloomooloo Pty Limited [2]	Australia	Ordinary	**100**	100
MRV Hillsdale Pty Limited [2]	Australia	Ordinary	**100**	100
MWID (Brendale) Pty Limited [2]	Australia	Ordinary	**100**	100
MWID (Mackay) Pty Limited [2]	Australia	Ordinary	**100**	100
Newington Homes Pty Limited [2]	Australia	Ordinary	**100**	100
Pigface Unit Trust [7]	Australia	Units	**100**	-
Planned Retirement Living Pty Limited [2]	Australia	Ordinary	**100**	100
Spring Farm Finance Pty Limited	Australia	Ordinary	**100**	20
Springfield Development Company Pty Limited [2]	Australia	Ordinary	**100**	100
SPV Magenta Pty Limited	Australia	Ordinary	**100**	100
Taree Shopping Centre Pty Limited	Australia	Ordinary	**100**	100
TMT Finance Pty Limited	Australia	Ordinary	**100**	100

15. Other financial assets (continued)

(b) Units held in controlled entities of Mirvac Property Trust

Name of entity	Country of incorporation	Class of shares/units	Equity holding 2009 %	Equity holding 2008 %
1900-2000 Pratt Inc.	USA	Shares	**100**	100
380 St Kilda Road Trust	Australia	Units	**100**	100
James Fielding Infrastructure Sustainable Equity Fund	Australia	Units	**100**	100
James Fielding Trust	Australia	Units	**100**	100
Mirvac Broadway Sub-Trust	Australia	Units	**100**	100
Mirvac Commercial Trust	Australia	Units	**100**	100
Mirvac Glasshouse Sub-Trust	Australia	Units	**100**	100
Mirvac Lakehaven Sub-Trust	Australia	Units	**100**	100
Mirvac Property Trust No. 2	Australia	Units	**100**	100
Mirvac Retail Head Trust	Australia	Units	**100**	100
Mirvac Rhodes Sub-Trust	Australia	Units	**100**	100
Peninsular Homemaker Centre Trust	Australia	Units	**100**	100
Springfield Regional Shopping Centre Trust	Australia	Units	**67**	67
The George Street Trust	Australia	Units	**100**	100
The Mulgrave Trust	Australia	Units	**100**	100

1 The addition of Mirvac Limited and Mirvac Property Trusts interest in these entities are greater than 50 per cent.
2 These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.
3 This subsidiary was released from the Deed of Cross Guarantee on 13 March 2009.
4 The Company became a controlled entity on 23 July 2008
5 The Trust was created on 7 April 2009.
6 The Trust was acquired 23 April 2009.
7 The Trust was created on 7 April 2009.
8 This Company became a controlled entity on 30 April 2009.
9 This company became a controlled entity on 30 January 2009.

(c) Entities subject to class order

All wholly owned companies incorporated in Australia are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the Deed, the wholly owned companies have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended by Class Order 98/2017 and 00/0321) issued by the Australian Securities and Investments Commission. The entities included are listed in note 15 (a).

Companies noted in (a) above as being included in the class order, are a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by the Company, they also represent the 'Extended Closed Group'. As a condition of the Class Order, the companies have entered into a Deed of Cross Guarantee. The effect of the deed is that Mirvac Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity. The controlled entities also have given a similar guarantee in the event that Mirvac Limited is wound up.

The aggregated income statement and balance sheet for year ended 30 June 2009 of the entities which are members of the "Closed Group" are as follows:

15. Other financial assets (continued)

Consolidated Income Statements

	2009 $'000	2008 $'000
Revenue		
Development and construction revenue	**1,148,401**	1,181,414
Development management fee revenue	**21,399**	30,490
Rental revenue from investment properties	**25,367**	17,764
Hotel operations revenue	**147,298**	163,603
Investment management fee revenue	**52,931**	70,022
Interest revenue	**19,250**	18,138
Dividend and distribution revenue	**305**	15
Other revenue	**12,116**	28,493
Total revenue	**1,427,067**	1,509,939
Other income		
Gain on financial instruments	**78,642**	-
Foreign exchange gains	**-**	49,841
Net gain on sale of investments	**985**	2,406
Net gain on sale of property, plant and equipment	**40**	15,852
Investment property income	**1,838**	-
Total other income	**81,505**	68,099
Total revenues and other income	**1,508,572**	1,578,038
Net loss from fair value adjustments on investment properties	**(10,880)**	-
Foreign exchange loss	**(72,515)**	-
Cost of property development and construction	**(1,021,830)**	(998,916)
Hotel operating expenses	**(48,096)**	(56,051)
Share of net loss of associates and joint ventures accounted for using the equity method	**(25,175)**	(55,505)
Employee benefits expense	**(173,104)**	(197,901)
Depreciation and amortisation expense	**(12,253)**	(11,209)
Impairment expense	**(303,331)**	(18,910)
Finance costs expense	**(72,232)**	(54,977)
Loss on financial instruments	**-**	(18,591)
Selling and marketing	**(25,799)**	(42,196)
Provision for loss on inventory	**(166,817)**	(193,771)
Other expenses	**(93,648)**	(103,434)
Loss before income tax	**(517,108)**	(173,423)
Income tax benefit	**61,145**	17,276
Loss for the year	**(455,963)**	(156,147)

Consolidated retained earnings

	2009 $'000	2008 $'000
Movement in Retained Earnings		
Retained earnings at beginning of the financial year	**(114,023)**	24,308
Net loss	**(455,963)**	(156,147)
Additions of subsidiaries into closed group	**36,079**	17,816
Retained earnings at end of the financial year	**(533,907)**	(114,023)

15. Other financial assets (continued)

Consolidated Balance Sheets

	2009 $'000	2008 $'000
Current assets		
Cash and cash equivalents	**203,675**	18,872
Receivables	**73,925**	7,875,865
Current tax assets	**6,428**	56,570
Inventories	**641,579**	781,483
Assets classified as held for sale	**-**	6,274
Other assets	**30,265**	40,682
Total current assets	**955,872**	8,779,746
Non-current assets		
Receivables	**204,032**	170,937
Inventories	**1,127,361**	1,024,931
Investments accounted for using the equity method	**185,409**	237,637
Derivative financial assets	**2,674**	31,301
Other financial assets	**32,840**	25,925
Investment properties	**129,684**	33,575
Property, plant and equipment	**87,194**	98,624
Intangible assets	**3,964**	265,197
Deferred tax assets	**54,494**	61,048
Other non-current assets	**7,645**	-
Total non-current assets	**1,835,297**	1,949,175
Total assets	**2,791,169**	10,728,921
Current liabilities		
Payables	**83,056**	7,832,626
Borrowings	**68**	-
Current tax liabilities	**17**	-
Provisions	**9,488**	1,782
Other liabilities	**20,988**	33,884
Total current liabilities	**113,617**	7,868,292
Non-current liabilities		
Payables	**666,323**	789,753
Borrowings	**1,306,697**	962,830
Derivative financial liabilities	**32,236**	111,140
Deferred tax liabilities	**53,826**	139,760
Provisions	**-**	26,283
Total non-current liabilities	**2,059,082**	2,029,766
Total liabilities	**2,172,699**	9,898,058
Net assets	**618,470**	830,863
Equity		
Contributed equity	**1,121,513**	911,405
Reserves	**30,864**	33,481
Retained earnings	**(533,907)**	(114,023)
Total equity	**618,470**	830,863

16. Investment properties

	Date of acquisition	Cost & additions to 30 June 2009 $'000	Book value 30 June 2009 $'000	Book value 30 June 2008 $'000	Capital rate 30 June 2009 %	Capital rate 30 June 2008 %	Discount rate 30 June 2009 %	Discount rate 30 June 2008 %	Date of last external valuation	Last external valuation $'000
Mirvac Property Trust and its controlled entities										
1 Castlereagh Street, Sydney NSW	December 1998	50,233	64,300	87,500	8.00	6.00	9.50	8.00	30/06/2009	64,300
1 Darling Island, Pyrmont NSW	April 2004	132,310	161,000	186,500	7.00	5.75	9.25	8.25	31/12/2008	172,500
1-47 Percival Road, Smithfield NSW	November 2002	21,186	20,000	25,300	8.50	7.50	9.25	8.75	31/03/2008	25,300
189 Grey Street, Southbank QLD	April 2004	38,676	65,000	72,000	7.75	7.00	9.00	8.50	31/03/2009	65,000
190 George Street, Sydney NSW	August 2003	46,585	39,000	46,000	8.00	6.75	9.25	8.75	30/06/2008	46,000
1900-2060 Pratt Blvd, Chicago, Illinois USA	December 2007	50,547	40,670	42,608	8.00	6.50	9.50	8.50	17/10/2008	51,963
200 George Street, Sydney NSW	October 2001	24,726	25,000	30,500	8.25	7.00	9.50	8.75	30/06/2008	30,500
253 Wellington Road & 18-20 Compark Circuit, Mulgrave VIC	August 2001	16,264	12,000	15,200	9.50	8.75	9.50	9.00	30/06/2008	15,200
271 Lane Cove Road, North Ryde NSW	April 2000	21,707	40,000	43,500	8.00	7.50	9.25	8.75	30/06/2008	43,500
30-32 Compark Circuit, Mulgrave VIC	February 2003	6,723	6,500	6,550	9.50	8.75	9.50	9.00	30/06/2008	6,550
333-343 Frankston-Dandenong Rds & 4 Abbotts Road, Dandenong South, VIC	January 2004	12,761	13,250	15,350	9.00	8.00	9.50	9.00	30/06/2008	15,350
38 Sydney Avenue, Forrest ACT	June 1996	32,091	37,500	44,500	8.75	7.50	9.50	8.50	31/12/2008	41,900
40 Miller Street, North Sydney NSW	March 1998	70,296	90,000	100,000	7.50	6.50	9.00	8.50	30/06/2008	100,000
44 Biloela Street, Villawood NSW	September 2003	19,021	12,700	18,500	9.50	7.75	10.50	8.75	31/03/2009	12,700
54 Marcus Clarke Street, Canberra ACT	October 1987	14,252	17,000	21,000	9.50	8.00	9.75	9.25	31/12/2008	19,000
64 Biloela Street, Villawood NSW	February 2004	22,702	21,500	25,800	9.00	7.75	10.25	9.00	31/03/2008	25,800
Ballina Central, Pacific Highway, Ballina NSW	December 2004	44,936	34,500	40,200	8.00	7.00	9.25	8.75	30/06/2009	34,500
Bay Centre, Pirrama Road, Pyrmont NSW	June 2001	57,975	98,000	111,000	7.50	6.50	9.00	8.75	31/03/2008	111,000
Blacktown MegaCentre, Blacktown Road, Blacktown NSW	June 2002	32,463	36,500	48,500	9.00	6.75	10.00	8.75	31/12/2008	40,000
Broadway Shopping Centre, Broadway NSW (50% interest)	January 2007	228,470	202,500	227,000	6.13	5.50	8.75	8.25	31/12/2008	202,500
Building 1,2,3 & 7, Riverside Quay, Southbank VIC	April 2002 & July 2003	124,778	144,000	129,000	8.25-8.75	7.25	9.00-9.75	8.75	30/06/2009	144,000
Como Centre, Cnr Toorak Road & Chapel Street, South Yarra VIC[1]	August 1998	120,845	111,352	145,642	8.25-9.25	6.50-7.25	9.25-10.75	8.25-10.25	30/06/2009	136,800

16. Investment properties

	Date of acquisition	Cost & additions to 30 June 2009 $'000	Book value 30 June 2009 $'000	Book value 30 June 2008 $'000	Capital rate 30 June 2009 %	Capital rate 30 June 2008 %	Discount rate 30 June 2009 %	Discount rate 30 June 2008 %	Date of last external valuation	Last external valuation $'000
Gippsland Centre, Cunninghame Street, Sale VIC	January 1994	36,530	49,750	52,750	8.25	7.50	9.75	9.00	31/12/2008	54,600
Aviation House, 16 Furzer St, Phillip ACT	July 2007	78,032	67,000	73,920	7.50	6.75	9.25	8.75	30/06/2008	74,000
Hinkler Central, Maryborough Street, Bundaberg QLD	August 2003	79,382	84,000	96,000	7.50	6.75	9.25	8.75	31/03/2009	84,000
James Ruse Business Park, 6 Boundary Road, Northmead NSW	July 1994	23,432	27,000	30,750	9.00	7.75	9.75	9.00	31/12/2008	31,800
John Oxley Centre, 339 Coronation Drive, Milton QLD	May 2002	43,324	54,000	66,250	9.00	7.75	9.25	9.00	31/03/2009	54,000
Kawana Shoppingworld, Nicklin Way, Buddina QLD	December 1993 (50%) and June 1998 (50%)	107,532	188,000	195,000	6.50	6.25	9.00	8.50	31/12/2008	188,000
Kwinana Hub Shopping Centre, Gilmore Avenue, Kwinana WA	September 2005	28,613	25,000	30,000	8.25	7.75	9.75	8.75	30/06/2008	30,000
Lake Haven MegaCentre, Lake Haven NSW	January 2007	52,437	27,000	42,250	9.50	7.50	10.00	8.25	31/12/2008	30,000
Logan MegaCentre, Logan, QLD	October 2005	80,766	63,500	83,750	9.00	7.00	10.25	8.75	31/12/2008	71,000
Moonee Ponds Central (Stage II), Homer Street, Moonee Ponds VIC[2]	February 2008	72,681	38,700	-	8.50	-	9.75	-	30/06/2009	38,700
Moonee Ponds Central, Homer Street, Moonee Ponds VIC	May 2003	27,400	22,800	25,600	8.00	7.25	9.50	9.00	30/06/2009	22,800
Nexus Industry Park (Atlas), Lynn Parade, Prestons NSW	August 2004	16,882	18,000	20,300	8.00	6.75	9.25	8.75	31/03/2008	20,300
Nexus Industry Park (Building 3), Lynn Parade, Prestons NSW	August 2004	20,468	22,000	25,250	8.25	6.75	9.25	8.50	31/12/2007	26,000
Nexus Industry Park (Natsteel), Lynn Parade, Prestons NSW[2]	August 2004	13,010	12,500	15,000	8.25	6.75	9.25	8.50	31/03/2009	12,500
Nexus Industry Park (HPM),Lynn Parade, Prestons NSW	August 2004	16,922	15,500	-	8.25	-	9.25	-	31/12/2008	16,600
101-103 Miller Street, Greenwood Plaza, North Sydney NSW (50% interest)	June 1994	220,101	251,500	228,500	6.25-6.50	5.50	8.75-9.00	8.25	31/12/2008	251,500
Orange City Centre, Summer Street, Orange NSW	April 1993	31,799	49,000	54,000	8.25	7.25	9.25	9.25	31/03/2009	49,000
Orion Springfield Town Centre, Springfield QLD	August 2002	131,156	140,500	150,000	6.50	6.25	9.00	8.75	31/12/2008	140,500

16. Investment properties

	Date of acquisition	Cost & additions to 30 June 2009 $'000	Book value 30 June 2009 $'000	Book value 30 June 2008 $'000	Capital rate 30 June 2009 %	Capital rate 30 June 2008 %	Discount rate 30 June 2009 %	Discount rate 30 June 2008 %	Date of last external valuation	Last external valuation $'000
Peninsula Lifestyle, Nepean Highway, Mornington VIC	December 2003	55,385	49,000	56,000	8.75	8.00	10.00	9.00	31/12/2008	53,000
Booz & Co Building, 10 Rudd Street, Canberra ACT	October 1987	14,827	18,700	22,000	8.50	7.75	9.00	8.50	30/06/2009	18,700
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	November 1989	37,615	37,000	48,000	8.50	7.50	10.75	9.25	30/06/2009	37,000
Rhodes Shopping Centre, Rhodes NSW (50% interest)	January 2007	105,860	90,500	111,500	6.63	5.75	9.00	8.00	31/12/2008	90,500
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC	October 1995 (50%) & April 2001 (50%)	90,921	101,500	115,500	8.50	7.25	9.00	8.50	30/06/2009	101,500
St George Centre, 60 Marcus Clarke Street, Canberra ACT	September 1989	47,113	52,000	58,023	8.50	7.50	9.00	8.50	30/06/2009	52,000
Stanhope Village, Sentry Drive, Stanhope Gardens NSW	November 2003	55,082	53,100	65,500	8.00	6.50	9.00	8.75	31/03/2009	53,100
St Marys Village Centre, Charles Hackett Drive, St Marys NSW	January 2003	40,039	40,250	47,000	8.00	6.75	9.25	8.50	31/12/2008	44,500
Waverley Gardens Shopping Centre, Cnr Police & Jacksons Road, Mulgrave VIC	November 2002	138,363	132,593	147,500	7.50	6.50	9.50	8.75	31/12/2008	142,000
Mirvac Limited and its controlled entities										
Forestry land	March 2004	50,375	57,850	60,715	2.50	4.20	11.20	12.30	30/06/2009	57,850
5 Rider Boulevarde, Rhodes NSW [2]	January 2007	106,818	104,750	-	7.75	-	9.50	-	28/02/2009	107,000
Taree Shopping Centre	November 2006	32,563	23,750	32,483	8.25	6.00	9.75	8.50	31/12/2007	32,500
Blue Street, North Sydney	June 2001	1,090	1,091	1,091	10.00	9.00	-	-	-	-
Total Investment Properties			**3,210,106**	**3,436,782**						

[1] Valuation includes the Como Hotel which has been reclassified to owner occupied properties.
[2] Investment property previously classified as inventory.

16. Investment properties (continued)

(a) Reconciliation of carrying amounts of investment properties

	Consolidated	
	2009	2008
At fair value	**$'000**	$'000
Opening balance at 1 July	**3,436,782**	3,431,177
Additions	**41,605**	220,060
Transfer to property plant and equipment	**-**	(200,409)
Disposals	**-**	(348,295)
Net gains on assets held for sale	**-**	48,578
Net (losses)/gains from fair value adjustments	**(487,203)**	146,269
Net gains/(losses) from foreign currency translation	**8,998**	(3,915)
Transfer from property, plant and equipment	**118,015**	153,079
Transfer from inventory	**106,846**	1,091
Amortisation of fit out costs, leasing costs and rent incentive	**(14,937)**	(10,853)
Closing balance at 30 June	**3,210,106**	3,436,782

(b) Valuation basis

Investment properties are carried at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases, with any gain or loss arising from a change in fair value recognised in the Income Statement in the period. Investment properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the reporting date are fair valued internally by management. Valuation methods used to determine the fair value of investment properties include market sales comparison, discounted cash flow and capitalisation rate ("cap rate"). The fair value for a property may be determined by the Group using a combination of these and other valuation methods.

Market Sales Comparison: The sales comparison approach utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile, to indicate the fair value of a property. Where there is a lack of recent sales activity adjustments are made from previous comparable sales to reflect changes in economic conditions.

Discounted Cash Flow: Discounted cash flow projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, consumer price index rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at a terminal value. Terminal value is determined by using an appropriate terminal cap rate. Mirvac's terminal cap rates are in the range of an additional 25 to 100 basis points above the respective property's cap rate.

Capitalisation rate: An assessment is made of fully leased net income based on contracted rents, market rents, operating costs and future income on vacant space. The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate capitalisation rate. The cap rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current sales evidence. Various adjustments including incentives, capital expenditure, and reversions to market rent are made to arrive at the property value.

(c) Non-current assets pledged as security

Refer to note 20 for information on non-current assets pledged as security by the parent entity or its controlled entities.

16. Investment properties (continued)

(d) Property portfolio

Mirvac's property portfolio is made up as follows

	Consolidated 2009 $'000	Consolidated 2008 $'000
Investment properties per Balance Sheet	**3,210,106**	3,436,782
Owner-occupied buildings (including hotels) classified as property, plant and equipment	**255,009**	285,803
Properties classified as assets held for sale	**-**	6,274
Hotel management lots classified as property, plant and equipment	**60,143**	65,662
Properties under construction classified as property, plant and equipment	**207,385**	249,916
	3,732,643	4,044,437

17. Property, plant and equipment

Consolidated	Office leasehold improvements $'000	Plant and equipment $'000	Owner-occupied hotel management lots $'000	Owner-occupied freehold hotels $'000
Year ended 30 June 2009				
Opening net book amount	649	31,455	65,662	33,513
Revaluation decrement	-	-	(4,591)	(6,991)
Additions	107	5,149	444	328
Transfers to or from other assets	(649)	421	-	-
Assets classified as held for sale and other disposals	-	(498)	-	(2)
Foreign exchanges	2	41	76	-
Depreciation charge	(43)	(10,174)	(1,448)	(689)
Closing net book amount	**66**	**26,394**	**60,143**	**26,159**
At 30 June 2009				
Cost or fair value	107	77,640	66,538	33,011
Accumulated depreciation	(41)	(51,246)	(6,395)	(6,852)
Net book amount	**66**	**26,394**	**60,143**	**26,159**

Consolidated	Owner-occupied administration buildings $'000	Investment property under construction $'000	Total $'000
Year ended 30 June 2009			
Opening net book amount	252,290	249,916	**633,485**
Revaluation decrement	(19,184)	(3,595)	**(34,361)**
Additions	-	69,093	**75,121**
Transfers to or from other assets	-	9,986	**9,758**
Assets classified as held for sale and other disposals	-	-	**(500)**
Transfer to investment properties	-	(118,015)	**(118,015)**
Foreign exchange	-	-	**119**
Depreciation charge	(4,256)	-	**(16,610)**
Closing net book amount	**228,850**	**207,385**	**548,997**
At 30 June 2009			
Cost or fair value	240,335	207,385	**625,016**
Accumulated depreciation	(11,485)	-	**(76,019)**
Net book amount	**228,850**	**207,385**	**548,997**

A reconciliation of the revaluation decrement and the asset revaluation reserve is shown in note 25(d).

17. Property, plant and equipment (continued)

Consolidated	Office leasehold improvements $'000	Plant and equipment $'000	Owner-occupied hotel management lots $'000	Owner-occupied freehold hotels $'000
Year ended 30 June 2008				
Opening net book amount	527	42,842	61,450	44,698
Revaluation increment/(decrement)	-	-	8,052	172
Additions	-	14,796	624	-
Transfers to or from other assets	122	6,005	(1,154)	740
Assets classified as held for sale and other disposals	-	(22,858)	(1,284)	(11,065)
Foreign exchanges	-	(323)	(611)	-
Depreciation charge	-	(9,007)	(1,415)	(1,032)
Closing net book amount	**649**	**31,455**	**65,662**	**33,513**
At 30 June 2008				
Cost or fair value	1,788	73,303	70,598	39,677
Accumulated depreciation	(1,139)	(41,848)	(4,936)	(6,164)
Net book amount	**649**	**31,455**	**65,662**	**33,513**

Consolidated	Owner-occupied administration buildings $'000	Investment property under construction $'000	Total $'000
Year ended 30 June 2008			
Opening net book amount	109,974	232,664	**492,155**
Revaluation increment/(decrement)	(760)	-	**7,464**
Additions	-	9,618	**25,038**
Transfers to or from other assets	-	64,834	**70,547**
Assets classified as held for sale and other disposals	-	-	**(35,207)**
Transfer to or from investment properties	149,435	(57,200)	**92,235**
Foreign exchange	-	-	**(934)**
Depreciation charge	(6,359)	-	**(17,813)**
Closing net book amount	**252,290**	**249,916**	**633,485**
At 30 June 2008			
Cost or fair value	259,519	249,916	**694,801**
Accumulated depreciation	(7,229)	-	**(61,316)**
Net book amount	**252,290**	**249,916**	**633,485**

(a) Valuations of owner-occupied buildings

Owner-occupied buildings are revalued by external valuers on a rotation basis with approximately one-half of the portfolio (including owner occupied buildings) being valued annually. The basis of valuation of owner occupied buildings is fair value being the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Owner occupied buildings not externally valued during the reporting period are carried at internal Directors' valuation. The revaluation surplus net of applicable deferred income taxes was credited to the asset revaluation reserve in equity (note 25).

18. Intangible assets

	Management rights	Goodwill	Other Infinite Intangibles	Carbon sequestration rights	Total
	$'000	$'000	$'000	$'000	$'000
2009					
Balance at 1 July 2008	60,343	259,474	-	1,028	**320,845**
Acquisition/(disposal) of subsidiary	1,675	10,148	-	-	**11,823**
Impairment of intangibles [1]	(48,531)	(224,086)	-	(1,028)	**(273,645)**
Amortisation	(439)	-	-	-	**(439)**
Balance at 30 June 2009	**13,048**	**45,536**	**-**	**-**	**58,584**
2008					
Balance at 1 July 2007	67,777	212,727	9,969	1,025	**291,498**
Acquisition/(disposal) of subsidiary	12,177	46,747	(9,969)	3	**48,958**
Impairment of intangibles	(18,910)	-	-	-	**(18,910)**
Amortisation	(701)	-	-	-	**(701)**
Balance at 30 June 2008	**60,343**	**259,474**	**-**	**1,028**	**320,845**

[1] The impairment of intangibles has been recognised as a separate line item in the income statement.

(a) Allocation of intangibles by business segment

A segment level summary of the intangible allocations is presented below:

2009	Property development $'000	Property investment $'000	Hotels $'000	Investment management $'000	Total $'000
Management rights - indefinite life [2]	7,317	2,636	-	3,095	**13,048**
Goodwill	-	39,219	6,317	-	**45,536**
Balance as at 30 June 2009	**7,317**	**41,855**	**6,317**	**3,095**	**58,584**
2008					
Management rights - indefinite life [2]	9,817	2,636	-	47,221	**59,674**
Management rights - finite life	-	-	-	669	**669**
Carbon sequestration rights	-	-	-	1,028	**1,028**
Goodwill	120,269	39,219	6,317	93,669	**259,474**
Balance as at 30 June 2008	**130,086**	**41,855**	**6,317**	**142,587**	**320,845**

[2] Management rights are primarily held in relation to funds established or rights established by entities acquired by Mirvac. These funds are considered to be open-ended and therefore have no expiry. The Group also holds strategic stakes in these funds in order to protect its interests.

(b) Key assumptions used for value-in-use calculations for Goodwill and Intangibles

The recoverable amount of a CGU is determined using the higher of fair value less cost to sell and its value in use.

The value in-use calculation is based on financial budgets and forecasts approved by management covering a five-year period. For the Hotels and investment management CGU's, cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. For the property investment and property development CGU's no forecast growth rate is assumed as the value in use calculations are based on forecast cashflows from existing projects and investment properties. The growth rate has been adjusted to reflect current market conditions and does not exceed the long-term average growth rate for the business in which the CGU operates.

18. Intangible assets (continued)

(b) Key assumptions used for value-in-use calculations for Goodwill and Intangibles (continued)

The discount rates used are post-tax (except in relation to the property development and property investment CGU's which use a pre-tax discount rate) and reflect specific risks relating to the relevant segments and the countries in which they operate.

A terminal growth rate of 3% has also been applied.

CGU	Growth rate[1] 2009	Discount rate 2009	Growth rate[1] 2008	Discount rate 2008
Property investment	- [2]	10%	5%	10%
Property development	- [3]	18%	- [3]	18%
Hotels	3%	13%	5%	13%
Investment management	1%	13%	10%	11%

1 Weighted average growth rate used to extrapolate cash flows beyond the budget period

2 The value in-use calculation is based on financial budgets and forecasts approved by management covering a five-year period. No forecast growth rate is assumed as the value in use calculations are based on forecast cashflows from existing projects and investment properties.

3 No forecast growth rate as value-in use calculations based on forecast cashflows of existing projects.

The coverable amount of intangibles relating to Property investment CGU and the Hotel CGU, exceeds the carrying value at 30 June 2009. Management consider that for the carrying value to exceed the recoverable amount there would have to be unreasonable changes to key assumptions. Management consider the chances of these changes occurring as unlikely.

(c) Impairment of goodwill

Investment Management
During the period the carrying value of goodwill attributable to the Investment management CGU was impaired by $100,704,000 (2008: nil). The impairment charge represents the difference between the net present value of future cash flows of the CGU (recoverable amount) and the carrying value of the goodwill. The lower forecast future cash flow projections are driven by a slowing in the level of transaction fees, slower growth in Funds Under Management ("FUM"), and the potential winding up of funds deemed to be non-core and non-scaleable.

Included in the impairment figure is $6,012,000 in relation to the acquisition of the Chantrey business in the United Kingdom. As a result of current market conditions this business has been unable to achieve its forecast growth assumptions. Accordingly an impairment review was undertaken based on a value-in-use calculation. The goodwill arose and was impaired during the year.

Development
During the period the carrying value of goodwill attributable to the Property development CGU was impaired by $123,382,000 (2008: nil). The impairment charge represents the difference between the net present value of future cash flows and the carrying value of goodwill. The lower forecast cash flows are a result of the deferral of a number of residential and non-residential development projects, and a more conservative outlook for future growth in light of the current economic environment.

(d) Impairment of intangibles

Management rights
During the period the carrying value of management rights attributable to the Investment management CGU were impaired by $46,031,000 (2008: $18,910,000). The impairment charge arose for the same reasons as detailed above in point (c).

The carrying value of management rights attributable to the property development CGU were impaired by $2,500,000 due to deterioration in cash flows from the underlying investment.

18. Intangible assets (continued)

Indefinite useful life of management rights

Management rights are primarily held in relation to funds established or rights established by entities acquired by Mirvac. These funds are considered to be open-ended and therefore have no expiry.

Indefinite useful life of carbon sequestration rights

During the period the carrying value of the carbon sequestration rights, held by the Australian Sustainable Forestry Investors ("ASFI"), totalling $1,028,000 were fully impaired as a result of the recommendations contained within the Australian Carbon Pollution Reduction Scheme's White Paper. The White Paper recommended that no value be ascribed to carbon sequestered prior to 1 January 2008. The majority of the carbon value held by ASFI relates to the period prior to 1 January 2008.

19. Payables

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current				
Trade creditors	**71,588**	114,935	**8**	128
Employee entitlements - annual leave	**17,314**	21,759	**-**	-
Unearned income	**6,230**	10,719	**-**	-
Accruals	**88,825**	85,828	**1,582**	-
Other creditors	**42,616**	92,148	**92,730**	1,831
Amounts due to related entities	**-**	-	**-**	799,223
Amounts due to subsidiaries	**-**	-	**1,476,523**	1,178,838
	226,573	325,389	**1,570,843**	1,980,020
Non-current				
Amounts due to related entities	**14**	11	**651,657**	-
Other accrual - deferred land payment	**-**	11,374	**-**	-
Other creditors	**43,710**	5,000	**-**	-
	43,724	16,385	**651,657**	-

20. Borrowings

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current				
Unsecured				
Domestic medium term notes	**300,000**	-	**-**	-
Secured				
Secured bank loans	**122,481**	-	**-**	-
Commercial notes	**-**	138,000	**-**	-
Lease liability	**73**	-	**-**	-
	422,554	138,000	**-**	-
Non-current				
Unsecured				
Unsecured bank loans	**1,009,124**	1,228,236	**-**	-
Domestic medium term notes	**200,000**	500,000	**-**	-
Foreign medium term notes	**472,164**	399,570	**-**	-
Secured				
Other bank borrowings	**-**	74,055	**-**	-
	1,681,288	2,201,861	**-**	-

20. Borrowings (continued)

Unsecured bank loans

Mirvac has an unsecured revolving syndicated loan facility of $1,112.5 million (2008: $2,225 million) maturing in June 2011. Mirvac has entered into a new unsecured syndicated term facility of $805 million maturing in January 2012 which replaces the previous facility expiring in June 2009.

Mirvac has $150 million of unsecured bilateral facilities of which $100 million expires in January 2012 and $50 million in June 2011. Subject to the compliance with the terms, each of these bank loan facilities may be drawn at any time.

Domestic medium term notes

Mirvac completed a domestic bond issue in September 2006 for $200 million maturing in September 2010. This was followed up by a second domestic bond issue in February 2007 for $300 million maturing in March 2010. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

Foreign medium term notes

Mirvac completed a note issue in the US Private Placement market in November 2006. The issue is made up of US Dollar 275 million maturing in November 2016 and US Dollar 100 million maturing in November 2018. An additional Australian Dollar 10 million maturing in November 2016 was also issued in conjunction with this placement. Interest is payable semi-annually in arrears for all notes. The notes were issued with fixed and floating rate coupons payable in US Dollars and swapped back to Australian Dollars floating rate coupons through cross currency principal and interest rate swaps.

Other bank borrowings

Controlled entities have secured bank facilities totalling $122.5 million (2008: $77 million) maturing in February 2010 and June 2010.

Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Future developments

The Group has a significant cash balance at year end due to the capital raising completed in June 2009. The funds are intended to reduce debt upon maturity with $300 million of medium terms notes due for repayment in March 2010 and $200 million due in September 2010 as well as some other facilities where debt will be repaid upon the next rollover.

(b) Assets pledged as security

Controlled entities have debt facilities secured by real property mortgages and a fixed and floating charge. The carrying amounts of assets pledged as security for current and non-current borrowings are:

20. Borrowings (continued)

		Consolidated		Parent entity	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
First ranking real property mortgage					
Investment properties	16	**57,850**	478,265	-	-
Development inventory		**167,326**	44,875	-	-
Total assets pledged as security		**225,176**	523,140	-	-

(c) Financing arrangements

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Total facilities				
Domestic medium term notes	**500,000**	500,000	**-**	-
Commercial mortgage backed securities (CMBS)	**-**	138,000	**-**	-
Secured other bank borrowings	**122,481**	77,000	**-**	-
Foreign medium term notes	**472,164**	399,570	**-**	-
Unsecured bank loans	**2,067,500**	2,425,000	**-**	-
	3,162,145	3,539,570	**-**	-
Used at balance date				
Domestic medium term notes	**500,000**	500,000	**-**	-
Commercial mortgage backed securities (CMBS)	**-**	138,000	**-**	-
Secured other bank borrowings	**122,481**	74,055	**-**	-
Foreign medium term notes	**472,164**	399,570	**-**	-
Unsecured bank loans	**1,009,124**	1,228,236	**-**	-
	2,103,769	2,339,861	**-**	-
Unused at balance date				
Domestic medium term notes	**-**	-	**-**	-
Commercial mortgage backed securities (CMBS)	**-**	-	**-**	-
Secured other bank borrowings	**-**	2,945	**-**	-
Foreign medium term notes	**-**	-	**-**	-
Unsecured bank loans	**1,058,376**	1,196,764	**-**	-
	1,058,376	1,199,709	**-**	-

20. Borrowings (continued)

(d) Fair value

	Carrying amount		Fair value	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
On Balance Sheet				
Non traded financial liabilities				
Domestic medium term notes	**500,000**	500,000	**500,000**	500,000
Commercial mortgage backed securities (CMBS)	**-**	138,000	**-**	138,000
Secured bank loans	**122,481**	74,055	**122,481**	74,055
Foreign medium tem notes	**472,164**	399,570	**472,164**	399,570
Unsecured bank loans	**1,009,124**	1,228,236	**1,009,124**	1,228,236
Lease liabilities	**73**	-	**73**	-
	2,103,842	2,339,861	**2,103,842**	2,339,861

The classes above are readily traded on organised markets in standardised form. The fair value for payables less than 12 months is deemed to equal the carrying amounts. All other payables are discounted if the effect of discounting is material.

(i) On-Balance Sheet

The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

(ii) Off-Balance Sheet

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 31. As explained in those notes, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed above is the Directors' estimate of amounts which would be payable by Mirvac as consideration for the assumption of those contingencies by another party.

21. Provisions

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current				
Employee benefits - long service leave	**6,457**	4,814	**-**	-
Dividends/distributions payable	**3,653**	90,819	**-**	-
	10,110	95,633	**-**	-
Non-current				
Deferred commitment	**-**	15,878	**-**	-
Asset retirement obligations	**1,374**	-	**-**	-
Employee benefits - long service leave	**4,459**	7,449	**-**	-
	5,833	23,327	**-**	-

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Consolidated	Parent entity
Deferred commitment	**$'000**	**$'000**
Carrying amount at beginning of year	**15,878**	-
Transferred to current liabilities (accruals)	**(15,878)**	-
Carrying amount at end of year	**-**	**-**

21. Provisions (continued)

Deferred commitment

JF Infrastructure, a 50 per cent joint venture with Leighton Holdings, has committed to acquiring a further 75 million units in Rivercity Motorway Group at a price of $1.055 per unit. This is forecast to now be payable in March 2010. This commitment is recognised in the books of the joint venture as a derivative financial instrument. Based on Mirvac's past practice of funding obligations of the joint venture, Mirvac has recognised a constructive obligation for its 50 per cent share of the net derivative value. As the forecast payment date falls within 12 months this has been reclassified as a current liability.

	Consolidated	Parent entity
Dividend/ distributions payable	**$'000**	**$'000**
Carrying amount at beginning of year	**90,819**	-
Interim and final dividends/distributions	**107,951**	-
Payments made during the year (including issue of securities under Mirvac Distribution Reinvestment Plan)	**(195,117)**	-
Carrying amount at end of year	**3,653**	**-**
Asset retirement obligation		
Recognition during the year	**1,374**	-
Carrying amount at end of year	**1,374**	**-**

The asset retirement obligation, relates to an obligation under a lease agreement for office space, to return the space to the condition at the commencement of the lease.

22. Other liabilities

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current				
Monies held in trust	**20,988**	33,882	**-**	-

23. Derivative financial liabilities

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Cross currency derivatives – fair value	**-**	110,632	**-**	-
Interest rate swap contracts – fair value	**38,726**	-	**-**	-
Interest rate collar contracts – fair value	**4,397**	-	**-**	-
	43,123	110,632	**-**	-

(a) Instruments used by Mirvac

Refer to note 36 for information on instruments used by Mirvac.

(b) Interest rate risk exposures

Refer to note 36 for Mirvac's exposure to interest rate risk on cross currency swaps.

23. Derivative financial liabilities (continued)

(c) Foreign currency risk exposures

Refer to note 36 for Mirvac's exposure to foreign currency risk on cross currency swaps.

24. Contributed equity

(a) Paid up capital

Consolidated	**2009 Securities**	2008 Securities	**2009 $'000**	2008 $'000
Mirvac Limited – ordinary shares issued	**2,789,721,461**	1,084,371,184	**1,153,689**	917,394
Mirvac Property Trust – ordinary units issued	**2,789,721,461**	1,084,371,184	**4,293,677**	2,854,065
Total contributed equity			**5,447,366**	3,771,459

(b) Movements in paid up capital of Mirvac for the 2009 and 2008 years were as follows:

Consolidated	Issue date	Issue price	Note	Consolidated Number of securities 000's	Consolidated $'000's	Parent entity Number of securities 000's	Parent entity $'000's
Opening balance at 1 July 2008				**1,084,371**	**3,771,459**	**1,084,371**	**917,394**
Distribution reinvestment plan issues	25/07/2008	$2.62	(d)	34,375	90,020	34,375	16,033
Employee exemption plan - issued at no cost	17/10/2008	$1.98	(c)	950	-	950	-
Distribution reinvestment plan issues	24/10/2008	$2.56	(d)	4,659	11,940	4,659	1,645
Distribution reinvestment plan issues	30/01/2009	$1.29	(d)	8,745	11,297	8,745	1,557
Equity raising	20/11/2008	$0.90	(f)	471,183	424,065	471,183	58,436
Equity raising	05/11/2008	$0.90	(f)	84,584	76,126	84,584	10,490
Equity raising	24/06/2009	$1.00	(f)	943,710	925,406	943,710	127,521
Equity raising	30/06/2009	$1.00	(f)	156,278	174,582	156,278	24,057
Less: Transaction costs arising on share issue				-	(40,819)	-	(4,300)
Employee incentive scheme securities converted/sold/forfeited			(c)	866	3,290	866	856
Balance at 30 June 2009				**2,789,721**	**5,447,366**	**2,789,721**	**1,153,689**
Opening balance at 1 July 2007				**995,919**	**3,322,183**	**995,919**	**835,379**
Distribution reinvestment plan issues	27/07/2007	$5.50	(d)	7,285	40,067	7,285	8,302
Distribution reinvestment plan issues	26/10/2007	$5.36	(d)	5,381	28,833	5,381	5,135
Distribution reinvestment plan issues	25/01/2008	$5.95	(d)	6,407	38,101	6,407	6,786
Private security placement	01/02/2008	$5.20	(e)	57,692	300,000	57,692	53,429
Distribution reinvestment plan issues	24/04/2008	$3.81	(d)	9,348	35,626	9,348	6,345
Less: Transaction costs arising on share issue				-	(1,540)	-	(307)
Employee incentive scheme securities converted/sold/forfeited				2,339	8,189	2,339	2,325
Balance at 30 June 2008				**1,084,371**	**3,771,459**	**1,084,371**	**917,394**

24. Contributed equity (continued)

Ordinary securities

All ordinary securities are fully paid at 30 June 2009. Ordinary securities entitle the holder to participate in dividends/distributions and the proceeds on winding up of Mirvac in proportion to the number of and amount paid on the securities held. On a show of hands every holder of ordinary securities present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each security is entitled to one vote.

(c) LTI and EIS issues

Current LTI plan

As at 30 June 2009, 9,923,912 (2008: 2,910,520) performance rights and 10,464,491 (2008: 4,246,500) options were issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. No performance rights or options vested during the year to 30 June 2009 (2008: nil).

Employee exemption plan

As at 30 June 2009, 1,614,783 (2008: 664,588) stapled securities have been issued to employees under the general employee exemption plan.

Superseded LTI and EIS plans

No ordinary stapled securities were issued to employees of Mirvac Limited and its controlled entities under the superseded EIS or LTI schemes (2008: Nil ordinary stapled securities).The total of stapled securities issued to employees under the superseded LTI and EIS at 30 June 2009 is 15,738,910 (2008: 16,605,128). The market price per ordinary stapled security at 30 June 2009 was $1.08 (2008: $2.96). Securities issued as part of the superseded EIS and LTI plans are not classified as ordinary securities, until such time as the vesting conditions are satisfied, employee loans are fully repaid or they leave Mirvac.

(d) Distribution reinvestment plan

Under the distribution reinvestment plan, holders of ordinary securities may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary securities rather than being paid in cash. Securities issued under the plan were issued at a 2 per cent discount to the prevailing market price, calculated on a VWAP basis over the first 5 business days post record date.

(e) Capital placement

During the previous year the Group confirmed a strategic partnership with Nakheel via a $300 million private placement. The placement was conducted at a fixed price of $5.20.

(f) Capital raising

During the year the Group undertook two capital raisings.

- In the first half of the year the Group completed a fully underwritten capital placement, comprising of 462.8 million securities under an institutional placement and 92.9 million securities under a retail placement at an offer price of $0.90 per stapled security.
- In the second half of the year the Group complete a fully underwritten capital placement, comprising of 943.7 million securities under an institutional placement and 156.2 million securities under a retail placement at an offer price of $1.00 per stapled security.

24. Contributed equity (continued)

(g) Reconciliation of securities issued on ASX

Under AIFRS, securities issued under the Mirvac employee long-term incentive schemes are required to be accounted for as an option and are excluded from total issued capital, until such time as the relevant employee loans are fully repaid or the employee leaves the Group. Total ordinary securities issued as detailed above is reconciled to securities issued on the ASX as follows:

	2009 Number	2008 Number
Total ordinary securities disclosed	**2,789,721,461**	1,084,371,184
Securities issued under LTI and EIS	**15,738,910**	16,605,128
Subscribed for but not issued at 30 June [1]	**(156,277,961)**	-
Total securities issued on ASX	**2,649,182,410**	1,100,976,312

1 Shares subscribed for at 30 June 2009, as part of the capital rasing announced to the ASX on 4 June 2009, that were not issued until 9 July 2009.

(h) Capital risk management

Refer to note 36 for Mirvac's capital risk management.

25. Reserves

	Consolidated		**Parent entity**	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
a) Reserves				
Asset revaluation reserve	**86,494**	118,755	**-**	-
Capital reserve	**1,197**	1,197	**-**	-
Currency fluctuation reserve	**268**	(2,932)	**-**	-
Share based payments reserve	**22,586**	16,796	**19,320**	16,796
	110,545	133,816	**19,320**	16,796
b) Movements in reserves				
Asset revaluation reserve				
Opening balance	**118,755**	66,770	**-**	-
(Decrements/Increment on revaluation of owner-occupied properties	**(32,749)**	54,626	**-**	-
Deferred tax (note 6)	**488**	(2,641)	**-**	-
Closing balance	**86,494**	118,755	**-**	-
Capital reserve				
Opening balance	**1,197**	1,197	**-**	-
Closing balance	**1,197**	1,197	**-**	-
Currency fluctuation reserve				
Opening balance	**(2,932)**	(573)	**-**	-
Increase/(decrease) in reserve due to translation of foreign controlled entity	**3,200**	(2,359)	**-**	-
Closing balance	**268**	(2,932)	**-**	-
Share based payments reserve				
Opening balance	**16,796**	9,699	**16,796**	9,699
Expense relating to security based payments	**5,790**	7,097	**2,524**	7,097
Closing balance	**22,586**	16,796	**19,320**	16,796

25. Reserves (continued)

(c) Nature and purpose of reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of owner-occupied assets.

(ii) Capital reserve

The capital reserve is used to record the net revaluation increment or decrement on disposal of investment properties. The balance of the reserve may be transferred to retained earnings and used to satisfy distributions to securityholders.

(iii) Currency fluctuation reserve

Exchange differences arising on translation of the foreign controlled entities of Mirvac Limited are taken to the foreign currency fluctuation reserve, as described in note 1.

(iv) Share based payments reserve

The security based payments reserve is used to recognise the fair value of securities issued under Mirvac LTI schemes, securities issued under the employee exemption plan and any deficit resulting from the sale of securities under the LTI schemes.

(d) Reconciliation of movements between Property, plant and equipment to asset revaluation reserve

	2009 $000
Revaluation decrement within the property, plant and equipment (note 17)	34,361
Items adjusted to Income Statements	
Items relating to owner occupied buildings including fit out and lease amortisation	1,906
Other items	34
Impairment of construction WIP	(3,595)
Balance transferred to asset revaluation reserve	32,706
Items adjusted directly to reserves	
Other items	43
Tax adjustments	(488)
Movement in asset revaluation reserve (note 25)	32,261

26. Retained earnings

	Consolidated		**Parent entity**	
	2009 $'000	2008 $'000	**2009 $'000**	2008 $'000
Retained earnings at the beginning of the year	**435,265**	611,218	**80,297**	78,196
Movement in equity based compensation	**661**	1,142	**663**	1,142
Net (loss)/profit attributable to the stapled securityholders	**(1,078,101)**	171,802	**(7,810)**	959
Dividends/distributions provided for or paid	**(107,687)**	(348,897)	**-**	-
Retained earnings at the end of the year	**(749,862)**	435,265	**73,150**	80,297

27. Minority interest

	Consolidated	
	2009	2008
	$'000	$'000
Interest in:		
Share capital	**57,971**	61,707
Retained earnings	**6,782**	7,920
	64,753	69,627

28. Dividends/Distributions

	2009	2008
Ordinary stapled securities	**$'000**	$'000
Quarterly ordinary distributions paid as follows:		
5.000 cents per fully paid stapled security paid on 24 October 2008 (Unfranked distribution)	**56,768**	
8.225 cents per fully paid stapled security paid on 26 October 2007 (Unfranked distribution)		84,042
2.800 cents per fully paid stapled security paid on 30 January 2009 (Unfranked distribution)	**47,508**	
8.225 cents per fully paid stapled security paid on 25 January 2008 (Unfranked distribution)		84,514
8.225 cents per fully paid stapled security paid on 24 April 2008 (Unfranked distribution)		89,786
0.200 cents per fully paid stapled security paid on 31 July 2009 (Unfranked distribution)	**3,411**	
8.225 cents per fully paid stapled security paid on 25 July 2008 (Unfranked distribution)		90,555
Total dividend/distribution 8 cents per fully paid stapled security (2008: 32.9 cents per stapled security)	**107,687**	348,897

Distribution Reinvestment Plan (DRP)

Dividends/distributions actually paid or satisfied by issue of securities under the Group distribution/dividend reinvestment plan were as follows:

	2009	2008
	$'000	$'000
Paid in cash	**137,409**	196,626
Satisfied by the issue of securities	**57,422**	142,623
	194,831	339,249

Franking credits available for subsequent financial years based on a tax rate of 30 per cent total $16,796,712 (2008: $48,934,000 on a tax rate of 30 per cent).

29. Investments in associates

(a) Associates accounted for using the equity method

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Information relating to associates is set out below.

		Ownership		Consolidated		Parent entity	
		2009	2008	**2009**	2008	**2009**	2008
Name	**Principal activities**	**%**	%	**$'000**	$'000	**$'000**	$'000
177 Salmon Street Trust	Property development	20%	20%	**22**	-	**-**	-
Archbold Road Trust	Property development	20%	20%	**30**	30	**-**	-
Chantrey City Regeneration Fund	Property development	20%	20%	**4,037**	5,104		
Mirvac Real Estate Investment Trust	Listed property investment trust	25%	23%	**60,625**	130,966	**-**	-
Mirvac Wholesale Hotel Fund [2]	Hotel investment	42%	45%	**100,279**	122,248	**-**	-
Mirvac Industrial Trust [1]	Listed property investment trust	14%	14%	**-**	21,602	**-**	-
New Forests Pty Limited [3]	Forestry and environmental asset manager	18%	20%	**209**	478	**-**	-
BAC Devco Pty Limited	Property development	33%	33%	**223**	191	**-**	-
Mindarie Keys Joint Venture [3]	Property development	15%	15%	**1,439**	2,019	**-**	-
Panorama Joint Venture [3]	Property development	17%	17%	**1**	3		
Universal Portfolio Services Pty Limited [3]	Property development	10%	10%	**-**	-	**-**	-
Tuckerbox Pty Ltd [1]	Hotel investment	1%	1%	**1,401**	1,494	**-**	-
Diggers Rest Pty Ltd	Property development	25%	25%	**115**	45		
				168,381	284,180	**-**	-

1 Mirvac equity accounts for these investments as an associate even though it owns less than 20% of the voting or potential voting power due to the fact that the responsible entity is Mirvac Funds Management (a 100% owned subsidiary).

2 The Group's share of this associate has been diluted in the year due to the issue of additional units.

3 Mirvac equity accounts for these investment as an associate even though it owns less than 20% of the voting or potential voting power due to the fact that it has significant influence over these entities.

All associates are established or incorporated in Australia with the exception of the Chantrey City Regeneration Fund which is established in the United Kingdom.

29. Investments in associates (continued)

Associates financial summary

2009 Name	Profit/ (loss) (100%) $'000	Mirvac share of net profit/(loss) $'000	Total assets (100%) $'000	Total liabilities (100%) $'000	Net assets (100%) $'000	Mirvac carrying value of net assets $'000
177 Salmon Street Trust	27	5	473	363	110	22
Archbold Road Trust	-	-	77	-	77	30
Chantrey City Regeneration Fund [1]	(556)	(111)	80,347	45,952	34,395	4,037
Mirvac Real Estate Investment Trust [2]	(251,733)	(59,464)	1,028,517	497,359	531,158	60,625
Mirvac Wholesale Hotel Fund [3]	(27,595)	(12,503)	526,088	246,320	279,768	100,279
Mirvac Industrial Trust [4]	(209,123)	(29,277)	578,485	467,495	110,990	-
New Forests Pty Limited	(1,984)	(269)	1,998	807	1,191	209
BAC Devco Pty Limited	(908)	32	132,546	129,396	3,150	223
Mindarie Keys Joint Venture	10,288	(5)	12,610	3,570	9,040	1,439
Panorama Joint Venture	-	-	-	-	-	1
Universal Portfolio Services Pty Limited	198	369	392	85	307	-
Tuckerbox Pty Ltd	6,521	65	378,117	186,976	191,141	1,401
Diggers Rest Pty Ltd	-	-	459	-	459	115
	(474,865)	**(101,158)**	**2,740,109**	**1,578,323**	**1,161,786**	**168,381**

1 The Group has impaired the carrying amount of the investment by $2,407,000.
2 The Group has impaired the carrying amount of its investment by $9,209,000 in 2009 (2008: $50,813,000). Refer to Note 29 (c) for the basis of valuing the carrying value of the investment.
3 The Group did not account for a revaluation surplus in its carrying amount of the business which has been accounted for within the Mirvac Wholesale Hotel Fund. The current revaluation surplus is $36,000,000.
4 The investment has been written down to zero in 2009 (2008: $20,297,000) and taken a further write down of $7,386,000 in the loan to its investment. Refer to Note 29 (c) for the basis of valuing the carrying value of the investment.

The carrying amounts reported by the Group have been adjusted for unrealised profit from transactions with the Group. The total amount adjusted is $5,451,000 (2008: $4,919,000).

2008	Profit/ (loss) (100%) $'000	Mirvac share of net profit/(loss) $'000	Total assets (100%) $'000	Total liabilities (100%) $'000	Net assets (100%) $'000	Mirvac carrying value of net assets $'000
177 Salmon Street Trust	55	11	10	511	(501)	-
Archbold Road Trust	-	-	77	14	63	30
Chantrey City Regeneration Fund	(951)	(212)	78,426	46,790	31,636	5,104
Freespirit Resorts Pty Limited	131	72	3,084	3,785	(701)	-
Mirvac Industrial Fund	-	26	-	-	-	-
Mirvac Real Estate Investment Trust[1]	6,761	1,608	1,479,995	676,720	803,275	130,966
Mirvac Wholesale Hotel Fund[2]	9,697	4,492	537,373	209,880	327,493	122,248
Mirvac Industrial Trust[3]	(12,884)	(1,334)	716,020	449,090	266,930	21,602
New Forests Pty Limited	(733)	(147)	4,637	1,516	3,121	478
Spring Farm	-	(1,338)	-	-	-	-
BAC Devco Pty Limited	2,708	-	119,743	116,625	3,118	191
Mindarie Keys Joint Venture	21,064	2,480	23,456	10,654	12,802	2,019
Panorama Joint Venture	-	-	-	-	-	3
Universal Portfolio Services Pty Limited	1,134	1,660	1,409	200	1,209	-
Tuckerbox Pty Limited	19,013	190	381,762	178,740	203,022	1,494
Diggers Rest Pty Limited	-	-	180	-	180	45
	45,995	**7,508**	**3,346,172**	**1,694,525**	**1,651,648**	**284,180**

29. Investments in associates (continued)

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Movements in carrying amounts				
Carrying amount at the beginning of the year	**284,180**	220,191	**-**	-
Transfers from joint ventures	**-**	123,072	**-**	-
Unrealised (losses)/profit adjustments	**(532)**	2,655	**-**	-
New investment during the reporting period	**3,623**	33,618	**-**	-
Excess loss over equity invested written off against loans	**8,499**	-	**-**	-
Equity sold	**-**	(6,544)	**-**	-
Distributions received	**(17,115)**	(21,689)	**-**	-
Repayment of capital contributions	**-**	(2,398)	**-**	-
Share of (loss)/profit from ordinary operating activities	**(101,158)**	7,508	**-**	-
Impairment of investment	**(11,616)**	(71,110)	**-**	-
Other	**2,500**	(1,123)	**-**	-
Carrying amount at end of the financial year	**168,381**	284,180	**-**	-
Associate entities – Mirvac's aggregate share of entities' assets and liabilities				
Current assets	**34,251**	58,479	-	-
Non-current assets	**587,118**	688,419	-	-
Total assets	**621,369**	746,898	-	-
			-	-
Current liabilities	**39,562**	180,567	-	-
Non-current liabilities	**306,556**	185,001	-	-
Total liabilities	**346,118**	365,568	-	-
Net assets	**275,251**	381,330	-	-
Mirvac's aggregate share of entities' revenues, expenses and results				
Revenues	**60,663**	68,993	-	-
Expenses	**(159,631)**	(59,096)	-	-
(Loss)/profit before income tax	**(98,968)**	9,897	-	-
Share of associates' expenditure commitments				
Capital commitments	**52,312**	51,230		-
Fair value of listed investments in associates				
Mirvac Real Estate Investment Trust	**47,103**	89,502		-
Mirvac Industrial Trust	**4,009**	12,178		-

29. Investments in associates (continued)

(b) Investment in associates accounted for at fair value:

		Ownership		Consolidated		Parent entity	
		2009	2008	**2009**	2008	**2009**	2008
Name	**Principal activities**	**%**	%	**$'000**	$'000	**$'000**	$'000
James Fielding Infrastructure Yield Fund	Infrastructure investment	**22%**	22%	**18,489**	19,262	**-**	-

(c) Impairment of investment

Mirvac currently holds an investment in the listed entities Mirvac Real Estate Investment Trust and Mirvac Industrial Trust. When there are any indicators of impairment, the carrying value of these investments are compared to the discounted forecast future cashflows. The discount rate selected allows for the time value of money and the risks specific to the asset that an investor would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile of an equivalent entity.

The impairment loss recognised during the period is in relation to Mirvac Real Estate Investment Trust. The net realisable value of this trust has decreased since 30 June 2008 due to the forecast deterioration of the trust's earnings and distributions.

In valuing Mirvac Real Estate Investment Trust, a pre-tax discount rate of 12.15% was applied to future estimated distributions, which resulted in an impairment expense of $9,209,000 (2008: 9%; $50,813,000). The increase in discount rate applied to cash flows is reflective of current market conditions associated with the trust's level of gearing and cost of equity. There was no impairment loss recognised during the period for Mirvac Industrial Trust (2008: $20,297,000).

During the period the carrying value of the Investment management division's investment in the Chantrey City Regeneration Fund was impaired by $2,407,000. The impairment loss was recognised within the 'Impairment of Investments and Joint Ventures' line within the Income Statement. Mirvac considers the booking of the impairment provision as prudent based on a number external factors currently being faced by the Chantrey City Regeneration Fund and its two development projects. Mirvac Limited's position has been made independently of the positions taken by the other investors within the fund

There were no indicators of impairment in respect of other associates.

30. Investments in joint ventures

Joint venture entities include corporations, partnerships and other entities and are equity accounted and included in interest in Joint ventures – refer note 13.

		Ownership		Consolidated		Parent entity	
		2009	2008	**2009**	2008	**2009**	2008
		%	%	**$'000**	$'000	**$'000**	$'000
197 Salmon Street Trust	Property investment	**50%**	50%	**44,993**	55,476	**-**	-
Australian Centre for Life Long Learning	Property development	**50%**	50%	**-**	8,714	**-**	-
Bankstown Airport Development Pty Limited	Property development	**50%**	50%	**4**	4	**-**	-
Bargara Lifestyle Development Pty Limited	Property development	**50%**	50%	**-**	574	**-**	-
BL Developments Pty Limited	Property development	**50%**	50%	**43,990**	41,947	**-**	-
Fast Track Bromelton Pty Limited and Nakheel SPV Pty Limited	Property development	**50%**	-	**12,816**	-	**-**	-

30. Investments in joint ventures (continued)

		Ownership		Consolidated		Parent entity	
		2009	2008	**2009**	2008	**2009**	2008
		%	%	**$'000**	$'000	**$'000**	$'000
Mirvac UK Property Limited (formerly Chantrey Limited) [1]	Property investment	**-**	50%	**-**	4,963	**-**	-
City West Property Investments (No.1) Trust	Property development	**50%**	50%	**9,029**	8,395	**-**	-
City West Property Investments (No.2) Trust	Property development	**50%**	50%	**9,029**	8,395	**-**	-
City West Property Investments (No.3) Trust	Property development	**50%**	50%	**9,029**	8,395	**-**	-
City West Property Investments (No.4) Trust	Property development	**50%**	50%	**9,029**	8,395	**-**	-
City West Property Investments (No.5) Trust	Property development	**50%**	50%	**9,029**	8,395	**-**	-
City West Property Investments (No.6) Trust	Property development	**50%**	50%	**9,029**	8,395	**-**	-
CN Collins	Property development	**50%**	50%	**340**	15,000	**-**	-
Domaine Investment Trust	Property development	**50%**	50%	**-**	633	**-**	-
Prosaine Management Pty Limited	Investment management	**50%**	50%	**-**	393	**-**	-
Ephraim Island Joint Venture	Property development	**50%**	50%	**11,782**	20,036	**-**	-
High Sky Pty Limited	Property development	**33%**	33%	**-**	-	**-**	-
HPAL Freehold Pty Limited	Property development	**50%**	50%	**4,057**	416	**-**	-
Infocus Infrastructure Management Pty Limited	Property development	**50%**	50%	**2,254**	1,672	**-**	-
J F Infrastructure Pty Limited	Investment management	**50%**	50%	**-**	-	**-**	-
Lifestyle Villages Management Pty Limited	Investment management	**50%**	50%	**-**	100	**-**	-
Lifestyle Villages Trust	Property development	**50%**	50%	**-**	2,054	**-**	-
Mirvac Aust Super Pty Limited	Property investment/development	**50%**	50%	**9,602**	23,484	**-**	-
Mirvac Lend Lease Village Consortium/Newington Olympic Village	Property development	**50%**	50%	**313**	7,823	**-**	-
Mirvac Pacific Pty Limited	Property development	**-**	50%	**-**	21,462	**-**	-
Mirvac Wholesale Residential Development Partnership Trust	Property investment	**20%**	20%	**11,580**	11,065	**-**	-
MVIC Finance 2 Pty Limited	Property development	**50%**	50%	**37**	37	**-**	-
New Zealand Sustainable Forestry Investors	Property investment	**33%**	33%	**8,373**	15,804	**-**	-
Old Wallgrove Road Trust	Property investment	**50%**	50%	**1,850**	2,228	**-**	-
Quadrant Real Estate Advisors LLC	Investment Management	**50%**	50%	**2,342**	1,874	**-**	-
Rockbank	Property development	**50%**	50%	**13,981**	14,100	**-**	-
Swanbourne Joint Venture	Property development	**50%**	50%	**6,779**	15,773	**-**	-
				229,267	316,002	**-**	-

[1] The Mirvac Group acquired the remaining shares of these entities during the period and they are now controlled entities of the group.

All joint venture entities are incorporated in Australia with the exception of Quadrant Real Estate Advisors, LLC which is incorporated in the United States and Chantrey Limited which is incorporated in the United Kingdom.

30. Investments in joint ventures (continued)

2009 **Name**	**Profit/ (loss) (100%)** **$'000**	**Mirvac share of net profit/ (loss)** **$'000**	**Total assets (100%)** **$'000**	**Total liabilities (100%)** **$'000**	**Net assets (100%)** **$'000**	**Mirvac carrying value of net assets** **$'000**
197 Salmon Street Trust	(13,564)	(6,782)	94,920	2,785	92,135	44,993
Australian Centre for Life Long Learning [1]	(2,372)	(1,186)	84,793	96,733	(11,940)	-
Bankstown Airport Development Pty Limited	-	-	19	13	6	4
Bargara Lifestyle Development Pty Limited	82	(418)	8,823	10,265	(1,442)	-
BL Developments Pty Limited	11,868	5,934	188,907	84,562	104,345	43,990
Fast Track Bromelton Pty Limited and Nakheel SPV Pty Limited [2]	4	-	36,099	34	36,065	12,816
City West Property Investments (No.1) Trust	188	-	18,305	26	18,279	9,029
City West Property Investments (No.2) Trust	188	-	18,305	26	18,279	9,029
City West Property Investments (No.3) Trust	188	-	18,305	26	18,279	9,029
City West Property Investments (No.4) Trust	188	-	18,305	26	18,279	9,029
City West Property Investments (No.5) Trust	188	-	18,305	26	18,279	9,029
City West Property Investments (No.6) Trust	188	-	18,305	26	18,279	9,029
CN Collins [3]	(35,690)	(14,660)	35,674	41,364	(5,690)	340
Domaine Investment Trust	(3,366)	(1,683)	3,445	6,811	(3,366)	-
Prosaine Management Pty Limited	-	166	-	-	-	-
Ephraim Island Joint Venture [4]	(15,314)	(8,192)	90,577	67,014	23,563	11,782
High Sky Pty Limited	-	-	-	-	-	-
HPAL Freehold Pty Limited	39	3,890	50,127	41,474	8,653	4,057
Infocus Infrastructure Management Pty Limited	1,325	582	5,335	1,291	4,044	2,254
J F Infrastructure Pty Limited [5]	(15,817)	(11,868)	7,118	191,184	(184,066)	-
Lifestyle Villages Management Pty Limited	-	-	-	-	-	-
Lifestyle Villages Trust [6]	-	-	8,066	5,985	2,081	-
Mirvac Aust Super Pty Limited	(40,249)	(20,122)	40,792	22,181	18,611	9,602
Mirvac Lend Lease Village Consortium/Newington Olympic Village	5,628	2,240	7,967	5,919	2,048	313
Mirvac Pacific Pty Limited	-	-	-	-	-	-
Mirvac Wholesale Residential Development Partnership Trust [7]	2,271	454	461,192	252,898	208,294	11,580
MVIC Finance 2 Pty Limited	3	-	97	13	84	37
New Zealand Sustainable Forestry Investors [8]	360	(1,610)	77,549	30,578	46,971	8,373
Old Wallgrove Road Trust	733	(10)	9,289	88	9,201	1,850
Quadrant Real Estate Advisors LLC [9]	(457)	(4,830)	380	5,700	(5,320)	2,342
Rockbank	(258)	(119)	28,434	515	27,919	13,981
Swanbourne Joint Venture [10]	4,432	1,642	10,110	1,166	8,944	6,779
Walsh Bay Partnership	16	-	415	2,644	(2,229)	-
Mirvac Aqua Pty Limited [11]	(523)	(265)	336	5,722	(5,386)	-
	(99,721)	**(56,837)**	**1,360,294**	**877,095**	**483,199**	**229,267**

1 The carrying amount of the investment has been impaired by $7,640,000 to zero. Mirvac has further written down its loan to the joint venture by $16,980,000.
2 The Group's share of equity is lower than expected largely due to $7,000,000 of procurement fee that is due to be returned to the joint venture partner. The remaining variance represents eliminated unearned income of ($3,000,000).
3 The Group's carrying value includes a future management fee of $3,100,000 recoverable from the investment.
4 Mirvac has impaired the carrying amount of it's investment by $7,657,000.
5 In 2009 the Group have further written down its loan to the joint venture to cover the loss of $11,780,000 (2008: $85,791,000).
6 The Group has impaired the carrying amount of it's investment by $1,048,000.
7 The Group's carrying value is lower than expected due to the elimination of unearned income.
8 The Group has impaired the carrying amount of it's investment by $7,000,000.
9 The Group has impaired the carrying amount of it's investment by $2,341,000.
10 The variance is due to a timing difference of a distribution received from its investment.
11 The carrying amount of the investment has been impaired to zero.

The carrying amounts reported by the Group have been adjusted for unrealised profit from transactions with the Group. The total amount adjusted is $39,830,000 (2008: $33,444,000).

30. Investments in joint ventures (continued)

2008 Name	Profit/ (loss) (100%) $'000	Mirvac share of net profit/(loss) $'000	Total assets (100%) $'000	Total liabilities (100%) $'000	Net assets (100%) $'000	Mirvac carrying value of net assets $'000
197 Salmon Street Trust	7,845	3,923	115,710	2,610	113,100	55,476
Australian Centre for Life Long Learning	(4,956)	(2,478)	85,675	94,858	(9,183)	8,714
Bankstown Airport Development Pty Limited	2	1	14	7	7	4
Bargara Lifestyle Development Pty Limited	82	-	8,823	10,265	(1,442)	574
BL Developments Pty Limited	13,219	7,034	147,542	55,190	92,352	41,947
Breakwater Joint Venture	-	-	-	-	-	-
Chantrey Limited	(886)	(417)	2,342	1,576	766	4,963
City West Property Investments (No 1) Trust	27	-	16,832	7	16,825	8,395
City West Property Investments (No 2) Trust	27	-	16,832	7	16,825	8,395
City West Property Investments (No 3) Trust	27	-	16,832	7	16,825	8,395
City West Property Investments (No 4) Trust	27	-	16,832	7	16,825	8,395
City West Property Investments (No 5) Trust	27	-	16,832	7	16,825	8,395
City West Property Investments (No 6) Trust	27	-	16,832	7	16,825	8,395
CN Collins	-	-	30,000	-	30,000	15,000
Domaine Investment Trust	551	276	6,247	5,603	644	633
Domaine Property Funds Limited	-	(110)	-	-	-	-
Prosaine Management Pty Limited	784	295	730	500	230	393
Ephraim Island Joint Venture	(195)	(97)	111,013	72,013	39,000	20,036
High Sky Pty Limited	-	(15)	-	-	-	-
HPAL Freehold Pty Limited	3,253	-	46,307	42,878	3,429	416
Infocus Infrastructure Management Pty Limited	1,561	781	4,532	1,805	2,727	1,672
JF Infrastructure Pty Limited	(171,581)	(85,793)	10,577	178,678	(168,101)	-
Lifestyle Villages Management Pty Limited	-	-	-	-	-	100
Lifestyle Villages Trust	-	-	8,080	5,985	2,095	2,054
Mirvac Aust Super Pty Limited	1,137	568	76,794	29,826	46,968	23,484
Mirvac Lend Lease Village Consortium/Newington Olympic Village	12,041	3,354	44,769	28,920	15,849	7,823
Mirvac Pacific Pty Limited	(75)	(38)	115,915	77,990	37,925	21,462
Mirvac Wholesale Residential Development Partnership Trust	530	106	381,594	190,003	191,591	11,065
MVIC Finance 2 Pty Limited	4	-	93	12	81	37
New Zealand Sustainable Forestry Investors	2,035	678	71,734	26,276	45,458	15,804
Old Wallgrove Road Trust	765	383	9,266	65	9,201	2,228
Phoenix Estates Pty Limited	-	(149)	-	-	-	-
Property Funds Australia Limited	-	568	-	-	-	-
Quadrant Real Estate Advisors LLC	(2,195)	(1,309)	8,590	11,480	(2,890)	1,874
Rockbank	(556)	(278)	28,505	311	28,194	14,100
Swanbourne Joint Venture	37,761	15,943	7,424	-	7,424	15,773
Walsh Bay Partnership	(1,084)	(747)	542	4,287	(3,745)	-
Mirvac Aqua Pty Limited	(314)	(195)	580	5,444	(4,864)	-
	(100,110)	**(57,716)**	**1,424,390**	**846,624**	**577,766**	**316,002**

30. Investments in joint ventures (continued)

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Movement in carrying amounts				
Carrying amount at the beginning of the financial year	**316,002**	451,753	-	-
Transfers to associates	**-**	(123,072)		
New investment during the reporting period	**29,481**	152,466	-	-
Excess loss over equity invested written off against loans	**10,141**	66,534	-	-
Equity sold	**-**	(21,305)	-	-
Distributions received	**(14,461)**	(56,912)	-	-
Joint venture partners (contributions)/distributions	**1,650**	5,777	-	-
Unrealised loss	**(6,836)**	(17,322)	-	-
Share of loss from ordinary operating activities	**(56,837)**	(57,716)	-	-
Transfer to investment in controlled entities	**(28,584)**	(71,082)	-	-
Provision for deferred settlements recognised during the period	**9,788**	15,879	-	-
Impairment of investment	**(17,743)**	(5,000)	-	-
Reclassified to loans to related entities	**-**	(21,325)	-	-
Transfer to inventory	**(11,485)**	-	-	-
Other	**(1,849)**	(2,673)	-	-
Carrying amount at the end of the financial year	**229,267**	316,002	-	-
Joint venture entities – Mirvac's aggregate share of entities' assets and liabilities				
Current assets	**120,583**	147,435	-	-
Non-current assets	**408,024**	438,085	-	-
Total assets	**528,607**	585,520	-	-
			-	-
Current liabilities	**176,276**	145,491	-	-
Non-current liabilities	**181,205**	216,353	-	-
Total liabilities	**357,481**	361,844	-	-
Net assets	**171,126**	223,676	-	-

30. Investments in joint ventures (continued)

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Mirvac's aggregate share of entities' revenues, expenses and results				
Revenues	**98,643**	188,574	-	-
Expenses	**(142,951)**	(244,538)	-	-
Profit before income tax	**(44,308)**	(55,964)	-	-
Share of joint venture expenditure commitments				
Capital commitments	**-**	14,300	-	**-**

(a) Impairment of investment

Investments currently hold an investment in Old Wallgrove Road Trust. On a regular basis, the carrying value of these types of investments are compared to the discounted forecast future cash flows or the fair value less costs to sell of the underlying assets. There was no impairment loss recognised during the period for Old Wallgrove Road Trust (2008: $5,000,000).

Mirvac considered it prudent to make an impairment provision of $7,400,000 against the carrying value of the Investment Management division's investment in New Zealand Sustainable Forestry Investors ("NZSFI"). Mirvac consider the booking of the impairment provision as prudent based on a number external factors currently being faced by NZSFI. Mirvac's position has been made independently of the positions taken by the other investors within the fund

The carrying value of the Development division's investment in Australian Centre for Life Long Learning ("ACFLLL") was impaired to nil during the year. Mirvac consider the booking of the impairment provision as prudent based on a number of external factors currently faced by ACFLLL, mainly due to the disconnect between the required commercial return and affordability levels of education providers.

Investments in joint ventures are reviewed at each balance date for any impairment and written off to the extent that the future benefits are no longer probable and do not support the carrying value in the investment.

31. Contingent liabilities

The parent entity and the Group had contingent liabilities at 30 June 2009 in respect of:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Bank guarantees and performance bonds issued by external parties in respect of certain performance obligations granted in the normal course of business	**85,011**	112,856	**-**	**-**

Asset performance guarantees
The Group has provided guarantees to owners of some managed assets as to the future performance of these assets. The guarantees total $3.6 million. No material losses are anticipated in respect of these contractual obligations.

Claims
Claims for damages in respect of injury sustained due to health and safety issues have been made during the year. The potential effect of these claims indicated by legal advice is that if the claims were to be successful they would result in a liability of approximately $0.2 million.

32. Commitments

(a) Capital commitments

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Property, plant and equipment				
Not later than one year	**2,703**	-	**-**	-
Later than one year but not later than 5 years	**-**	-	**-**	-
Later than 5 years	**-**	-	**-**	-
	2,703	-	**-**	-

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Investment properties				
Not later than one year	**55,083**	102,617	**-**	-
Later than one year but not later than 5 years	**28,500**	13,215	**-**	-
Later than 5 years	**-**	-	**-**	-
	83,583	115,832	**-**	-

(b) Lease commitments

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Operating leases				
Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:				
Not later than one year	**8,957**	5,898	**-**	-
Later than one year but not later than 5 years	**25,788**	24,224	**-**	-
Later than 5 years	**2,004**	4,814	**-**	-
	36,749	34,936	**-**	-
Finance leases				
Commitments in relation to finance leases are payable as follows:				
Not later than one year	**30**	-	**-**	-
Later than one year but not later than 5 years	**20**	-	**-**	-
Later than 5 years	**-**	-	**-**	-
Residual	**25**	-	**-**	-
Minimum lease payments	**75**	-	**-**	-
Less: Future finance charges	**(7)**	-	**-**	-
Representing lease liabilities	**68**	-	**-**	-
Current (note 20)	**68**	-	**-**	-

Mirvac leases various plant and equipment with a carrying value of $79,000 (2008: nil) under finance leases expiring in less than 5 years.

33. Key Management Personnel

(a) Directors

The following persons were Directors of Mirvac Limited during the financial year:
Chairman – Non-Executive Director
J MacKenzie
Executive Directors
N Collishaw (appointed Managing Director 26 August 2008)
G Paramor (retired Managing Director 26 August 2008)
Non-Executive Directors
P Biancardi
A Fini (Executive Director until 31 December 2008)
P Hawkins
P Morris
R Turner

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of Mirvac, directly or indirectly, during the financial year:

Name	Position	Employer
E Campbell	Chief Executive Western Australia	Mirvac Projects Pty Limited
J Carfi	Chief Executive New South Wales	Mirvac Projects Pty Limited
G Collins	Chief Executive Victoria	Mirvac Projects Pty Limited
B Draffen	Chief Executive Development	Mirvac Projects Pty Limited
G Flowers	General Manager Operations (from 1 September 2008)	Mirvac Projects Pty Limited
C R Freeman	Chairman, Mirvac UAE, UK and QLD Development	Mirvac Projects Pty Limited
A Harrington	Joint Chief Executive Investment Management (until 31 December 2008)	Mirvac Projects Pty Limited
G Hodgetts	Chief Executive Investment Management	Mirvac Projects Pty Limited
J Mitchell	Chief Financial Officer	Mirvac Projects Pty Limited
T Regan	Chief Operating Officer (until 31 August 2008)	Mirvac Projects Pty Limited
A Turner	Chief Executive Hotels	Mirvac Projects Pty Limited
M Wallace	Chief Executive Queensland	Mirvac Projects Pty Limited

(c) Key Management Personnel compensation

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Short-term employment benefits	**10,667**	12,208	**1,117**	1,228
Post-employment benefits	**502**	583	**150**	177
Share-based payments	**2,499**	2,807	**-**	-
Termination benefits	**4,430**	-	**-**	-
Other long-term benefits	**134**	151	**-**	-
Total	**18,232**	15,749	**1,267**	1,405

33. Key Management Personnel (continued)

(d) Equity instrument disclosures relating to Key Management Personnel

(i) Security holdings

The number of ordinary securities in Mirvac held during the financial year by each Director and other KMP, including their personally-related parties, are set out below:

2009	Balance at start of the year	Securities issued under EEP	Other changes	Balance at end of the year
Directors				
P Biancardi	8,041	-	95,238	103,279
N Collishaw	1,461,255	505	565,676	2,027,436
A Fini	8,816,781	505	(125,110)	8,692,176
P Hawkins	18,684	-	423,863	442,547
J MacKenzie	55,978	-	63,222	119,200
P Morris	42,841	-	166,153	208,994
R Turner	69,241	-	161,704	230,945
Other KMP				
E Campbell	85,543	505	103,617	189,665
J Carfi	90,472	505	37,936	128,913
G Collins	164,764	505	76,290	241,559
B Draffen	136,730	505	243,037	380,272
G Flowers	-	-	-	-
C Freeman	320,219	505	-	320,724
G Hodgetts	95,892	505	43,043	139,440
J Mitchell	115,684	505	48,448	164,637
A Turner	390,301	505	162,964	553,770
M Wallace	103,291	505	50,000	153,796

33. Key Management Personnel (continued)

2008	Balance at start of the year	Securities issued under EEP	Other changes	Balance at end of the year
Directors				
P J Biancardi	8,041	-	-	8,041
N Collishaw	1,451,137	180	9,938	1,461,255
A Fini	8,780,046	180	36,555	8,816,781
P Hawkins	18,684	-	-	18,684
J MacKenzie	55,886	-	92	55,978
P Morris	42,841	-	-	42,841
G Paramor	5,755,474	180	-	5,755,654
R Turner	68,088	-	1,153	69,241
Other KMP				
E Campbell	85,363	180	-	85,543
J Carfi	90,292	180	-	90,472
G Collins	163,495	180	1,089	164,764
B Draffen	136,550	180	-	136,730
C Freeman	320,039	180	-	320,219
A Harrington	607,686	180	-	607,866
G Hodgetts	95,635	180	77	95,892
J Mitchell	115,504	180	-	115,684
T Regan	632,817	180	(192)	632,805
A Turner	640,121	180	(250,000)	390,301
M Wallace	103,111	180	-	103,291

(ii) Options

Details of options as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options are provided on pages 13 to 28 of the Directors' Report.

The number of options over ordinary securities in Mirvac held during the financial year by each Director and other KMP, including their personally-related parties, are set out below:

2009	Balance at start of the year	Options issued under LTI	Other changes	Balance at end of the year	Unvested
Directors					
N Collishaw	413,240	1,923,100	-	2,336,340	2,336,340
A Fini	413,240	-	(137,609)	275,631	275,631
Other KMP					
E Campbell	225,990	416,700	-	642,690	642,690
J Carfi	-	368,600	-	368,600	368,600
G Collins	225,990	416,700	-	642,690	642,690
B Draffen	258,280	538,500	-	796,780	796,780
G Flowers	-	192,300	-	192,300	192,300
G Hodgetts	215,230	371,800	-	587,030	587,030
J Mitchell	137,750	333,300	-	471,050	471,050
A Turner	204,470	304,500	-	508,970	508,970
M Wallace	-	336,500	-	336,500	336,500

33. Key Management Personnel (continued)

2008	Balance at start of the year	Options issued under LTI	Other changes	Balance at end of the year	Unvested
Directors					
N Collishaw	-	413,240		413,240	413,240
A Fini	-	413,240		413,240	413,240
G Paramor	-	1,162,240		1,162,240	1,162,240
Other KMP					
E Campbell	-	225,990		225,990	225,990
G Collins	-	225,990		225,990	225,990
B Draffen	-	258,280		258,280	258,280
A Harrington	-	258,280		258,280	258,280
G Hodgetts	-	215,230		215,230	215,230
J Mitchell	-	137,750		137,750	137,750
T Regan	-	279,800		279,800	279,800
A Turner	-	204,470		204,470	204,470
M Wallace	-	-		-	-

33. Key Management Personnel (continued)

(iii) Performance rights

Details of performance rights as remuneration and shares issued on the exercise of such rights, together with terms and conditions of the options are provided on pages 13 to 28 of the Directors' Report.

The number of performance rights in Mirvac held during the financial year by each Director and other KMP, including their personally-related parties, are set out below:

2009	Balance at start of the year	Rights issued under LTI	Other changes	Balance at end of the year
Directors				
N Collishaw	116,360	869,600	-	985,960
A Fini	116,360	-	(38,748)	77,612
Other KMP				
E Campbell	63,640	188,400	-	252,040
J Carfi	27,270	166,700	-	193,970
G Collins	63,640	188,400	-	252,040
B Draffen	72,730	243,500	-	316,230
G Flowers	-	87,000	-	87,000
C Freeman	-	1,304,300	-	1,304,300
G Hodgetts	60,610	168,100	-	228,710
J Mitchell	38,790	150,700	-	189,490
A Turner	57,580	137,700	-	195,280
M Wallace	25,450	152,200	-	177,650

2008	Balance at start of the year	Rights issued under LTI	Other changes	Balance at end of the year
Directors				
N Collishaw	-	116,360	-	116,360
A Fini	-	116,360	-	116,360
G Paramor	-	327,270	-	327,270
Other KMP				
E Campbell	-	63,640	-	63,640
J Carfi	-	27,270	-	27,270
G Collins	-	63,640	-	63,640
B Draffen	-	72,730	-	72,730
A Harrington	-	72,730	-	72,730
G Hodgetts	-	60,610	-	60,610
J Mitchell	-	38,790	-	38,790
T Regan	-	78,790	-	78,790
A Turner	-	57,580	-	57,580
M Wallace	-	25,450	-	25,450

33. Key Management Personnel (continued)

(e) Loans to Directors and KMP

Details of loans made to Directors of Mirvac and other KMP (including loans granted under LTI and EIS), including their personally-related parties, are set out below.

(i) Aggregates for Directors and KMP

	Balance at the start of the year $	Interest not charged (d) $	Balance at the end of the year $	Number in Mirvac at end of the year Number
2009	**20,149,564**	**294,112**	**12,526,340**	**11**
2008	20,289,822	180,817	20,149,564	14

(ii) Individuals with loans above $100,000 during the financial year

2009	Note	Balance at the start of the year $	Interest not charged (d) $	Balance at the end of the year $	Highest indebtedness during the year $
Directors					
N Collishaw	(a)	1,001,459	-	974,470	1,001,459
	(c)	1,004,500	-	1,004,500	1,004,500
	(e)	-	89,827	2,000,000	2,000,000
A Fini	(a)	1,046,608	-	1,017,174	1,046,608
	(b)	680,000	45,922	-	680,000
Other KMP					
E Campbell	(a)	329,200	-	320,032	329,200
	(b)	80,000	1,203	-	80,000
J Carfi	(a)	336,743	-	326,921	336,743
	(b)	140,000	7,474	80,000	140,000
	(e)	-	36,302	1,500,000	1,500,000
G J Collins	(a)	463,042	-	447,420	463,042
	(b)	80,000	1,203	-	80,000
B Draffen	(a)	555,217	-	540,358	555,217
	(b)	500,000	41,073	500,000	500,000
C Freeman	(a)	1,118,430	-	1,083,596	1,118,430
	(b)	480,000	39,430	480,000	480,000
G Hodgetts	(a)	413,784	-	403,478	413,784
J Mitchell	(a)	298,478	-	290,287	298,478
	(c)	157,850	-	157,850	157,850
A Turner	(a)	730,092	-	704,123	730,092
	(b)	420,000	30,475	360,000	420,000
M Wallace	(a)	347,329	-	336,181	347,329
	(b)	80,000	1,203	-	80,000

33. Key Management Personnel (continued)

2008	Note	Balance at the start of the year $	Interest not charged (d) $	Balance at the end of the year $	Highest indebtedness during the year $
Directors					
G Paramor [1]	(a)	2,396,128	-	2,282,472	2,396,128
	(c)	2,768,500	-	2,768,500	2,768,500
N Collishaw	(a)	1,080,308	-	1,001,459	1,080,308
	(c)	1,004,500	-	1,004,500	1,004,500
A Fini	(a)	1,108,618	-	1,046,608	1,108,618
	(b)	800,000	92,150	680,000	800,000
Other KMP					
E Campbell	(a)	346,205	-	329,200	346,205
	(b)	-	9,059	80,000	140,000
J Carfi	(a)	356,743	-	336,743	356,743
	(b)	180,000	19,834	140,000	260,000
G Collins	(a)	495,145	-	463,042	495,145
	(b)	-	8,911	80,000	140,000
B Draffen	(a)	585,491	-	555,217	585,491
	(b)	500,000	67,758	500,000	500,000
C Freeman	(a)	1,189,401	-	1,118,430	1,189,401
	(b)	600,000	67,721	480,000	600,000
A Harrington [1]	(a)	698,573	-	661,766	698,573
	(c)	1,641,164	-	1,641,164	1,641,164
G Hodgetts	(a)	434,782	-	413,784	434,782
J Mitchell	(a)	473,015	-	456,328	473,015
T Regan [1]	(a)	811,640	-	768,934	811,640
	(c)	1,764,000	-	1,764,000	1,764,000
A Turner	(a)	1,200,325	-	730,092	1,200,325
	(b)	480,000	56,916	420,000	480,000
M Wallace	(a)	370,042	-	347,329	370,042
	(b)	140,000	15,631	80,000	220,000

1 Not a KMP at 30 June 2009 and therefore not included in the current year table.

a) Securities purchased under the LTI, EIS and former JFG EIS are by interest-free employee loans. The loans are non-recourse in the event of disposal. The stapled securities issued are held as security until the loans are repaid.

b) Loans made under the Employee Loan Scheme are interest-free, repayable over periods from six to ten years, and repayable in full upon cessation of employment. The loans are secured by mortgage over the property or securities purchased. Loans issued under the Employee Loan Scheme are subject to a periodic forgiveness schedule and may also be subject to terms set out in the service agreements.

c) Securities issued under the former JFG EIS and converted to Mirvac securities are interest bearing employee loans. The loans are non-recourse in the event of disposal. The stapled securities issued are held as security until the loans are repaid.

d) Interest not charged excludes loans issued under LTI and EIS.

33. Key Management Personnel (continued)

e) During financial year 2009, several employees were invited to participate in an interest-free loan program which has since been closed to further entry, consistent with Mirvac's intention to eliminate the use of loan plans as part of employee reward. The amounts of the loans range from $500,000 to $2,000,000 and must be secured against property or Mirvac securities. The loan was granted on a full recourse basis. A progressively increasing forgiveness schedule allows for no more than 50 per cent of the total loan balance to be forgiven after five years of continued service. Participants have 12 months from the end of the fifth year to repay the balance due and interest is payable during this time.

f) Loan repayments are made partly from distributions and from sales of underlying securities.

Other than loans forgiven to specified executives as disclosed in the Remuneration Report, no write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to Directors or specified executives.

(f) Other transactions with Directors and KMP

There are a number of transactions between Directors and KMP with the Group. The terms and conditions of these transactions are considered to be no more favourable than on similar transactions on an arms length basis.

On occasions, Directors and KMP of the Group may purchase goods and services from Mirvac. These purchases are on terms and conditions available to Mirvac employees generally.

As set out in the Directors' Report a number of the Directors of Mirvac are also Directors of other companies. On occasions the Group may purchase goods and services from or supply good and services to these entities. These transactions are undertaken on normal commercial terms and conditions and the Director and KMP does not directly influence these transactions.

34. Employee benefits

(a) Employee benefits and related on-cost liabilities

	Consolidated	
	2009	2008
	$'000	$'000
Provision for employee benefits		
Annual leave accrual	**17,314**	21,759
Current long service leave	**6,457**	4,814
Non-current long service leave	**4,459**	7,449
Aggregate employee benefit and related on-cost liabilities	**28,230**	34,022

The aggregate employee benefit and related on-cost liability includes amounts for annual leave and long service leave. The amount for long service leave that is expected to be settled more than 12 months from the reporting date is measured at its present value.

(b) Superannuation commitments

Mirvac offers employees based in Australia as part of their remuneration the ability to participate in a staff superannuation plan issued by Australian Super. Employees are able to choose whether to participate in this plan or a qualifying plan of their choice. The plan provides lump sum benefits on retirement, disability or death for employees who are invited by their employer to join the plan. The plan is a defined contribution plan, which complies with relevant superannuation requirements.

(c) Employee security/unit issues

The total of all securities issued under all employee security schemes is limited to 5 per cent of the issued securities of the stapled group in any five year period.

(d) LTI Plans

- **EEP**

Mirvac has in operation a general employee exemption plan whereby offers are made to eligible Australian based employees (but not to Non-Executive Directors) to acquire Mirvac stapled securities to a value of $1,000 per annum tax free. Securities acquired under this plan must be held for a minimum of three years (or earlier at cessation of employment with the Group) during which time the securities are subject to a restriction on disposal but otherwise holders enjoy the same rights and benefits as other holders of Mirvac's stapled securities. As at 30 June 2009, 1,614,783 stapled securities (2008: 664,588) have been issued to employees under this general employee exemption plan. No securities have subsequently been issued in the period from 30 June 2009 to the date of this Report.

- **Current LTI plan**

Mirvac's current long-term incentive scheme was introduced in 2007 following approval by securityholders at the 2007 Annual General/General Meetings. This plan applies to the Managing Director, Executive Directors, senior executives and other executive employees only.

34. Employee benefits (continued)

Under this plan participants are offered performance rights over Mirvac's stapled securities which can only be exercised if certain performance conditions are achieved over a three year period. For the Managing Director, Executive Directors and senior executives a portion of this award also comprises options over Mirvac's stapled securities. Grants of options will be limited to these employees only as they have the greatest capacity to drive the growth of Mirvac.

One performance condition applies to the grants made in the current financial year, being measured based on: Relative TSR. Entitlements to the performance rights and to exercise the options will only arise if medium or higher, ranking is achieved.

As at 30 June 2009, 9,923,912 (2008: 2,910,520) performance rights and 10,464,491 (2008: 4,246,500) options were issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options due to termination of employment. No performance rights or options vested during the year to 30 June 2009 (2008: nil).

- **Superseded plans**

Two previous long-term incentive plans were closed with the introduction of the current plan. Subject to the conditions for disposal of securities issued under the superseded LTI and EIS, loans are non-recourse in the event of disposal.

- EIS

  Until 2006, Mirvac's long-term variable remuneration for employees was its EIS. The EIS, which was open to all permanent employees, was designed to widely share the benefits of the Group's performance through the provision of loans to purchase Mirvac's stapled securities. Allocations were made annually, were unrestricted and fully vested on allotment. The loans were repayable via distributions received on the securities or upon their sale.

  The EIS scheme was closed to new participants in 2006 as it was no longer considered to be consistent with market practice but existing arrangements remain in place until all current loans are repaid.

- LTI plan

  A revised LTI plan was introduced in 2006 and approved by members at the Group's 2006 Annual General Meeting/General Meetings. Participation in the plan was open to the Managing Director, Executive Directors, other executives and eligible employees. Under this plan, participants were offered a loan, calculated as a percentage of a participant's fixed remuneration component, which has been applied to fund the acquisition of Mirvac's stapled securities at market value.

  The term of the loan is eight years. Any loan balance outstanding at the end of the eighth year must be repaid at that time. The loan is also being reduced by applying the after tax amounts of any distributions paid by Mirvac to the outstanding principal. The loans are interest free and non-recourse over their term. However the loan to the Managing Director has been provided on a full recourse basis.

  Two performance conditions have been imposed before the securities acquired under the plan vest with the participant; being a measure based on: TSR; and Absolute EPS growth.

  The satisfaction of each condition is given an equal weighting in terms of the total number of securities that may vest (i.e. 50 per cent of the total securities held by a participant is subject to each performance condition).

34. Employee benefits (continued)

(e) Share based payment expense

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current LTI plan	**4,813**	3,545	**-**	-
Superseded LTI plan	**421**	1,567	**-**	-
EEP	**1,878**	2,003	**-**	-
Superseded employee incentive scheme	**-**	12	**-**	-
Total	**7,112**	7,127	**-**	-

(f) Fair value of security based payment

- EEP: The nature of the securities allotted under this plan is in substance similar to an option. The assessed fair value is expensed to the Income Statement as the securities vest immediately.

- LTI Plans: Fair value at grant date have been independently determined using an option pricing model that takes into account the exercise price, the term of securities, the current price of the underlying securities, the expected volatility of the security price, the expected dividend yield and the risk-free interest rate for the term of the security. The fair value of the share based payments is calculated using the binomial option pricing model.

Assumptions used for the fair value of security based payments are as follows:

i) Share based payment inputs for the current LTI plan

	Performance options	Performance rights
Grant date	21 August 2008	21 August 2008
Performance hurdle	Relative TSR	Relative TSR
Performance period start	1 July 2008	1 July 2008
Performance testing date	30 June 2011	30 June 2011
Expiry date	26 September 2013	26 September 2018
Share price at grant date	$2.71	$2.71
Exercise price	$2.77	Nil
Expected life	4.0 years	2.9 years
Volatility	33%	33%
Risk free interest rate	5.61%	5.58%
Dividend yield	7.1%	7.1%

ii) Share based payment inputs for the superseded LTI plan and the EEP issues during the period

	LTI	EEP
Grant date	14 December 2006	17 October 2008
Spot price at grant date	$5.34	$1.98
Expected life	8.0 years	n/a
Expected volatility of security price (annualised)	16.6%	n/a
Dividend yield	6.5%	n/a
Risk free interest rate	6.0%	n/a
Vesting period	2.5 years	n/a

34. Employee benefits (continued)

(g) Mirvac Executive Share and Option Plan ("MESOP")

The plan was adopted by a special resolution at the Annual General Meeting of the members of Mirvac Limited on 6 November 1996. The MESOP is limited to executives of Mirvac Limited approved by the Board. Participating executives do not receive benefits unless targets are achieved. Funds for the acquisition of fully paid ordinary securities under the MESOP Scheme are limited to the lesser of:

i) 5 per cent of Mirvac annual pre-tax aggregated net profit; or

ii) $2,000,000.

No securities were acquired during the year ended 30 June 2009 (2008: nil). At 30 June 2009 the number of acquired securities outstanding under the MESOP was 1,841 (2008: 25,508).

(h) Employee Loan Scheme

The Employee Loan Scheme was approved by a special resolution of the members of Mirvac Limited in 2002. Under the terms of the loan scheme, loans are only made to eligible employees (including executive Directors), under terms and conditions at the discretion of the Directors of Mirvac Limited. Eligibility under the loan scheme is at the discretion of the Directors of Mirvac Limited.

The total of all loans issued under the loan scheme shall not exceed 2.5 per cent of the total issued share capital and reserves of Mirvac Limited and its controlled entities. Loans are immediately repayable upon the member ceasing to be an employee.

At 30 June 2009 loans totalling $1,821,560 (2008: $4,003,000) were offered to employees, $1,821,560 (2008: $4,003,000) of which were drawn down at 30 June 2009. These loans have a periodic forgiveness schedule.

35. Related parties

(a) Subsidiaries

Interests in subsidiaries are set out in note 15.

(b) KMP

Disclosures relating to KMP are set out in note 33.

(c) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		**Parent entity**	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Transactions with parent				
Interest paid to Mirvac Property Trust	-	-	**12,156**	12,553
Amounts due from subsidiaries	-	-	**2,917,646**	2,603,061
Amounts due to subsidiaries	-	-	**(1,476,523)**	(1,178,838)
Transactions with associates and joint ventures				
Project development fees	**6,289**	16,370	**-**	-
Management and service fees	**48,990**	50,341	**-**	-
Construction billings	**130,182**	154,015	**-**	-
Sale of assets to funds	**-**	100,395	**-**	-
Commissions	**432**	6,181	**-**	-
Responsible entity fees	**24,513**	34,999	**-**	-

35. Related parties (continued)

(d) Outstanding balances in relation to transactions with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Current receivables				
Associates and joint ventures	**18,638**	66,934	-	-
Non-current receivables				
Associates and joint ventures	**105,593**	110,767	-	-

A provision of $42,687,000 (2008: nil) for doubtful debts have been raised in relation to any outstanding balances, and no other expense has been recognised in respect of bad or doubtful debts due from related parties.

(e) Terms and conditions

Transactions relating to dividends are on the same terms and conditions that applied to other securityholders.

The terms of the tax funding agreement are set out note 6(d).

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties, and the loans are interest free.

36. Financial risk management

Mirvac's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. Mirvac's overall risk management program seeks to minimise potential adverse effects on the financial performance of Mirvac. The Group uses various derivative financial instruments to manage certain risk exposures, specifically in relation to interest rate and foreign exchange risks on borrowings.

Financial risk management is carried out by a central treasury department ("Mirvac Group Treasury") under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity. Mirvac Group Treasury identifies, evaluates, reports and manages financial risks in close cooperation with the Group's operating units in accordance with Board policy.

36. Financial risk management (continued)

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Financial assets				
Cash and cash equivalents	**896,541**	29,273	**182,373**	8,038
Receivables	**452,602**	492,701	**2,928,192**	2,607,508
Other financial assets at fair value through profit or loss	**18,489**	19,262	**-**	-
Derivative financial assets	**13,032**	95,127	**-**	-
	1,380,664	636,363	**3,110,565**	2,615,546
Financial liabilities				
Payables	**270,297**	341,774	**2,222,500**	1,980,020
Borrowings	**2,103,842**	2,339,861	**-**	-
Derivative financial liabilities	**43,123**	110,632	**-**	-
	2,417,262	2,792,267	**2,222,500**	1,980,020

The carrying value less impairment provision of trade receivables and payables are assumed to be approximately their fair values due to their short-term nature. Derivative financial assets and liabilities are valued based upon valuation techniques.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk.

(i) Currency risk

Foreign exchange risk refers to the change in value between foreign currencies and the Australian dollar. This change affects the assets and liabilities of Mirvac which are denominated in currencies other than Australian dollars. Mirvac foreign exchange risks arise mainly from:

- borrowings denominated in currencies other than AUD which are predominately USD and GBP;
- investments in offshore operations which are located in the United States, United Kingdom and New Zealand;
- receipts and payments which are denominated in other currencies; and
- foreign exchange risk on derivatives.

Mirvac manages its foreign exchange risk for its assets and liabilities denominated in other currencies by borrowing in the same currency as that in which the offshore business operates to form a natural hedge against the movement in exchange rates.

Mirvac manages its foreign currency borrowings with cross currency swaps which swap the obligations to pay fixed or floating US Dollar principal and interest payments to floating Australian dollar interest payments. Cross currency swaps in place cover 100 per cent of the US Dollar denominated note principal outstanding. These swaps have the same maturity profiles as the underlying note obligations. This removes exposure to interest rates in the US market while creating floating exposures in the domestic market that have been managed to meet Mirvac's target interest rate profile. The foreign currency exchange rate has been fixed for all swaps to AUD/USD 0.7456.

36. Financial risk management (continued)

At 30 June 2009 the notional amounts and periods of expiry of the cross currency swap contracts are:

	2009 $'000	2008 $'000
Greater than 5 years	**502,951**	502,951

All swaps require settlement on a quarterly basis.

Translation gains or losses of net investment in foreign operations are recorded through the foreign currency translation reserve. The carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars.

Sensitivity analysis

Cross currency swaps are in place to manage the foreign exchange exposure on the US Dollar debt. These swaps have the same notional principals and maturity profiles as the underlying note obligations. Based upon current exposures, there is no material foreign exchange sensitivity in Mirvac.

(ii) Interest rate risk

Mirvac's interest rate risk arises from long-term borrowings, cash and cash equivalents, receivables and derivatives.

Borrowings

Borrowings issued at variable rates expose Mirvac to cash flow interest rate risk. Borrowings issued at fixed rates expose Mirvac to fair value interest rate risk. The Group's policy is to have a minimum of 60 per cent and a target of 70 per cent of borrowings subject to fixed or capped interest rates. This policy has been complied with at year end. The parent entity has no exposure to interest rates.

Mirvac manages its cash flow interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed or capped rates. Under the interest rate derivatives, Mirvac agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The following table sets out Mirvac's net exposure to interest rate risk by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

	Floating interest rate	Fixed interest maturing in						
		1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Total
2009	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Unsecured bank loans	1,009,124	-	-	-	-	-	-	1,009,124
Domestic medium term notes	265,000	135,000	100,000	-	-	-	-	500,000
Foreign medium term notes	462,164	-	-	-	-	-	10,000	472,164
Secured bank loans	122,481	-	-	-	-	-	-	122,481
Interest rate swaps	(1,047,500)	(135,000)	(50,000)	332,500	-	-	900,000	-
Lease liability	-	30	5	5	5	5	23	73
Total	**811,269**	**30**	**50,005**	**332,505**	**5**	**5**	**910,023**	**2,103,842**

36. Financial risk management (continued)

(ii) Interest rate risk (continued)

2008	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Over 5 years $'000	Total $'000
Unsecured bank loans	1,228,236	-	-	-	-	-	-	1,228,236
Commercial notes	-	138,000	-	-	-	-	-	138,000
Domestic medium term notes	265,000	-	135,000	100,000	-	-	-	500,000
Foreign medium term notes	389,570	-	-	-	-	-	10,000	399,570
Secured bank loans	74,055	-	-	-	-	-	-	74,055
Interest rate swaps	(1,572,000)	282,000	40,000	350,000	200,000	-	700,000	-
Total	**384,861**	**420,000**	**175,000**	**450,000**	**200,000**	**-**	**710,000**	**2,339,861**

Derivative instruments used by Mirvac

Mirvac has at times entered into interest rate derivatives to convert fixed rates to floating interest rates to give Mirvac the flexibility to use existing derivative positions and maintain fixed rate exposures within the target range.

Mirvac enters into a variety of bought and/or sold option agreements which allow rates to float between certain ranges and agreements which allow the bank to cancel options if certain conditions arise, the benefit of which is lower fixed rates. The rates will revert to no worse than the floating rate payable as if no derivative was entered into. These derivatives are recorded on the balance sheet at fair value in accordance with AASB 139. Derivatives currently in place cover approximately 60.3 per cent (2008: 79.7 per cent) of the loan principal outstanding. The fixed interest rates range between 4.25 per cent and 7.00 per cent (2008: 5.57 per cent and 6.30 per cent). At 30 June 2009, the notional principal amounts, interest rates and periods of expiry of the interest rate swap contracts are as follows:

Floating to fixed	**2009** Interest rates	**2009** $'000	2008 Interest rates	2008 $'000
Less than 1 year	**-**	**-**	5.50% - 6.00%	282,000
1 – 2 years	**5.95%**	**50,000**	5.65% - 5.99%	175,000
2 – 3 years	**4.25% -7.00%**	**332,500**	5.23% - 5.95%	450,000
3 – 4 years	**-**	**-**	5.57% - 5.58%	200,000
4 – 5 years	**-**	**-**	-	-
Greater than 5 years	**5.67% - 6.40%**	**900,000**	5.67% - 6.30%	700,000
		1,282,500		1,807,000

Fixed to floating	**2009** Interest rates	**2009** $'000	2008 Interest rates	2008 $'000
Less than 1 year	**7.00%**	**135,000**	**-**	**-**
1 – 2 years	**6.75%**	**100,000**	7.00%	135,000
2 – 3 years	**-**	**-**	6.75%	100,000
3 – 4 years	**-**	**-**	-	-
4 – 5 years	**-**	**-**	-	-
Greater than 5 years	**-**	**-**	-	-
		235,000		235,000

36. Financial risk management (continued)

(ii) Interest rate risk (continued)

The contracts require settlement of net interest receivable or payable each reset date (generally 90 days). The settlement dates generally coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

Cash

Cash held exposes Mirvac to cash flow interest rate risk.

Receivables

Mirvac's exposure to interest rate risk for current and non-current receivables is set out in the following tables.

	Floating interest rate	Fixed interest maturing in						
		1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Non interest bearing	Total
2009	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables	-	-	-	-	-	-	85,115	**85,115**
Related party receivables	24,958	-	24,308	-	9,047	-	99,993	**158,306**
Loans to Directors and employees	-	-	-	-	-	-	7,513	**7,513**
Other receivables	-	166	20,408	2,480	-	-	178,614	**201,668**
	24,958	**166**	**44,716**	**2,480**	**9,047**	**-**	**371,235**	**452,602**

	Floating interest rate	Fixed interest maturing in						
		1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Non interest bearing	Total
2008	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade receivables	-	-	-	-	-	-	95,913	95,913
Related party receivables	-	2,916	2,920	-	-	12,729	167,915	186,480
Loans to Directors and employees	-	-	-	-	-	-	4,003	4,003
Amounts owing on sale of development property	-	-	-	-	-	-	13,500	13,500
Other receivables	56,148	29,350	-	-	-	-	107,307	192,805
	56,148	32,266	2,920	-	-	12,729	388,638	492,701

36. Financial risk management (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

Mirvac's interest rate risk exposure arises from long-term borrowings, cash held in financial institutions and receivables. Based upon a 100 basis point increase or decrease in Australian interest rates and 25 basis points increase or decrease in US or United Kingdom interest rates, the impact on profit after tax has been calculated taking into account all underlying exposures and related derivatives. This sensitivity has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates.

The impact on the Group's result of a 100 basis point increase in interest rates would be a increase in profit of $29,446,908 (2008: decrease of $234,000). The impact on Mirvac's result of a 100 basis point decrease in interest rates would be a decrease in profit of $35,118,143 (2008: decrease of $2,190,000).

The interest rate sensitivities vary on an increase/decrease 100 basis point movement in interest rates due to the interest rate optionality of a small number of derivatives.

(iii) Price risk

The Group is exposed to equity price risk arising from an equity investment (note 10). The equity investment is held for the purpose of selling in the near term.

As this investment is not listed, the Fund Manager provides a unit price each six months. At reporting date, if the unit price had been 5 per cent higher or lower, the effect on net profit for the year would have been $924,000 (2008: $963,000). This investment represents less than 1 per cent of Mirvac's net assets and therefore represents minimal risk to the Group.

(b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss. Mirvac has exposures to credit risk on cash and cash equivalents, receivables and derivative financial assets, the maximum exposure to credit risk is based on the total value of the Group's financial assets, net of any provisions for loss, as shown in note 8.

To help manage this risk the Group has a policy for establishing credit limits for the entities dealt with which is based on the size or previous trading experience of the entity. Based upon the size or previous trading experience, Mirvac may require collateral, such as bank guarantees in relation to the investment property, leases or deposits taken on residential sales. Mirvac may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Mirvac provides a guarantee for another party. Details of the Group's contingent liabilities are disclosed in note 31.

The credit risk arising from derivatives transactions and cash held in financial institutions exposes the Group if the contracting entity is unable to complete its obligations under the contracts. Mirvac's policy is to spread the amount of net credit exposure among major financial institutions which are rated the equivalent A or above from the major rating agencies.

Mirvac's net exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter parties.

Refer to note 8 for the managing of credit risk relating to receivables.

36. Financial risk management (continued)

(c) Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions, the ability to raise funds through the issue of new securities through various means including placements and/or Mirvac's Dividend Reinvestment Plan. Mirvac prepares and updates regular forecasts of the Group's liquidity requirements to ensure that committed credit lines are kept available in order to take advantage of growth opportunities. Surplus funds are generally only invested in highly liquid instruments. The parent entity's financial liabilities are largely inter-company loan balances with entities within the Group as such these balances do not pose any liquidity risk to Mirvac.

Mirvac has minimal liquidity risk due to there being only $422.6 million of current borrowings (which expire between February 2010 and June 2010) and undrawn facilities of $1.1 billion. It is expected that these expiring facilities will be paid out of cash balances held.

(d) Capital risk management

Mirvac's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for securityholders and benefits for other stakeholders, and to maintain an optimal capital structure including maintaining an investment grade credit rating of BBB to reduce the cost of capital having regard to the real estate activities the Group invests in.

The capital structure of the Group consists of debt and equity. The mix of debt and equity is measured by reference to the Group's gearing ratio not to exceed 30 per cent. At 30 June 2009 the gearing ratio (net debt to total assets less cash) was 19.3 per cent. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to securityholders, return capital to securityholders or issue new shares.

Mirvac prepares quarterly Balance Sheet, Income Statement and Cashflow updates for the current financial year and five year forecasts. These forecasts are used to monitor the Group's capital structure and future capital requirements, taking into account future market conditions.

AFSL ratio and Queensland Building licences ratios have been complied with as at 30 June 2009. Mirvac has complied with borrowing covenant ratios as at 30 June 2009.

The gearing ratios were as follows:

	Consolidated	
	2009	2008
	$'000	$'000
Net interest bearing debt less cash[1]	1,248,087	2,421,955
Total assets less cash	6,477,083	7,463,502
Gearing ratio	**19.3%**	32.5%

[1] US denominated borrowings translated at cross currency instrument rate.

36. Financial risk management (continued)

Mirvac's maturity of net and gross settled derivative financial instruments are provided in the following table. No derivatives are held by the parent. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Maturing in:						
2009	**1 year or less $'000**	**Over 1 to 2 years $'000**	**Over 2 to 3 years $'000**	**Over 3 to 4 years $'000**	**Over 4 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Non-interest bearing							
Payables	226,573	43,724	-	-	-	-	270,297
Interest bearing							
Unsecured bank loans	31,854	149,884	931,955	-	-	-	1,113,693
Medium term notes	323,681	204,432	-	-	-	-	528,113
Foreign medium term notes	25,225	25,617	26,395	26,902	27,138	546,675	677,952
Secured bank loans	126,070	-	-	-	-	-	126,070
Derivatives							
Net settled (interest rate swaps)	32,646	14,970	(2,089)	(5,414)	(3,927)	(8,799)	27,387
Fixed to floating swaps	(9,459)	(2,318)	-	-	-	-	(11,777)
Gross settled (cross currency swaps)							
Outflow	22,127	28,676	35,743	38,597	37,995	616,417	779,555
(Inflow)	(25,225)	(25,617)	(26,395)	(26,902)	(27,138)	(546,675)	(677,952)
Total	**753,672**	**439,368**	**965,609**	**33,183**	**34,068**	**607,618**	**2,833,338**

	Maturing in:						
2008	**1 year or less $'000**	**Over 1 to 2 years $'000**	**Over 2 to 3 years $'000**	**Over 3 to 4 years $'000**	**Over 4 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Non-interest bearing							
Payables	325,389	16,385	-	-	-	-	341,774
Interest bearing							
Unsecured bank loans	93,346	1,315,188	-	-	-	-	1,408,534
Commercial notes	132,496	-	-	-	-	-	132,496
Medium term notes	38,000	330,442	202,624	-	-	-	571,066
Foreign medium term notes	22,172	22,548	22,782	22,949	23,047	872,778	986,276
Secured bank loans	5,628	77,386	-	-	-	-	83,014
Derivatives							
Net settled (interest rate swaps)	3,590	1,538	(2,246)	-	-	-	2,882
Gross settled (cross currency swaps)							
Outflow	45,964	43,131	43,003	43,613	41,420	1,009,242	1,226,373
(Inflow)	(22,172)	(22,548)	(22,782)	(22,949)	(23,047)	(872,778)	(986,276)
Total	**644,413**	**1,784,070**	**243,381**	**43,613**	**41,420**	**1,009,242**	**3,766,139**

37. Remuneration of auditors

PricewaterhouseCoopers (“PwC”) earned the following remuneration from Mirvac during the year:

	Consolidated		Parent entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
(a) Assurance services				
Audit services				
Audit and review of financial reports				
Australian firm	**1,500,000**	1,389,380	**-**	-
Amounts paid in 2009 relating to 2008	**-**	300,000		
Total remuneration for audit services	**1,500,000**	1,689,380	**-**	-
Other assurance and advisory services				
Australian firm				
Compliance services and regulatory returns	**404,000**	469,000	**-**	-
Financial due diligence and transactions	**411,340**	826,000	**-**	-
	815,340	1,295,000	**-**	-
Related practices of PwC Australia				
Financial due diligence and transactions	**-**	598,000	**-**	-
	-	598,000	**-**	-
Total remuneration for other assurance services	**815,340**	1,893,000	**-**	-
Total remuneration for assurance services	**2,315,340**	3,582,380	**-**	-
(b) Taxation services				
Tax compliance services				
Australian firm	**146,704**	1,141,000	**-**	-
Related practices of PwC Australia	**-**	398,000	**-**	-
Total remuneration for taxation services	**146,704**	1,539,000	**-**	-

38. Notes to the cash flow statement

	Consolidated		Parent entity	
	2009	2008	**2009**	2009
	$'000	$'000	**$'000**	$'000
a) Reconciliation of cash				
Cash at the end of the financial year as shown in the statement of cash flows is the same as the Balance Sheet, the detail of which follows				
Cash on hand	**238**	288	**-**	-
Cash at bank	**150,134**	28,865	**117,373**	8,038
Deposits at call	**746,169**	120	**65,000**	-
Cash and cash equivalents	**896,541**	29,273	**182,373**	8,038
b) Reconciliation of net cash inflows/(outflows) from operating activities to profit after tax				
(Loss)/profit after tax	**(1,078,101)**	175,394	**(7,810)**	959
Net loss from fair value adjustments on investment properties	**487,203**	(146,270)	**-**	-
Depreciation and amortisation	**28,256**	27,728	**-**	-
Provision for loss on inventory	**186,506**	219,871	**-**	-
(Profit)/loss on sale of non-current assets	**(940)**	(107,982)	**-**	-
Share based payments expense	**7,112**	7,127	**-**	-
Unrealised gain on financial instruments	**37,967**	(333)	**-**	-
Unrealised gain on foreign exchange	**72,561**	5,120	**-**	-
Impairment of goodwill, management rights and other intangibles	**273,645**	95,020	**-**	-
Impairment of investments including associates and joint ventures	**41,596**	-	**-**	-
Impairment of loans	**59,386**	-	**-**	-
Share of net loss of associates and joint ventures not received as distributions	**157,995**	50,208	**-**	-
Dividends from joint venture partnerships	**39,303**	77,897	**-**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
(Decrease)/increase in income taxes payable	**56,873**	(23,312)	**47,713**	(12,230)
(Decrease) in tax effected balances	**(83,761)**	(11,635)	**(6,831)**	(647)
Decrease in receivables	**61,210**	82,948	**1,273**	19,336
Increase in inventories	**(88,237)**	(276,144)	**-**	-
(Increase)/decrease in other assets/liabilities	**(7,180)**	10,528	**(238)**	4,135
(Increase) in financial assets	**(26,250)**	(1,648)	**(19,778)**	(6,493)
(Decrease) in creditors	**(156,248)**	(64,676)	**(369)**	(43,526)
Increase/(decrease) in provisions for employee entitlements	**(20,852)**	1,079	**-**	-
Net cash inflows/(outflows) from operating activities	**48,044**	120,920	**(13,960)**	(38,466)

39. Acquisition of businesses

Mirvac Pacific Pty Limited

Mirvac acquired the remaining 50 per cent interest in Mirvac Pacific Pty Limited for a consideration of $16,021,890 on 30 January 2009.

Details of the preliminary fair value of the net assets acquired and goodwill arising on acquisition of the remaining 50 per cent interest are as follows:

	$'000
Purchase consideration	16,022
Less: Fair value of net identifiable assets acquired	(16,022)
Goodwill	**-**

Assets and liabilities acquired on 30 January 2009	100% Acquiree's carrying amount $'000	100% Fair value $'000
Cash and cash equivalents	315	315
Receivables	642	642
Property, plant and equipment	315	315
Inventories	159,738	142,586
Deferred tax assets	3,579	5,146
Other assets	3,133	495
	167,722	**149,499**
Payables	(33,147)	(65,264)
Borrowings	(89,935)	(57,670)
Deferred tax liabilities	(3,550)	(4,544)
Other liabilities	(521)	(521)
	(127,153)	**(127,999)**
Fair value of identifiable net assets		21,500
Goodwill		-
		21,500

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	10,075
Less: Balances acquired	(315)
Add: Bank overdraft	-
Net cash outflow	**9,760**

From the date of acquisition Mirvac Pacific Pty Limited has contributed a loss of $18,639 to the net profit before tax to the Group.

If the acquisition had taken place at the beginning of the financial year, the net profit before tax for the Group would have decreased by $21,645 and revenue from continuing operations would not have increased.

39. Acquisition of businesses (continued)

Mirvac UK Property Limited

Mirvac UK Limited acquired the remaining 50 per cent interest in Mirvac UK Property Limited (formerly Chantrey Limited) and Mirvac UK Funds Management Limited (formerly Chantrey Funds Management Limited) for a consideration of $1.7 million (£0.8 million) on 1 July 2008.

Details of the preliminary fair value of the net assets acquired and goodwill arising on acquisition of the remaining 50 per cent interest are as follows:

	$'000
Purchase consideration	1,723
Less: Fair value of net identifiable assets acquired	(86)
Goodwill	**1,637**

In addition to the $1,637,000 of goodwill arising on 1 July 2008, a further $4,375,000 of goodwill has been recognised on consolidation of the investment already held in Mirvac UK Property Limited and Mirvac UK Funds Management Limited, giving a total goodwill balance of $6,012,000.

Assets and liabilities acquired at 1 July 2008	**100% Acquiree's carrying amount $'000**	**100% Fair value $'000**
Property, plant and equipment	335	335
Receivables	449	450
Other assets	407	724
Total assets	**1,191**	**1,509**
Bank overdraft	(611)	(611)
Payables	(187)	(188)
Deferred income tax liability	-	(95)
Other liabilities	(439)	(438)
Total liabilities	**(1,237)**	**(1,332)**
Fair value of net identifiable assets acquired		177
Goodwill		6,012
		6,189

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration	1,723
Less: Balances acquired	-
Add: Bank overdraft	611
Net cash outflow	**2,334**

A final payment amount relating to the acquisition is due to be made on 1 October 2010. The amount payable is based on a pre-determined formula using FUM and EBITDA derived over the period 1 July 2008 - 30 June 2010. As at the date of this financial report no provision had been made as the final payment amount is unable to be reliably measured. When this payment amount is brought to account it will be treated as a component of the goodwill arising on the acquisition.

39. Acquisition of businesses (continued)

From the date of acquisition Mirvac UK Property Limited and Mirvac UK Funds Management Limited have contributed to the Group $1,522,720 in revenues and a loss before tax of $3,872,700.

40. Events occurring after reporting date

Other events

No other circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of Mirvac, the results of those operations, or the state of affairs of Mirvac in future financial years.

Mirvac Group
Directors' declaration

For the Year Ended 30 June 2009

In the Directors' opinion:

(a) the financial statements and the notes set out on pages 51 to 147 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of there performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 15 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 15.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

N R Collishaw
Director

Sydney
25 August 2009

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the shareholders of Mirvac Limited

Report on the financial report

We have audited the accompanying financial report of Mirvac Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Mirvac Limited and the Mirvac Group (the consolidated entity). The consolidated entity comprises both the company and the entities it controlled at the year's end, including Mirvac Funds Limited as responsible entity for Mirvac Property Trust and the entities it controlled at the year's end, or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the shareholders of Mirvac Limited (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) the financial report of Mirvac Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 28 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Mirvac Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

R L Gavin
Partner

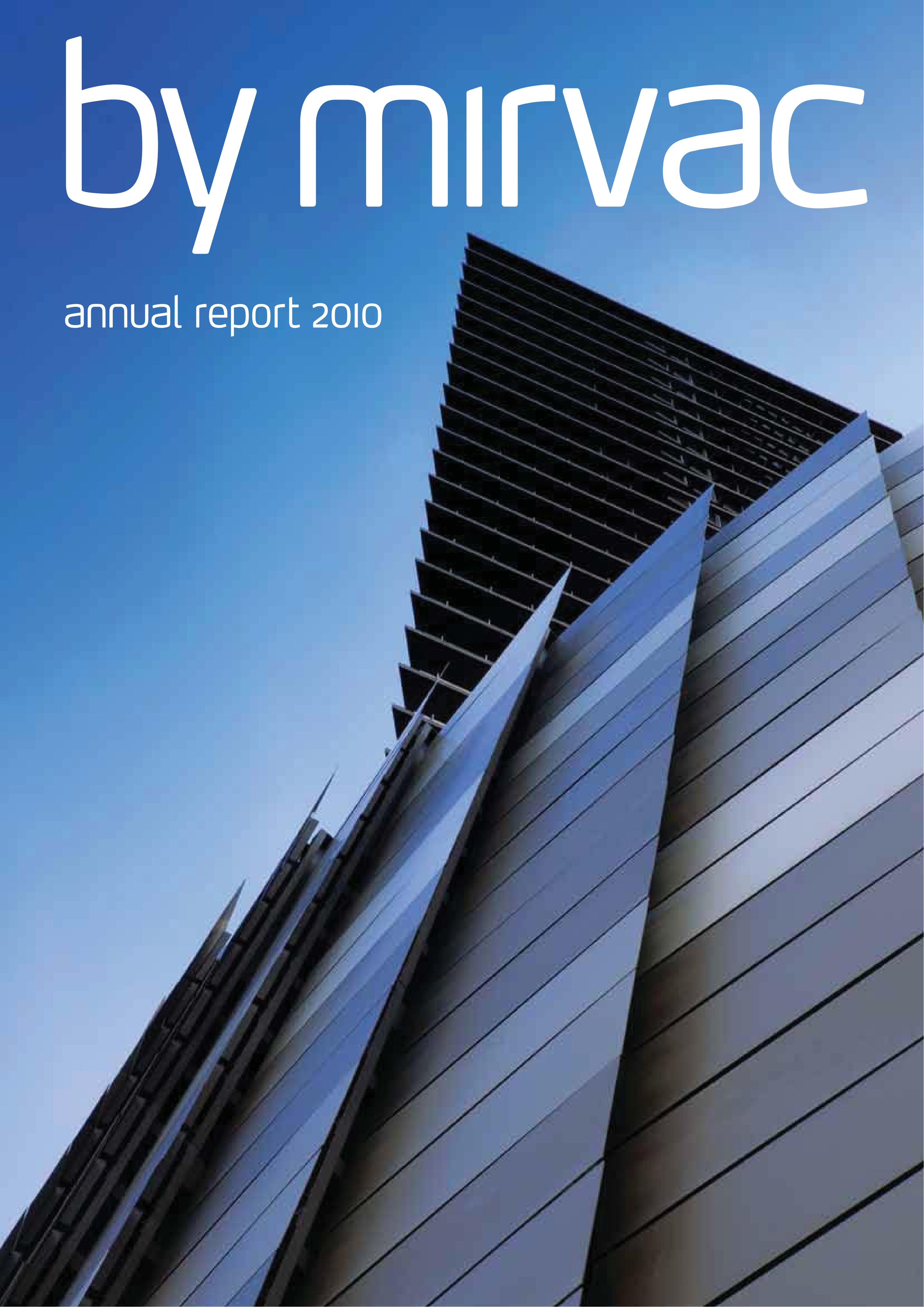
Sydney
25 August 2009

APPENDIX 7.2.1 PART II

MIRVAC FINANCIAL REPORT 2010

by mirvac

annual report 2010



ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

Mirvac Group comprises Mirvac Limited (ABN 92 003 280 699) and its controlled entities (including Mirvac Property Trust (ARSN 086 780 645) and its controlled entities).

COVER IMAGE: YARRA'S EDGE, DOCKLANDS, VIC

The Directors of Mirvac Limited present their report, together with the consolidated report of Mirvac Group ("Mirvac" or "Group") for the year ended 30 June 2010.

Mirvac comprises Mirvac Limited ("parent entity") and its controlled entities, which includes Mirvac Property Trust ("MPT" or "Trust") and its controlled entities.

DIRECTORS

The following persons were Directors of Mirvac Limited during the whole of the year and up to the date of this report:

- James MacKenzie
- Nicholas Collishaw
- Paul Biancardi (was a Director from the beginning of the year until his retirement on 21 June 2010)
- Adrian Fini (was a Director from the beginning of the year until his retirement on 11 June 2010)
- Peter Hawkins
- James Millar (appointed as a Director on 19 November 2009)
- Penny Morris
- John Mulcahy (appointed as a Director on 19 November 2009)
- Richard Turner (was a Director from the beginning of the year until his retirement on 24 August 2009)

PRINCIPAL ACTIVITIES

The principal continuing activities of Mirvac consist of real estate investment, development, hotel management and investment management. Mirvac has two core divisions, Development (comprising residential and commercial development) and Investment (comprising MPT), with Hotel Management and Investment Management (including Mirvac Asset Management ("MAM")) facilitating capital interaction between the two core divisions and undertaking the management of hotels and external funds. In line with the Group's strategy, the rationalisation of non-aligned and unscaleable funds within Investment Management continued during the year. Details are provided within the review of operations. There has been no other significant change in the principal activities of the Group during the year.

DIVIDENDS/DISTRIBUTIONS

Dividends/distributions paid to stapled securityholders during the year were as follows:

	2010 $m	2009 $m
June 2009 quarterly dividend/distribution paid on 31 July 2009 0.200 cents (2009: 8.225 cents) per stapled security	**3.4**	90.5
September 2009 quarterly dividend/distribution paid on 30 October 2009 2.000 cents (2009: 5.000 cents) per stapled security	**56.1**	56.8
December 2009 quarterly dividend/distribution paid on 29 January 2010 2.000 cents (2009: 2.800 cents) per stapled security	**59.9**	47.5
March 2010 quarterly dividend/distribution paid on 30 April 2010 2.000 cents (2009: nil cents) per stapled security	**60.0**	–
Total dividends/distributions paid	**179.4**	194.8

The June 2010 quarterly dividend/distribution of 2.000 cents per stapled security totalling $65.3m declared on 30 June 2010 was paid on 30 July 2010.

Dividends and distributions paid and payable by Mirvac for the year ended 30 June 2010 totalled $241.3m, being 8.000 cents per stapled security (2009: $107.7m — 8.000 cents per stapled security). The payments for the year ended 30 June 2010 and previous year were distributions made by the Trust.

REVIEW OF OPERATIONS AND ACTIVITIES

The statutory profit after tax attributable to the stapled securityholders of Mirvac for the year ended 30 June 2010 was $234.7m (2009: net loss $1,078.1m). The operating profit (profit before specific non-cash and significant items) was $275.3m which is above guidance provided previously.

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash items and significant items.

The following table summarises key reconciling items between statutory profit after tax attributable to the stapled securityholders of Mirvac and operating profit:

	2010 $m	2009 $m
Net profit/(loss) attributable to the stapled securityholders of Mirvac	**234.7**	(1,078.1)
Specific non-cash items		
Net losses from fair value of investment properties and owner-occupied hotel management lots and freehold hotels	**6.9**	487.2
Net losses from fair value of investment properties under construction ("IPUC")	**112.8**	–
Net (gains)/losses on fair value of derivative financial instruments and associated foreign exchange movements	**(15.8)**	104.0
Expensing of security based payments	**8.7**	7.1
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	**7.7**	6.4
Straight-lining of lease revenue	**(2.5)**	(1.2)
Amortisation of lease incentives	**10.1**	8.3
Net losses from fair value of investment properties, derivatives and other specific non-cash items included in share of associates' losses	**33.3**	150.9
Net losses/(gains) from fair value of investment properties, derivatives and other specific non-cash items included in non-controlling interest ("NCI")	**1.1**	(6.3)
Significant items		
Impairment of investments and loans included in share of net loss of associates and joint ventures	**–**	33.2
Impairment of investments including associates and joint ventures	**6.2**	41.7
Impairment of loans	**5.4**	42.7
Provision for loss on inventories	**–**	186.5
Impairment of goodwill, management rights and other intangible assets	**–**	273.6
Net gains from sale of non-aligned assets	**(9.0)**	–
Discount on business combination	**(119.8)**	–
Net gain on remeasurement of equity interest	**(30.9)**	–
Business combination transaction costs	**19.4**	–
Net losses from other significant items included in NCI	**–**	(1.0)
Tax effect		
Tax effect of non-cash and significant adjustments	**7.0**	(54.2)
Operating profit (profit before specific non-cash and significant items)	**275.3**	200.8

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Key financial highlights for the year ended 30 June 2010 included:

- operating profit of $275.3m, representing 9.3 cents per security [1];
- Net Tangible Assets ("NTA") per security of $1.66 [2];
- operating cash flow of $340.0m;
- total assets of $7,887.5m;
- net assets of $5,455.4m; and
- distribution of $241.3m, representing 8.0 cents per security.

Key operational highlights within the Investment Division for the year ended 30 June 2010 included:

- acquired the Mirvac Real Estate Investment Trust ("MREIT") portfolio, realising a total gain for the Group of $140m above the net fair value of assets acquired;
- acquired the Westpac Office Trust ("WOT") portfolio, adding approximately $1,137.1m of investment grade assets [3];
- disposed of 13 non-aligned assets realising $234.8m (before costs) [4].

Key operational highlights within Hotel Management and Investment Management for the year ended 30 June 2010 included:

- commenced new hotel management contracts bringing the total number of hotel rooms across the portfolio to 5,812;
- joined the world's largest alliance of independent hotel brands, the Global Hotel Alliance ("GHA");
- received 14 major hotel industry awards including "Accommodation Chain of the Year" [5]; and
- completed the further rationalisation of non-aligned funds within the Investment Management business unit.

Key operational highlights within the Development Division for the year ended 30 June 2010 included:

- exchanged contracts of $802.4m [6] for new residential projects and achieved 1,805 residential lot settlements;
- commenced development of large-scale, masterplanned, generational residential projects; and
- commenced development of commercial projects including a 140,000 square metre industrial distribution facility at Hoxton Park, Sydney, NSW.

CAPITAL MANAGEMENT

During the year Mirvac undertook a number of capital management activities. Key capital management highlights for the year ended 30 June 2010 included:

- raised approximately $375.8m through new equity raisings;
- issued and priced a new $150.0m five year fixed domestic Medium Term Note ("MTN") with a margin of 265 basis points;
- increased and extended an unsecured bank facility to $150m, expiring in April 2013;
- repaid $457m of MREIT's debt upon acquisition, utilising capital raised in the year ended 30 June 2009;
- maintained a BBB/A-2, with a positive outlook credit rating from Standard & Poor's; and
- maintained a low level of balance sheet gearing at 18.1 per cent [7].

The Group continued to enjoy significant headroom within its debt covenants, maintaining its strong capital position.

Outlook

Mirvac's capital management strategy is to continue to diversify its sources of debt capital and further extend its debt maturity profile. Mirvac remains focused on managing its strong capital structure to ensure it can continue to meet its strategic objectives without increasing its overall risk profile.

1) Diluted earnings excluding specific non-cash and significant items.
2) NTA based on issued securities, excluding Employee Incentive Scheme ("EIS") securities.
3) WOT was acquired post 30 June 2010; name changed to Mirvac Office Trust on 4 August 2010.
4) Includes three disposals that occurred post 30 June 2010 including James Ruse Business Park, Northmead, NSW, Hawdon Industry Park, Dandenong, VIC and 253 Wellington Road, Mulgrave, VIC. Includes Morayfield Supacentre, Morayfield QLD, which is now unconditionally exchanged. Settlement is forecast for August 2010.
5) 2009 HM Awards, 14 August 2009.
6) Total exchanged contracts as at 20 August 2010, adjusted for Mirvac's share of JV interests and Mirvac managed funds.
7) Net debt after cross currency interest rate ("CCIR") swaps excluding leases/(total tangible assets – cash).

OPERATIONAL HIGHLIGHTS AND DIVISIONAL STRATEGY

Investment Division

The Investment Division had a total portfolio value of $5,787.7m[1], with investments in 77[1] direct property assets, covering the office, retail, industrial and hotel sectors, as well as investments in other funds managed by Mirvac.

For the year ended 30 June 2010, the Investment Division's statutory net profit before tax was $306.4m and operating profit before tax was $325.1m.

Key highlights for the Trust for the year ended 30 June 2010 included:

- acquired the MREIT portfolio which was in line with the Group's strategy of securing Australian recurring rental earnings, with this transaction adding approximately $915.0m[2] of investment grade assets to the Group;
- acquired the $1,137.1m WOT portfolio post 30 June 2010;
- acquired 23 Furzer Street, Canberra, ACT for $208.8m;
- disposed of 13 assets that no longer fit MPT's investment criteria (two office, seven industrial and four retail assets) for a total realisation of $234.8m[3] (before costs); and
- added value to the existing portfolio with the completion of four projects totalling $295.3m, securing renewed long-term lease commitments.

The Trust maintained its high portfolio occupancy of 97.6 per cent[4] and minimal lease expiries with a weighted average lease expiry of approximately 6.1 years[4]. The Trust's earnings continue to be secure with 96.0 per cent of FY11 rent reviews being fixed or linked to the Consumer Price Index ("CPI"), and 76.6 per cent of revenue derived from multinational, national, Australian Securities Exchange ("ASX") listed and government tenants.

Outlook

The Investment Division remains focused on active asset management, enhancing income security, and the quality of its portfolio. The strategy for the Division is to continue to increase exposure in Australian investment grade property focused on the east coast of Australia.

Hotel Management

Mirvac's Hotel Management business unit manages hotels and resorts across Australia and New Zealand. Hotel Management is a fee based business with three separate types of management agreements covering leasing, management lots and management agreements.

For the year ended 30 June 2010, Hotel Management achieved a statutory net loss before tax of $10.8m and an operating profit before tax of $11.6m.

The business unit continued to expand during the year with new hotel management contracts including Citigate Mount Panorama, Bathurst, NSW (111 rooms) and The Sebel Deep Blue Warrnambool, Warrnambool, VIC (80 rooms), bringing the total hotels managed to 46, covering 5,812 rooms.

Key highlights for Hotel Management during the year included:

- increased brand exposure through joining GHA which includes 280 international hotels and a loyalty program of approximately 1m members and affiliations with 14 frequent flyer programs;
- 70 per cent of Mirvac's hotels achieved a ranking that placed them in the top three of their respective market competitor sets;[5] and
- awarded "Accommodation Chain of the Year" 2009, HM Awards, 14 August 2009.

Outlook

Hotel Management will continue to increase the number of hotels under its key brands in strategic and under-represented areas within Australia.

Investment Management

Mirvac's Investment Management ("MIM") business unit provides capital interaction between the Group's two core Divisions — Investment and Development — through the establishment of investment partnerships with major financial institutions and institutional investors.

For the year ended 30 June 2010, MIM recorded a statutory net loss before tax of $0.1m and an operating loss before tax of $7.8m.[6]

In line with the Group's stated strategy, the rationalisation of non-aligned and unscaleable funds continued during the year. Key highlights included:

- transfer of management rights for Mirvac Mezzanine Capital Fund to Quadrant Real Estate Advisors ("Quadrant") in July 2009. Quadrant also assumed responsibility for managing Mirvac's investment in the RedZed mortgage warehouse in July 2009;
- transfer of management rights for Mirvac Tourist Park Fund in September 2009;
- sale of Mirvac PFA in April 2010;
- sale of the UK operating business in December 2009; and
- sale of Mirvac's 50 per cent interest in Mirvac AQUA to its joint venture partner, Balmain NB in April 2010.

Outlook

The focus for MIM is to continue to support and source capital for the Group's core divisions — Investment and Development — through the establishment of investment partnerships with wholesale institutional investors.

1) Post 30 June 2010, following the WOT acquisition.
2) Adjusted for fair value of assets on acquisition and the sale of Pender Place Shopping Centre, Maitland, NSW and 605-609 Doncaster Road, Doncaster, VIC prior to completion of the transaction.
3) Includes three disposals that occurred post 30 June 2010 including James Ruse Business Park, Northmead, NSW, Hawdon Industry Park, Dandenong, VIC and 253 Wellington Road, Mulgrave, VIC. Includes Morayfield Supacentre, Morayfield QLD, which is now unconditionally exchanged. Settlement is forecast for August 2010.
4) MPT at 30 June 2010 adjusted for the acquisition of WOT at 4 August 2010.
5) STR Global.
6) Includes MAM.

Development Division

The Group's Development Division conducts residential and commercial development across New South Wales, Victoria, Queensland and Western Australia. For the year ended 30 June 2010, the Division's statutory net profit before tax was $19.6m and operating profit before tax was $20.1m.

Residential

Mirvac's residential product offering includes house and land packages, masterplanned communities, small lot homes and apartments. The Division continued to deliver quality residential product resulting in the settlement of 1,805 lots at 30 June 2010 (including Mirvac share of joint venture interest and Mirvac managed funds). State based settlements for the year ended 30 June 2010:

State	Lots
NSW	917
VIC	167
QLD	276
WA	445
Total	**1,805**

State based settlements by product for the year ended 30 June 2010:

	House/land (%)	Apartments (%)	Total (%)
NSW	33.9	17.0	50.8
VIC	9.2	0.1	9.3
QLD	5.8	9.5	15.3
WA	15.9	8.8	24.7
Total	**64.8**	**35.2**	**100**

The Division secured future income with $802.4m[1] of exchanged contracts with key projects forecast to be delivered in the year ending 30 June 2011 being:

Project	Type	Lots
Parkbridge, Middleton Grange, NSW	House	208
Laureate, Melbourne, VIC	House	28
Yarra's Edge River Homes, Yarra's Edge, VIC	House	18
Waverley Park, Mulgrave, VIC	House	73
Waterfront, Newstead, QLD	Apartments	55
Beachside Leighton, Leighton Beach, WA	Apartments	56

Commercial

Mirvac's commercial development pipeline covers the office, retail, industrial and hotel sectors. Completed projects may be incorporated into MPT's property portfolio or sold to third parties. Consistent with the recent improvement in market conditions in the commercial sector across Australia, Mirvac is in various stages of commencing ten strategic development projects. During the year Mirvac secured a major pre-commitment on a significant industrial development project, Hoxton Distribution Park at Hoxton Park, Sydney, NSW. Hoxton Distribution Park will be one of the largest industrial development projects undertaken in Australia. The new facility is 100 per cent pre-let to Woolworths Limited covering approximately 140,000 square metres of industrial space that will house major distribution centres for BIG W and Dick Smith, with terms agreed for a 25 year lease and 20 year lease respectively.

Outlook

The Division's strategy is to build on its extensive in-house experience and proven track record to continue to deliver Australia's pre-eminent residential developments and focus on large-scale, generational, masterplanned residential communities. The Division will continue to advance its commercial development projects in prime locations.

MARKET AND GROUP OUTLOOK

The Australian economy continues to perform well and has recovered from a relatively mild downturn. The labour market continues to improve and housing investment is set to accelerate over the remainder of the calendar year. Australia remains well placed to absorb any global downside impacts as a result of its relatively low public debt and sound banking system. Australia however is truly part of the global economy and is substantially impacted by overseas events in Europe and North America and the strength of our largest resource trading partner, China. As a result we remain cautious about predicting the level of future growth in markets in which we participate. A global tightening of credit and, or, a reduction in demand for Australia's resources will quickly lead to higher real interest rates and loss of consumer confidence. Whilst acknowledging housing affordability is a major issue for first homebuyers, Mirvac continues to provide appropriately priced homes and apartments for its target market. Overall, Mirvac believes the outlook for well positioned and priced residential property remains sound. In the commercial market, conditions have been less buoyant however, asset values appear to have stabilised and a shortage of new supply in all sectors may see a return to rental growth in the year ahead. In these uncertain times Mirvac will continue to focus on its major competitive strength of large-scale, pre-eminent residential developments and the proactive management of Australian investment grade assets.

1) Total exchanged contracts as at 20 August 2010, adjusted for Mirvac's share of JV interests and Mirvac managed funds.

ENVIRONMENTAL REGULATIONS

Mirvac and its business operations are subject to compliance with both Federal and State environment protection legislation.

At the Federal level, Mirvac has triggered the *Energy Efficiency Opportunities Act 2006* ("EEO") threshold and is required to participate. An EEO Assessment and Reporting Schedule ("ARS") has been approved under section 16 of the EEO and Mirvac is progressing assessments in accordance with the ARS with all Round 1 assessments to be complete by 30 June 2011.

Mirvac has also triggered the participation threshold of the National Greenhouse and Energy Reporting Act 2007 ("NGER"). The NGER requires large energy-using companies to report annually on greenhouse gas emissions, reductions, removals and offsets, and energy consumption and production figures. Mirvac must report annually by 31 October.

Mirvac is currently preparing for the *Building Energy Efficiency Disclosure Act 2010* which commenced July 2010. This involves the disclosure of energy efficiency-related information at the point of sale or lease of commercial office space greater than 2,000 square metres.

Within Mirvac's health, safety and environment performance reporting systems, including internal and external audits and inspections, no incidents of significant harm to the environment occurred in the year ended 30 June 2010. Mirvac's development projects across Australia were issued a total of two environmental infringement notices throughout the year with a total value of $4,500.

The notices related to minor incidents of environmental impact at development sites and were rectified immediately. These included:

- working outside hours determined by the development approval; and
- failing to prevent pollution from entering a stormwater system.

INFORMATION ON DIRECTORS

Directors' experience and areas of special responsibilities

The members of the Board, their qualifications, experience and responsibilities are set out below:

James MacKenzie

B Bus, FCA, FAICD — Chairman — Independent Non-Executive

- Chair of the Nomination Committee
- Member of Audit, Risk and Compliance Committee
- Member of the Human Resources Committee

James MacKenzie was appointed to the Mirvac Board in January 2005 and assumed the role of Chairman in November 2005.

James led the transformation of the Victorian Government's Personal Injury Schemes as Chairman of the Transport Accident Commission ("TAC") and Victorian WorkCover Authority from 2000 to 2007. He has previously held senior executive positions with ANZ Banking Group Limited, Norwich Union and Standard Chartered Bank, and was Chief Executive Officer of the TAC. A Chartered Accountant by profession, James was a partner in both the Melbourne and Hong Kong offices of an international accounting firm now part of Deloitte.

Nicholas Collishaw

SA (Fin), AAPI, FRICS — Managing Director — Dependent

Nicholas Collishaw was appointed Managing Director on 26 August 2008. Prior to this appointment he was the Executive Director — Investment responsible for Mirvac's Investment operations including MPT, funds management and hotel management, having been appointed to the Mirvac Board on 19 January 2006.

Nicholas has been involved in property and investment management for over 25 years and has extensive experience in development and investment management of real estate in all major sectors and geographies throughout Australia.

Prior to joining Mirvac in 2005 following its merger with the James Fielding Group, Nicholas was an Executive Director and Head of Property at James Fielding Group. He has also held senior positions with Deutsche Asset Management, Paladin Australia Limited and Schroders Australia.

Nicholas is a Director of the Property Industry Foundation.

Peter Hawkins
B CA (Hons), FAICD, SF Fin, FAIM, ACA (NZ) — Independent Non-Executive

- Chair of the Human Resources Committee
- Member of the Audit, Risk and Compliance Committee
- Member of Nomination Committee

Peter Hawkins was appointed a Non-Executive Director of Mirvac on 19 January 2006, following his retirement from the Australia and New Zealand Banking Group Limited ("ANZ") after a career of 34 years. Prior to his retirement, Peter was Group Managing Director, Group Strategic Development, responsible for the expansion and shaping of ANZ's businesses, mergers, acquisitions and divestments and for overseeing its strategic cost agenda.

Peter was a member of ANZ's Group Leadership Team and sat on the Boards of Esanda Limited, ING Australia Limited and ING (NZ) Limited, the funds management and life insurance joint ventures between ANZ and ING Group.

He was previously Group Managing Director, Personal Financial Services, as well as holding a number of other senior positions during his career with ANZ.

James Millar
B.Com, FCA, FAICD — Independent Non-Executive

- Chair of the Audit, Risk and Compliance Committee
- Member of the Human Resources Committee

James Millar was appointed a Non-Executive Director of Mirvac on 19 November 2009 and is the former Area Managing Partner and Australian Chief Executive Officer of Ernst & Young, one of the world's leading professional services firms. He was a member of the global Board of Ernst & Young and is currently a Consultant to the firm.

James commenced his career in the reconstruction practice, conducting some of the largest corporate workouts of the early 1990s. James has qualifications in business and accounting, and is a Fellow of The Institute of Chartered Accountants of Australia.

Penny Morris
AM, B.Arch (Hons), M.EnvSci, DipCD, FRAIA, FAICD — Independent Non-Executive

- Chair of the Health, Safety, Environment and Sustainability Committee
- Member of the Human Resources Committee

Penny Morris was appointed a Non-Executive Director of Mirvac on 19 January 2006, and has extensive experience in property development and management, having formerly been Group Executive Lend Lease Property Services, General Manager and Director, Lend Lease Commercial and Director of Commonwealth Property within the Federal Department of Administrative Services.

An experienced Director for more than 18 years, Penny has also been a Director of Aristocrat Leisure Limited, Colonial State Bank, Australia Postal Corporation, Howard Smith Limited, Energy Australia, Indigenous Land Corporation, Country Road Limited, Jupiters Limited, Principal Real Estate Investors (Australia) Limited, Strathfield Group Limited, Landcom and the Sydney Harbour Foreshore Authority.

John Mulcahy
PhD (Civil Engineering), FIEAust — Independent Non-Executive

- Member of the Audit, Risk and Compliance Committee
- Member of the Health, Safety, Environment and Sustainability Committee
- Member of the Nomination Committee

John Mulcahy was appointed a Non-Executive Director of Mirvac on 19 November 2009 and is the former Managing Director and Chief Executive Officer of Suncorp-Metway Limited ("Suncorp"). Prior to Suncorp, John held a number of senior executive roles at Commonwealth Bank, including Group Executive, Investment and Insurance Services. He also held a number of senior roles during his 14 years at Lend Lease Corporation, including Chief Executive Officer, Lend Lease Property Investment and Chief Executive Officer, Civil and Civic.

John has more than 27 years of management experience in financial services and property investment.

GENERAL COUNSEL AND COMPANY SECRETARY

Sonya Harris
B.Econ, LLB (First Class Honours), MLM, MAICD

Sonya Harris was appointed General Counsel and Company Secretary in August 2009.

Sonya has had over 19 years experience in the legal industry and was appointed a partner at Minter Ellison in Sydney in 1999.

Sonya brings her breadth of knowledge in the property industry, and her broad property and commercial legal experience to her role at Mirvac. Immediately prior to joining Mirvac, Sonya was Deputy General Counsel at Brookfield Multiplex from 2005.

MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors and of each Board Standing Committee held during the year ended 30 June 2010 and the number of meetings attended by each Director are detailed below:

	Board		Board committee[1]		Audit, risk and compliance committee ("ARCC")		Human resources committee ("HRC")		Health, safety, environment and sustainability committee ("HSE&SC")		Nomination committee	
Director	A	B	A	B	A	B	A	B	A	B	A	B
James MacKenzie	18	18	6	6	4[2]	5	3[2]	4	–	–	4	4
Nicholas Collishaw	18	18	7	7	–	–	–	–	–	–	–	–
Paul Biancardi	17[2]	18	5	5	7[2]	8	3[2]	4	–	–	4	4
Adrian Fini	16[2]	17	–	–	–	–	–	–	–	–	–	–
Peter Hawkins	18	18	2	2	7[2]	8	4	4	–	–	4	4
James Millar	11	11	3	3	5	5	3	3	–	–	–	–
Penny Morris	18	18	–	–	4	4	4	4	10	10	–	–
John Mulcahy	11	11	–	–	5	5	–	–	4	4	–	–
Richard Turner	1	1	–	–	1[3]	1[3]	1	1	–	–	–	–

1) Committees of the Board established to deal with particular major transactions during the year.
2) Leave of absence granted.
3) Includes only attendance as a Director, the table on page 32 also includes attendance as an independent member.

A) Indicates number of meetings attended during the period the Director was a member of the Board or Committee.
B) Indicates the number of meetings held during the period the Director was a member of the Board or Committee.

This remuneration report is set out under the following sections:

1 Executive summary
2 Remuneration governance
3 Remuneration strategy and structure
4 Non-Executive Directors' remuneration
5 Relationship between remuneration and Mirvac performance
6 Details of remuneration
7 Service agreements
8 Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

1 EXECUTIVE SUMMARY

The purpose of remuneration at Mirvac is to support the execution of the business strategy. This requires programs that reward annual and long-term value creation and retain the individuals most capable of delivering successful outcomes for securityholders.

a) Key points on Mirvac's remuneration for the year ended 30 June 2010

i) The HRC continues to review Mirvac's approach to remuneration in light of changes to both the economic and regulatory environments. A key focus of this work is on ensuring that Mirvac's remuneration strategy continues to support the business strategy and drive value for securityholders through all stages of the business cycle.

ii) A salary freeze was in place during the year ended 30 June 2010 with adjustments only made in exceptional circumstances. In response to improved market conditions, the Board has approved a budget for increases in fixed remuneration for the year ending 30 June 2011.

iii) Short-term incentive ("STI") amounts were paid for results achieved during the year ended 30 June 2010 reflecting improvements in business performance from 2009.

iv) The 2010 long-term incentive ("LTI") grants were delayed until June 2010 due to uncertainty created by changes to the tax treatment of employee share schemes announced in the May 2009 Federal Budget.

v) The performance period for the LTI grants made during 2007 finished on 30 June 2010. In total, 25 per cent of the performance rights and options granted in 2007 vested.

vi) Consistent with what was presented to securityholders at the 2009 Annual General Meeting/General Meeting, the LTI grant for the year ended 30 June 2010 used two performance measures — Relative Total Securityholder Return ("TSR"), and Return on Equity ("ROE"). For the LTI grants that will be made in the year ending 30 June 2011, the intention is to use Relative TSR as the sole performance condition based on the view that relative TSR is the simplest, most objective measure of total value creation delivered to securityholders.

vii) Any new contract or contract variation will impose a limitation on executive termination payments of no more than 12 months salary, consistent with new legislation.

b) Summary of actual payments received by key management personnel ("KMP")

The value of the cash and other benefits actually received by the executives during the year ended 30 June 2010 will be different to the figures presented in the table on page 19. This is because the table on page 19 presents the accounting value for long-term incentives which will include amounts for grants that have not vested, and may not vest because of the presence of performance conditions. The following table presents the actual value of the remuneration receivable by the disclosed executives during the year:

Executive	Fixed remuneration $	STI [1] $	LTI [2] $	Employee loans [3] $	Termination benefits $	Other $	Total $
Nicholas Collishaw	2,000,000	1,750,000	38,253	404,546	–	32,979	4,225,778
John Carfi	649,272	403,000	8,965	530,402	–	10,940	1,602,579
Brett Draffen	855,285	634,000	23,910	451,406	–	13,858	1,978,459
Gary Flowers	600,000	318,000	–	68,737	–	9,736	996,473
Chris Freeman	460,814	–	–	24,157	254,227	14,404	753,602
Grant Hodgetts	465,932	–	13,284	318,087	897,930	26,146	1,721,379
Justin Mitchell	650,000	345,000	12,752	317,519	–	10,394	1,335,665

1) STI values reflect payments to be made in September 2010 in recognition of performance during the year ended 30 June 2010.

2) LTI amounts represent the value to the participant during the year ended 30 June 2010 arising from performance rights whose performance period ended 30 June 2010, the exercising of options, or the net proceeds following the sale of securities granted under a loan based plan.

3) Amount reported includes amounts forgiven during the year, imputed interest and related Fringe Benefits Tax ("FBT").

c) Mirvac's response to regulatory changes

The global financial crisis has led to a significant increase in Federal Government and regulator action on remuneration issues. Following is a description of some of the more significant changes that were announced during 2009, accompanied by a summary of Mirvac's response in each case.

i) Tax on employee share schemes

During 2009, the Federal Government made significant changes to the taxation of employee share schemes. Mirvac's response to these changes can be summarised as follows:

- grants under the Long-term Performance Plan ("LTP") were delayed due to the uncertainty created by the tax changes;
- the HRC determined that grants under the LTP will be made in the form of performance rights; and
- previously, securities issued to participants under the LTP after rights had vested were subject to a seven year holding lock. The HRC exercised its discretion to waive the holding lock over any securities that vest from the 2010 grant.

ii) Termination payments cap

In November 2009, changes were made to the legislation dealing with termination payments. As a result of the amendments, in the future it will no longer be possible to make termination payments in excess of 12 months fixed remuneration to affected executives without receiving securityholder approval. The legislation provides that transitionary arrangements will apply whereby contractual termination payments in place prior to the new legislation can still be honoured without the requirement for securityholder approval. This is provided that an executive's contract has not been substantially varied subsequent to 24 November 2009.

The HRC has reviewed Mirvac's approach to termination payments in light of the legislative changes. All new contracts with senior executives will impose a cap on termination payments equivalent to 12 months fixed remuneration. Mirvac will honour existing contractual entitlements on termination that would exceed the cap of 12 months fixed remuneration, provided there has been no substantial variation to the executive's contract. Given that an adjustment to fixed remuneration would likely be considered a variation under the regulations, at the next scheduled remuneration review affected executives will be given the option to either:

- forego any increase to their fixed remuneration and therefore retain their existing termination entitlements; or
- have their fixed remuneration reviewed and in so doing accept a cap on their termination entitlements equivalent to 12 months fixed remuneration.

iii) Productivity Commission
The Board has recognised the recommendations made by the Productivity Commission on director and executive remuneration and is already compliant with a number of these. For example:

- the HRC comprises of four Non-Executive Directors with each Committee member, including the Chairman, being independent;
- executives are prohibited from hedging unvested equity under Mirvac's security trading policy;
- when the HRC uses remuneration advisers in respect of KMP remuneration, these advisers are commissioned by the HRC, independent of management;
- an executive summary has been included in the remuneration report; and
- a table presenting 'actual' levels of remuneration received by each of the disclosed executives has been included in the remuneration report.

2 REMUNERATION GOVERNANCE

The Board places great importance on having strong remuneration governance processes. These processes are designed to ensure that Mirvac continues to derive maximum value from its remuneration spend, while also ensuring that remuneration decisions are made in a fair and transparent manner. The HRC, consisting of four independent, Non-Executive Directors, is responsible for reviewing the remuneration strategy annually. It advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages, incentives and other terms of employment for Non-Executive and Executive Directors, including the Managing Director, as well as KMP.

The HRC has appointed Ernst & Young as external remuneration adviser to provide both information on current market practice and independent input into key remuneration decisions. The HRC also has access to Mirvac's Group General Manager, Human Resources to support its decision making.

As part of its role, the HRC regularly reviews the STI and LTI schemes to ensure they continue to provide an appropriate return for securityholders, while also serving to attract, motivate and retain suitably qualified employees. The HRC also reviews and approves the performance targets set for Mirvac's STI and LTI schemes, as well as the assessment of Mirvac's performance against these targets that ultimately determines the size of the STI and LTI pools. The HRC performs this role to ensure that incentive outcomes are determined in an objective manner.

KMP remuneration, incentives and other terms of employment are reviewed annually by the HRC in conjunction with recommendations made by the Managing Director. The review considers individual results against key performance indicators, relevant business performance, as well as the Group's overall results and returns to its securityholders.

Recommendations for individuals below senior executive level are submitted by that person's direct-report manager, in turn to their manager for approval, ensuring that any fixed remuneration increases or incentive payments have two levels of approval, reducing subjectivity and maintaining relativities.

3 REMUNERATION STRATEGY AND STRUCTURE

a) Remuneration strategy

Mirvac's remuneration strategy creates the platform upon which all pay decisions are made. The strategy defines the framework for setting fixed remuneration and the design parameters of STI and LTI programs. The purpose of remuneration at Mirvac is to support the execution of the business strategy. This requires programs that reward annual and long-term value creation and retain the individuals most capable of delivering successful outcomes for securityholders.

The Group holds a significant portion of total remuneration for senior employees as variable and "at risk" if performance criteria are not met or exceeded each year. The proportion of variable at risk remuneration increases significantly in line with seniority. The following table provides the average remuneration mix at target for different levels of employees at 30 June 2010:

Employee level	Fixed remuneration %	STI %	LTI %	At risk remuneration %
Managing Director	31	23	46	69
Senior executives	42	23	35	58
Executives	68	12	20	32
Managers	91	9	–	9
Other employees	100	–	–	–

When assessing remuneration for KMP and other senior executives, Mirvac looks primarily at its Australian Real Estate Investment Trust ("A-REIT") peer group and secondly at a general industry peer group with a similar (market capitalisation) size.

The Board has approved the following approach to determining Mirvac remuneration levels compared to the market:

- the reference point for fixed remuneration is targeted at the median of peer groups. However, differences in the scope of role and individual performance will mean that fixed remuneration will vary from the median; and
- STI and LTI plans are positioned to deliver market median reward for "at target" performance and above market median reward for strong performance.

b) Structure of remuneration
The employee population at Mirvac is segmented into different groups to determine participation in various incentive and employee security programs as shown in the table below:

Employee level	Fixed remuneration	STI	LTI	EEP
Managing Director	✓	✓	✓	
Senior executives	✓	✓	✓	
Executives	✓	✓	✓	
Managers	✓	✓		✓
Other employees	✓			✓

Remuneration approaches vary between these levels in order to recognise their relative impact on Mirvac's performance and differences in market remuneration practices.

Further information on these three distinct components — fixed remuneration, STI and LTI — is outlined below.

i) Fixed remuneration
The key drivers of fixed remuneration are as follows:

- individual appraisal based on Mirvac's performance appraisal system; and
- the competitive market environment for the individual's skills and capabilities or the role the individual performs.

Fixed remuneration comprises base salary plus statutory superannuation contributions. Employees also have the opportunity to sacrifice some of their base salary for additional voluntary superannuation contributions and/or novated leases for motor vehicles. Executives also have the flexibility to allocate a portion of their base salary to certain other benefits. In such circumstances, the executive is also charged any resultant FBT in order that there is no additional cost to Mirvac in allowing the executive to take advantage of the particular benefit. A salary freeze was in place during the year ended 30 June 2010. In light of changing market conditions and improved business performance, and to ensure that Mirvac continues to be able to attract, motivate and retain talented employees, the Board has approved a budget for increases in fixed remuneration for the year ending 30 June 2011.

ii) STI
Short-term variable remuneration consists of an annual incentive paid as a cash bonus. Executives and managers at Mirvac are eligible to participate in the STI plan based on their responsibility for achieving annual objectives. Remaining staff are eligible for a discretionary bonus where management recognises that exceptional individual performance has been achieved. STI outcomes for individuals can range from zero to double their STI target depending upon results. The maximum STI opportunity as a percentage of fixed remuneration for KMP, together with details of the actual STI payments they each received for the year ended 30 June 2010 are shown in the following table:

	Maximum STI percentage of fixed remuneration %	STI included in remuneration $	STI achieved percentage of potential maximum %	STI forfeited percentage of potential maximum %
Executive Director				
Nicholas Collishaw	150	1,750,000	58	42
KMP				
John Carfi	120	403,000	53	47
Brett Draffen	140	634,000	53	47
Chris Freeman	120	–	–	100
Gary Flowers	100	318,000	53	47
Grant Hodgetts	100	–	–	100
Justin Mitchell	100	345,000	53	47

STI payments are conditional upon:

- performance of the Group overall and the respective divisions, measured against pre-determined targets; and
- an individual's contribution to the Group or division's financial performance as well as their own performance in meeting or exceeding pre-determined objectives as measured during the performance appraisal process.

Group/divisional STI measures

The STI pool for the year ended 30 June 2010 was calculated based on operating profit at a Group and divisional level. Operating profit was chosen as it is an objective, readily understandable measure of Mirvac's performance during the year. Once the operating profit for the year has been determined, the HRC applied the following schedule to calculate the STI pool:

Performance relative to plan	< 90%	90%	100%	120%	> 120%
Group payout (% of target)	0%	75%	100%	150%	150%
Divisional payout (% of target)	0%	75%	100%	150%	150%

Individual performance

The Group's appraisal system is a core component of its remuneration review. It is used to review past performance and set future objectives and development plans for employees at all levels. At the beginning of each year, clear objectives are set for all employees to provide clarity and focus to the individual and organisation as to what is expected in the ensuing period. The objectives used to evaluate KMP for the year ended 30 June 2010 were based on the following key responsibility areas: finance; strategy; customer/stakeholder; corporate responsibility; and people. Additional business or divisional specific objectives may also be set by the Managing Director each year, which are also reviewed by the HRC. The Committee also sets specific targets and key performance indicators annually for the Managing Director.

iii) LTI plans

KMP, other senior executives and executives are eligible, at the discretion of the HRC, to participate in Mirvac's LTI schemes. LTI scheme participation is limited to these employees because they have the largest strategic impact on the long-term success of Mirvac. The LTI schemes in tandem with driving performance and facilitating retention, are also an important means of facilitating executive security ownership.

LTP (current plan)

Mirvac's LTP plan was introduced in the year ended 30 June 2008 following approval by securityholders at the 2007 Annual General Meeting/General Meeting. This plan applies to the Managing Director, other Executive Directors, senior executives and other executive employees only for reasons stated above.

Awards under this plan are made in the form of performance rights. Awards of options have also been made under this plan in previous years. A performance right is a right to acquire one fully paid stapled security in Mirvac provided a specified performance hurdle is met. The rights offered under the scheme can only be exercised if and when these performance conditions are achieved over a three year period. If the performance rights vest and are exercised, entitlements will be satisfied by either an allotment of new securities or by purchase on market of existing securities, at the Board's discretion. Non-Executive Directors are not eligible to participate in this LTP. No loans are made to participants under this plan.

The Board reviews the performance conditions annually to determine the appropriate hurdles based on Mirvac's strategy and prevailing market practice. The Board determined, on the recommendation of the HRC, that the performance conditions to apply to the vesting of the grants made during the year ended 30 June 2010 would be Relative TSR and ROE. TSR was chosen given that it is an objective measure of securityholder value creation and the wide level of understanding and acceptance of the measure among various key stakeholders. ROE was chosen because it measures how well management has used securityholder funds and reinvested earnings to generate additional earnings for securityholders.

For the anticipated 2011 grant, the Board is intending to use Relative TSR as the sole performance condition. This reflects the Board's desire for executives to focus on delivering value for securityholders. Furthermore, Mirvac has a well defined peer group of comparable organisations. By delivering superior returns to securityholders relative to these peer organisations, Mirvac will have both greater access to capital and a lower cost of capital.

The grant for the year ended 30 June 2010 was delayed until June 2010 due to the uncertainty created by the changes to the tax treatment of employee share schemes. However, the Board resolved to make the grant in a manner that ensured participants were neither advantaged nor disadvantaged by the delay. To reflect this intent, the performance period for the grant will still commence from 1 July 2009 as originally intended. Similarly, participants also received the same number of performance rights as they would have, had the grant not been delayed. For the grant made during the year ended 30 June 2010, the grant entitlements under the Relative TSR measure will be based on the following vesting schedule:

Performance level	Relative TSR (percentile)	Percentage of securities subject to this criterion to vest
<Threshold	<50th	Nil
Threshold	50th	50
Threshold – maximum	50th to 75th	Pro-rata between 50 and 100
Maximum	75th and above	100

The comparison group for assessing Relative TSR performance will comprise the S&P/ASX 200 A-REIT Index as well as Lend Lease Corporation Limited, Australand Property Group and FKP Property Group. This comparison group was chosen because it represents the organisations with which Mirvac competes most directly with for investor capital within the sectors Mirvac operates. The entities comprising the comparison group are shown in the table below:

Number	Symbol	Entity
1	ABP	Abacus Property Group
2	AJA	Astro Japan Property Group
3	ALZ	Australand Property Group
4	BWP	Bunnings Warehouse Property Trust
5	CFX	CFS Retail Property Trust
6	CHC	Charter Hall Group
7	CQO	Charter Hall Office REIT
8	CQR	Charter Hall Retail REIT
9	CPA	Commonwealth Property Office Fund
10	DXS	Dexus Property Group
11	FKP	FKP Property Group
12	GMG	Goodman Group
13	GPTDA	GPT Group
14	IIF	ING Industrial Fund
15	IOF	ING Office Fund
16	LLC	Lend Lease Corporation Limited
17	MGR	Mirvac Group
18	SGP	Stockland
19	WDC	Westfield Group

At the end of the three year performance period, the HRC receives data from an independent external consultant to determine Mirvac TSR performance relative to the comparison group. An independent consultant is used to ensure that performance is measured objectively. The HRC then determines the number of performance rights that will vest, if any, by applying the data to the TSR vesting schedule. In valuing rights linked to the Relative TSR measure, the key inputs for the 2010 grant were as follows:

	Performance rights
Grant date	8 June 2010
Performance hurdle	Relative TSR
Performance period start	1 July 2009
Performance testing date	30 June 2012
Security price at grant date	$1.28
Exercise price	$nil
Expected life	2.1 years
Volatility	68%
Risk-free interest rate	4.45%
Dividend/distribution yield	6.1%

For the year ended 30 June 2010 grant, entitlements under the ROE measure will be based on the following vesting schedule:

Performance level	Return on equity	Percentage of securities subject to this criterion to vest
<Threshold	< CPI + 3.0%	Nil
Threshold	CPI + 3.0%	50
Threshold – maximum	CPI + 3.0% to CPI + 5.5%	Pro-rata between 50 and 100
Maximum	CPI + 5.5% and above	100

The formula for calculating ROE is as follows:

$$\text{ROE} = \frac{\text{Adjusted statutory profit}}{\text{Adjusted securityholder equity}}$$

where: adjusted statutory profit =
reported statutory profit
+/– net losses/gains on fair value of derivative financial instruments and associated foreign exchange movements
\+ depreciation of owner-occupied administration properties, owner-occupied hotel management lots and owner-occupied freehold hotels (including hotel property, plant and equipment)

adjusted securityholder equity =
securityholder equity
– excess in fair value over cost (investment properties)
– asset revaluation reserve

Each of the components used in calculating ROE can be found on pages 40 to 42 in the financial statements.

At the end of the three year performance period, the HRC receives a ROE calculation based on figures included in the financial statements. The HRC then determines the number of performance rights that will vest, if any, by applying the data to the ROE vesting schedule.

At the end of the three year performance period, all performance rights that vest are automatically converted to Mirvac securities. However, if the performance rights do not vest at the end of the three year performance period, they will lapse. Participants are prohibited from hedging both their unvested performance rights and options. Directors have also indicated that there is no intention to re-test the performance conditions in the future.

In the event that an employee resigns, or is dismissed by Mirvac, all unvested rights are forfeited. In the event that an employee leaves Mirvac due to retirement, redundancy or death, the number of rights held is pro-rated based on completed years of service, and the remaining rights continue to be subject to the original performance period and hurdles.

At 30 June 2010, 22,238,221 (2009: 9,923,912) performance rights and 7,995,367 (2009: 10,464,491) options had been issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. A total of 1,304,300 performance rights (2009: nil) and no options (2009: nil) vested during the year to 30 June 2010. Performance rights and options granted under the LTP scheme in 2007 did not vest with individuals until after 30 June 2010.

Employee Exemption Plan ("EEP")
The Mirvac EEP is designed to encourage security ownership across the broader employee population. The EEP provides eligible employees with $1,000 worth of Mirvac securities at nil cost. The plan is open to Australian based employees with more than 12 months of continuous service, who do not participate in other Mirvac equity plans. Securities acquired under this plan must be held for a minimum of three years (or earlier at cessation of employment with the Group) during which time the securities are subject to a restriction on disposal. Otherwise, holders enjoy the same rights and benefits as other holders of Mirvac's stapled securities. On termination, employees retain any securities granted to them. At 30 June 2010, 2,634,713 stapled securities (2009: 1,614,783) had been issued to employees under the general EEP.

Plans closed for new grants

ERP

During the year ended 30 June 2009, a small number of senior executives, including KMP, were invited to participate in an interest-free loan program designed to assist in retaining employees critical to Mirvac's ongoing success. No further awards will be made under this program, consistent with Mirvac's intention to eliminate the use of loan plans as part of employee reward. While the loans under this program were offered during the year ended 30 June 2009, some of the loan amounts were drawn down in the year ended 30 June 2010.

The amounts of the loans range from $500,000 to $2,000,000 and must be secured against property, or an unconditional bank guarantee. The loan was granted on a full recourse basis. A progressively increasing forgiveness schedule allows for no more than 50 per cent of the total loan balance in total to be forgiven. The forgiveness schedule for the Managing Director and KMP is set out below:

		Percentage of loan forgiven
Anniversary number	Managing Director %	KMP %
1	5	5
2	10	7.5
3	15	10
4	20	12.5
5	N/A	15

The repayment date of the loan is the earlier of 12 months after the participant ceases to be employed by Mirvac, or 12 months after the fifth anniversary of the loan. Interest is payable for any period in which the loan remains unpaid after the repayment date. The following table presents the amounts forgiven during the year ended 30 June 2010 for the Managing Director and KMP, together with the outstanding balance at the end of the year:

Executive	Original loan amount $	Amount forgiven during year $	Loan balance 30 June 2010 $	Annual retention value $
Nicholas Collishaw	2,000,000	100,000	1,900,000	404,546
John Carfi	2,000,000	100,000	1,900,000	379,381
Brett Draffen	2,000,000	100,000	1,900,000	306,134
Gary Flowers	1,000,000	–	1,000,000	68,737
Chris Freeman	–	–	–	–
Grant Hodgetts	2,000,000	100,000	1,900,000	318,087
Justin Mitchell	2,000,000	100,000	1,900,000	317,519

The annual retention value to the individual includes amounts forgiven during the year, imputed interest and related FBT. This value is offset against the value of the individual's LTP grant in each year until the retention program is complete. This means that the individual's annual total maximum remuneration each year does not change. As such, any retention grant replaces a portion of the LTP award, consistent with participants having already been identified as crucial to long-term securityholder value. On termination, no further amounts are forgiven.

EIS

Until 2006, Mirvac's long-term variable remuneration scheme for employees was its EIS. The scheme, which was open to all permanent employees, was designed to share the benefits of the Group's performance through the provision of loans to purchase Mirvac stapled securities. Allocations were made annually, were unrestricted and fully vested on allotment. The loans were repayable via distributions received on the securities or upon their sale. Loans were provided on a recourse basis to Executive Directors but were provided on a non-recourse basis to other participants in the scheme. If the loan value is greater than the value of securities, the remaining balance is written off and the securities are forfeited. If an employee resigns or is dismissed, the outstanding loan balance is required to be paid when employment ceases. In the event of redundancy, retirement or death, the employee has 12 months after employment ceases in which to repay the loan. If the loan value is greater than the value of securities when the loan balance is due, the remaining balance is written off and the securities are forfeited.

The EIS was closed to new participants in 2006 as it was no longer considered to be consistent with market practice. However, existing arrangements remain in place until all current loans are repaid.

Long-Term Incentive Plan ("LTIP")
A revised long-term variable remuneration scheme, the LTIP was introduced in 2006 and approved by securityholders at the Group's 2006 Annual General Meeting/General Meeting. Participation in the plan was open to the Managing Director, other Executive Directors, other executives and eligible employees. Under this plan, participants were offered a loan which was applied to fund the acquisition of Mirvac's stapled securities at market value.

The term of the loan is eight years. Any loan balance outstanding at the end of the eighth year must be repaid at that time. The loan is reduced annually by applying the after-tax amounts of any distributions paid by Mirvac to the outstanding principal. The loans are interest free and non-recourse over their term.

Two performance conditions were required to be met before the securities acquired under the plan vest in full with the participant: Relative TSR and Absolute earnings per security ("EPS") growth. The satisfaction of each condition was given an equal weighting in terms of the total number of securities that may vest (that is 50 per cent of the total securities held by a participant was subject to each performance condition).

Relative TSR performance condition
An entitlement to vesting of the securities was contingent on Mirvac's TSR ranking being at or above the 50th percentile of the comparison group (being the entities that comprise the S&P/ASX 200 A-REIT Index) over a three year period as detailed in the vesting schedule below:

Performance level	Relative TSR (percentile)	Percentage of securities subject to this criterion to vest
< Threshold	< 50th	Nil
Threshold	50th	50
Threshold – stretch	50th to 75th	Pro-rata between 50 and 100
Stretch	75th and above	100

Absolute EPS growth performance condition
An entitlement to vesting under this condition was contingent on Mirvac's Absolute EPS growth reaching or exceeding four per cent compound over a three year period, as detailed in the table below:

Performance level	Absolute EPS growth (compound)	Percentage of securities subject to this criterion to vest
< Threshold	< 4%	Nil
Threshold	4%	50
Threshold – stretch	4% to 9%	Pro-rata between 50 and 100
Stretch	9% and above	100

Vesting outcome

Performance condition	Weighting	Mirvac performance	Vesting outcome
Relative TSR	50%	62nd percentile	74%
Absolute EPS growth	50%	< 4 % growth	0%

On vesting, 53.5 per cent of the original loan to fund the purchase of the vested securities was waived. The remaining balance of the loan will continue to be reduced by after-tax distributions until either the loan has been fully repaid or the eight year term expires, whichever occurs first. If a participant terminates their employment after securities have vested, any outstanding loans have to be repaid in full immediately or the underlying securities will be forfeited. Any unvested securities at the time of termination are required to be sold with the proceeds payable to the Group. The EIS and its replacement, the LTIP introduced in 2006, are both closed to new participants and will remain in "run-off" mode until all loans made under each arrangement are extinguished. Trading windows and hedging rules apply to securities under both plans. At 30 June 2010, 562,908 (2009: 2,817,308) securities remain on issue under the 2006 plan.

4 NON-EXECUTIVE DIRECTORS' REMUNERATION

Mirvac Limited's Constitution provides that Non-Executive Directors are entitled to such remuneration as they determine, but that the total amount provided to all Directors (excluding the Managing Director and any other Executive Directors) for their services as Directors must not exceed in the aggregate in any year the sum from time to time determined by securityholders at a general meeting. The maximum aggregate remuneration of $1,950,000 was approved by securityholders at the 2009 Annual General Meeting/General Meeting.

The fees paid to Non-Executive Directors are set out in the table below and are annual fees unless otherwise stated:

Board/Committee	Fee $
Mirvac Limited and Mirvac Funds Limited Board Chairman	465,000
Mirvac Limited and Mirvac Funds Limited Board Deputy Chairman	270,000
Mirvac Limited and Mirvac Funds Limited Board Member	185,000
ARCC Chair	30,000
ARCC member	15,000
HSE&S Chair	30,000
HSE&S member	15,000
HRC Chair	15,000
Due diligence committee (per diem fee)	4,000

Non-Executive Directors have not received any fees in addition to those described above in respect of any other duties performed or services provided within the scope of the ordinary duties of a Director, do not receive bonuses or any other incentive payments or retirement benefits and are not eligible to participate in any of the executive or employee security acquisition plans established by the Group. However Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of Mirvac.

5 RELATIONSHIP BETWEEN REMUNERATION AND MIRVAC PERFORMANCE

No STI payments were made with respect to the year ended 30 June 2009 and a salary freeze was also in force during the year ended 30 June 2010. In light of the improvement in the Group's performance and the economic environment during the year ended 30 June 2010, the Board approved an STI pool and fixed salary review budget for the August 2010 remuneration review.

The LTI plans are tied directly to objective hurdles and will only vest when those performance criteria are met or exceeded. A summary of vesting under Mirvac's performance-hurdled equity grants is shown in the following table:

Grant	Performance hurdle	Test date	Proportion vested	Proportion lapsed
FY2007 LTIP	TSR and EPS	30 June 2009	37%	63%
FY2008 LTP	TSR and EPS	30 June 2010	25%	75%

The table below provides summary information regarding the Group's earnings and securityholder's wealth for the five years to June 2010:

	2010	2009	2008	2007	2006
Operating earnings ($m)	**275.3**	200.8	352.2	319.1	274.4
Statutory net profit ($m)	**234.7**	(1,078.1)	171.8	556.1	441.1
Distributions paid ($m)	**179.4**	194.8	339.2	300.7	274.3
Security price at 30 June ($)	**1.32**	1.08	2.96	5.70	4.35
Operating EPS — diluted (cents)	**9.3**	13.4	33.4	33.0	31.6
Statutory EPS — basic (cents)	**8.0**	(65.2)	14.9	58.7	52.2

6 DETAILS OF REMUNERATION

Details of the remuneration of each Director and the KMP (as defined in AASB 124 *Related Party Disclosures*) of Mirvac are set out in the following section. The Executive Leadership Team ("ELT") was established during 2009 and was delegated the authority and responsibility for planning, directing and controlling the activities of Mirvac. For the year ended 30 June 2010, the ELT comprised the Managing Director, the Chief Financial Officer, the Chief Operating Officer and the Chief Executive Officer — Development. The charter was amended in July 2010 to include the Chief Executive Officer — Investment. The members of the ELT are considered to be the KMP of the parent entity and of the Group. The establishment of the ELT has resulted in a reduction in the number of KMP disclosed in this year's remuneration report compared to previous years. In addition to the ELT, remuneration details are disclosed in respect of Grant Hodgetts — Chief Executive Investment Management (left the Group on 15 April 2010), Chris Freeman — Chairman Mirvac UAE, UK and Queensland Development (left the Group on 15 January 2010) and John Carfi — Chief Executive Developments New South Wales and Victoria as they are among the five highest remuneration Group Executives and disclosure is required under the *Corporations Act 2001*.

		Short-term benefits				Post-employment	Share-based payment			Other long-term benefits	Termination benefits [7]	Total
	Year	Cash salary and fees [1] $	STI [2] $	Non-cash benefits [3] $	Employee loan [4] $	Super contributions $	Value of options [5] $	Value of rights [5] $	Value of issued securities [5] $	Long service leave [6] $	$	$
Non-Executive Directors												
James MacKenzie	**2010**	**465,539**	**–**	**–**	**–**	**14,461**	**–**	**–**	**–**	**–**	**–**	**480,000**
	2009	406,255	–	–	–	13,745	–	–	–	–	–	420,000
Paul Biancardi	**2010**	**310,000**	**–**	**–**	**–**	**50,000**	**–**	**–**	**–**	**–**	**–**	**360,000**
	2009	178,173	–	–	–	91,827	–	–	–	–	–	270,000
Adrian Fini	**2010**	**194,751**	**–**	**148,002** [9]	**–**	**15,253**	**–**	**–**	**–**	**–**	**–**	**358,006**
	2009	477,197	–	6,162	270,224	22,803	10,848	5,382	30,996	–	625,000	1,448,612
Peter Hawkins	**2010**	**200,539**	**–**	**–**	**–**	**14,461**	**–**	**–**	**–**	**–**	**–**	**215,000**
	2009	190,553	–	–	–	9,877	–	–	–	–	–	200,430
James Millar	**2010**	**114,121**	**–**	**–**	**–**	**9,152**	**–**	**–**	**–**	**–**	**–**	**123,273**
	2009	–	–	–	–	–	–	–	–	–	–	–
Penny Morris	**2010**	**204,740**	**–**	**–**	**–**	**17,760**	**–**	**–**	**–**	**–**	**–**	**222,500**
	2009	185,000	–	–	–	–	–	–	–	–	–	185,000
John Mulcahy	**2010**	**114,121**	**–**	**–**	**–**	**9,152**	**–**	**–**	**–**	**–**	**–**	**123,273**
	2009	–	–	–	–	–	–	–	–	–	–	–
Richard Turner	**2010**	**37,232**	**–**	**–**	**–**	**6,585**	**–**	**–**	**–**	**–**	**–**	**43,817**
	2009	226,248	–	–	–	18,752	–	–	–	–	–	245,000
Executive Director												
Nicholas Collishaw	**2010**	**1,985,539**	**1,750,000**	**148,002**	**404,546**	**14,461**	**347,194**	**987,027**	**–**	**32,979**	**–**	**5,669,748**
	2009	1,837,529	–	–	167,903	13,745	300,188	423,475	30,996	32,995	–	2,806,831
KMP												
John Carfi	**2010**	**634,811**	**403,000**	**55,502**	**530,402**	**14,461**	**50,375**	**165,299**	**–**	**10,940**	**–**	**1,864,790**
	2009	584,393	–	–	193,976	13,745	50,375	82,674	12,247	9,708	–	947,118
Brett Draffen	**2010**	**840,824**	**634,000**	**111,001**	**451,406**	**14,461**	**126,327**	**306,982**	**–**	**13,858**	**–**	**2,498,859**
	2009	841,255	–	–	76,773	13,745	96,948	130,673	23,497	13,973	–	1,196,864
Gary Flowers	**2010**	**553,539**	**318,000**	**–**	**68,737**	**46,461**	**26,281**	**97,557**	**–**	**9,736**	**–**	**1,120,311**
	2009	368,657	–	–	–	48,309	26,281	38,860	998	8,076	–	491,181
Chris Freeman	**2010**	**400,635**	**–**	**143,906**	**24,157**	**60,179**	**–**	**855,621**	**–**	**–**	**254,227**	**1,738,725**
	2009	667,672	–	48,598	73,702	98,473	–	213,905	27,246	12,480	–	1,142,076
Grant Hodgetts [8]	**2010**	**421,855**	**–**	**118,647**	**318,087**	**44,077**	**–**	**–**	**–**	**–**	**897,930**	**1,800,596**
	2009	474,857	–	10,047	–	100,000	70,273	93,343	19,747	8,290	–	776,557
Justin Mitchell	**2010**	**635,539**	**345,000**	**62,161**	**317,519**	**14,461**	**73,675**	**164,249**	**–**	**10,394**	**–**	**1,622,998**
	2009	636,255	–	–	–	13,745	58,006	78,998	13,597	10,568	–	811,169
Total	**2010**	**7,113,785**	**3,450,000**	**787,221**	**2,114,854**	**345,385**	**623,852**	**2,576,735**	**–**	**77,907**	**1,152,157**	**18,241,896**
	2009	7,074,044	–	64,807	782,578	458,766	612,919	1,067,310	159,324	96,090	625,000	10,940,838

1) Salary and wages includes accrued annual leave paid out as part of salary and salary sacrifice amounts.

2) Bonuses relate to amounts accrued for the relevant year.

3) Non-cash benefits include outplacement fees and debt wavier benefits and are inclusive of related FBT where applicable.

4) Employee loans are interest free and provided for personal use (excludes EIS loans). Disclosed value includes amounts forgiven during the year, imputed interest and related FBT.

5) Valuation of options, rights and securities is conducted by an external accounting firm. Negative amounts (if any) relate to forfeiture of some or all participation in equity plans due to terminations. Refer to note 34(f) for details.

6) Long service leave relates to amounts accrued during the financial period.

7) Termination benefits include annual leave and long service leave paid on termination.

8) Termination payment for Grant Hodgetts was based on contractual entitlements. These entitlements were in place prior to the introduction of the new termination payments legislation, and Mr Hodgetts' contract had not been varied subsequent to the legislation being introduced. As a result, consistent with the provisions of the new legislation, a payment in excess of one year's salary was contractually required.

9) This benefit relates to an LTIP grant made in 2006, prior to Adrian Fini becoming a Non-Executive Director.

The table below presents the 2009 remuneration details of executives not included in the preceding table, but who were disclosed in the 2009 report.

2009	Year	Short-term benefits: Cash salary and fees [1] $	Short-term benefits: STI [2] $	Short-term benefits: Non-cash benefits [3] $	Short-term benefits: Employee loan [4] $	Post-employment: Super contributions $	Share-based payment: Value of options [5] $	Share-based payment: Value of rights [5] $	Share-based payment: Value of issued securities [5] $	Other long-term benefits: Long service leave [6] $	Termination benefits [7] $	Total $
Executive Director												
Gregory Paramor		393,398	–	3,524	–	15,727	30,509	15,137	131,989	–	2,000,000	2,590,284
KMP												
Evan Campbell		600,000	–	6,162	151,783	50,000	77,383	103,323	12,997	10,569	–	1,012,217
Gregory Collins		636,255	–	62,649	151,783	13,745	77,383	103,323	17,872	10,568	–	1,073,578
Adrian Harrington		430,431	–	133,947	–	6,872	(9,793)	(15,182)	–	–	1,086,708	1,632,983
Timothy Regan		137,986	–	–	–	3,436	(57,126)	(73,077)	(44,997)	–	718,057	684,279
Andrew Turner		472,255	–	–	142,626	77,745	60,103	78,852	19,747	7,910	–	859,238
Matthew Wallace		526,680	–	7,434	151,783	13,745	45,988	75,650	9,997	8,748	–	840,025
Total		3,197,005	–	213,716	597,975	181,270	224,447	288,026	147,605	37,795	3,804,765	8,692,604

1) Salary and wages includes accrued annual leave paid out as part of salary and salary sacrifice amounts, where applicable.
2) Bonuses relate to amounts accrued for the relevant year.
3) Non-cash benefits include car parking and relocation costs and are inclusive of related FBT.
4) Employee loans are interest free and provided for personal use (excludes EIS loans). Disclosed value includes amounts forgiven during the year, imputed interest and related FBT.
5) Valuation of options, rights and securities is conducted by an external accounting firm. Negative amounts (if any) relate to forfeiture of some or all participation in equity plans due to terminations. Refer to note 34(f) for details.
6) Long service leave relates to amounts accrued during the financial period.
7) Termination benefits include annual leave and long service leave paid on termination.

Remuneration related to performance

2010	Total remuneration $	Remuneration related to performance: STI $	Remuneration related to performance: Value of options $	Remuneration related to performance: Value of rights $	Remuneration related to performance: Value of issued securities $	Performance related remuneration % of total	Value of options granted as % of total
Non-Executive Directors							
James MacKenzie	480,000	–	–	–	–	–	–
Paul Biancardi	360,000	–	–	–	–	–	–
Adrian Fini	358,006	–	–	–	–	–	–
Peter Hawkins	215,000	–	–	–	–	–	–
James Millar	123,273	–	–	–	–	–	–
Penny Morris	222,500	–	–	–	–	–	–
John Mulcahy	123,273	–	–	–	–	–	–
Richard Turner	43,817	–	–	–	–	–	–
Executive Director							
Nicholas Collishaw	5,669,748	1,750,000	347,194	987,027	–	54	6
KMP							
John Carfi	1,864,790	403,000	50,375	165,299	–	33	3
Brett Draffen	2,498,859	634,000	126,327	306,982	–	43	5
Gary Flowers	1,120,311	318,000	26,281	97,557	–	39	2
Chris Freeman	1,738,725	–	–	855,621	–	49	–
Grant Hodgetts	1,800,596	–	–	–	–	–	–
Justin Mitchell	1,622,998	345,000	73,675	164,249	–	36	5
Total	**18,241,896**	**3,450,000**	**623,852**	**2,576,735**	**–**	**36**	**3**

Performance rights granted during the year

Details of the performance rights granted to KMP as the LTI component of their remuneration during the year ended 30 June 2010 are set out in the table below:

Executive[1]	Performance measure	Number of performance rights granted	Vesting date	Fair value per performance right	Minimum value of grant	Maximum value of grant
Nicholas Collishaw	TSR	1,106,800	1 July 2012	0.77	–	852,236
	ROE	1,106,800	1 July 2012	0.56	–	619,808
Total		2,213,600			–	1,472,044
John Carfi	TSR	147,850	1 July 2012	0.77	–	113,845
	ROE	147,850	1 July 2012	0.56	–	82,796
Total		295,700				196,641
Brett Draffen	TSR	294,950	1 July 2012	0.77	–	227,112
	ROE	294,950	1 July 2012	0.56	–	165,172
Total		589,900			–	392,284
Gary Flowers	TSR	132,400	1 July 2012	0.77	–	101,948
	ROE	132,400	1 July 2012	0.56	–	74,144
Total		264,800			–	176,092
Justin Mitchell	TSR	137,500	1 July 2012	0.77	–	105,875
	ROE	137,500	1 July 2012	0.56	–	77,000
Total		275,000			–	182,875

1) Grant Hodgetts and Chris Freeman did not receive a performance rights grant during the year ended 30 June 2010 and therefore have been excluded from this table.

7 SERVICE AGREEMENTS

KMP terms of employment are detailed in formal service agreements. Each agreement, with the exception of the agreement for the Managing Director, is of a continuing duration and has no set term of service (subject to the termination provisions within the agreement). Each agreement covers (in addition to other standard matters) for the relevant KMP:

- general duties;
- remuneration and other benefits; and
- termination of employment and termination benefits.

Mirvac can generally terminate a KMP employment without notice or payment in lieu of notice in cases of serious and wilful misconduct by the KMP, or in certain other circumstances.

The following tables summarise the details of the service agreements that are in place for the Managing Director and KMP. As outlined previously, the existing contractual terms described below entitle KMP to payments in excess of 12 months fixed remuneration. However, the Board has resolved that the termination entitlements for these executives will be reduced to a maximum of 12 months salary, consistent with the maximum amount permissible without requiring securityholder approval under the revised legislation. This change will be made at the next point a variation is made to each affected executive's contracts (including when a change is made to their fixed remuneration).

a) Key terms for Managing Director

Condition	Contractual arrangement
Length of contract	Four years
Notice period	Not applicable
STI eligibility	Yes
LTI eligibility	Yes
Treatment on termination	In the event Mirvac terminates employment with notice, for reasons other than unsatisfactory performance, termination payment consists of the fixed pay that would otherwise have been paid for the remaining balance of the term of the contract. Outstanding balance for ERP loan is payable within 12 months of ceasing employment.

b) Key terms for other KMP

Condition	Contractual arrangement
Length of contract	No fixed term
Notice period	Three months
STI eligibility	Yes
LTI eligibility	Yes
Treatment on termination	In the event of redundancy, termination payment consists of nine months fixed remuneration and an STI payment equivalent to 75 per cent of target. In the event of a corporate amalgamation where there is a material change of status or responsibilities of the executive termination payment consists of 18 months fixed remuneration and an STI payment equivalent to 150 per cent of target. In the event of redundancy, a pro-rated portion of LTP grants is retained after termination based on completed years of service, subject to the original performance period and hurdles. Outstanding balance for ERP loan is payable within 12 months of ceasing employment.

8 ADDITIONAL INFORMATION

a) Equity instruments held by KMP

The relevant interests held in stapled securities of Mirvac by the KMP are detailed in note 33 to the financial statements.

b) Other benefits

Fees paid by Mirvac for Directors' and Officers' liability insurance are not itemised for each Director and, as their disclosure would breach the terms of the policy, are not set out in this report. Executives and Directors (including Non-Executive Directors) are entitled to participate in arrangements available to directly purchase Mirvac developed residential property, on the same terms and conditions as apply to other employees within the Group.

c) Loans to KMP

Information on loans to Executive Directors and other KMP is disclosed in note 33 to the financial statements. Loans are not provided to Non-Executive Directors.

d) Directors' interests

Particulars of Directors' relevant interests in the stapled securities of Mirvac or a related body corporate, in debentures of (or interests in a registered scheme made available by) Mirvac or a related body corporate and their rights or options over any such securities, debentures or registered scheme interests as notified by the Directors to the ASX at 30 June 2010 are as follows:

Directors	Interests in securities of related entities	Mirvac stapled securities
James MacKenzie (direct)		129,914
Mirvac Industrial Trust – units (direct)	122,643	
Mirvac Development Fund – Seascapes – units (indirect)	300,000	
Nicholas Collishaw (direct and indirect)		2,056,004
Mirvac Development Fund – Seascapes – units (indirect)	25,000	
Options		2,336,340
Performance rights		3,199,560
Peter Hawkins (direct and indirect)		596,117
James Millar (indirect)		40,714
Penny Morris (direct and indirect)		241,136
John Mulcahy (indirect)		25,000

During the year ended 30 June 2009, Mirvac introduced a security acquisition plan for Non-Executive Directors whereby a portion of their Directors' fees could be sacrificed on a monthly basis and applied to acquire additional Mirvac stapled securities. No Non-Executive Directors purchased securities through this plan during the preceding year due to changes to the tax treatment of securities acquired under the plan. However, securities purchased in prior years continue to be held in the plan.

e) Options over unissued securities

During the year ended 30 June 2010, no options over Mirvac stapled securities were issued to executives pursuant to Mirvac's LTIP. Options over 108,332 Mirvac stapled securities were forfeited during the year as a result of employees leaving the Group.

No securities in the Group or any of its controlled entities were issued during or since the year ended 30 June 2010 as a result of the exercise of an option over unissued securities.

Other directorships

Details of all directorships of other listed companies held by each Director in the three years immediately before 30 June 2010 and the period for which each directorship was held are as follows:

Director	Company	Date appointed	Date ceased
James MacKenzie	Bravura Solutions Limited	April 2006	November 2008
	Circadian Technologies Limited	July 2002	July 2008
	Gloucester Coal Limited	June 2009	Current
	Melco Crown Entertainment Limited	April 2008	Current
	Pacific Brands Limited	May 2008	Current
	Strategic Pooled Development Limited	November 2005	October 2007
Peter Hawkins	St George Bank Limited	April 2007	Delisted December 2008
	Visa Inc	October 2007	Current
	Westpac Banking Corporation	December 2008	Current
Penny Morris	Aristocrat Leisure Limited	February 2004	April 2010
	Clarius Group Limited	August 2005	Current
John Mulcahy	Suncorp-Metway Limited	January 2003	March 2009
	Coffey International Limited	September 2009	Current

NON-AUDIT SERVICES
Mirvac may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are relevant (non-audit services). Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in note 37 to the financial statements.

The Board has considered the position and, in accordance with the advice received from the ARCC is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set in note 37, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the ARCC to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 Code of *Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
Details of the state of affairs of the Group are disclosed within the review of operations.

MATTERS SUBSEQUENT TO THE END OF THE YEAR
On 4 August 2010 the Group acquired 100 per cent of the issued securities in WOT, a ASX listed real estate investment trust, for consideration of approximately $404.1m. The acquisition is expected to increase the Group's market share and reduce cost through economies of scale. The financial effects of this transaction have not been brought to account at 30 June 2010. The information provided in note 40 represents amounts disclosed in the 30 June 2010 financial statements of WOT, lodged with the Australian Securities and Investment Commission ("ASIC") on 3 August 2010. Due to the timing of this acquisition the exercise to identify any adjustments to the fair value of the assets and liabilities attained on acquisition date has not been finalised, and therefore the initial accounting for the business combination remains incomplete.

Except for the new acquisition discussed above, no other matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

- the Group's operations in future years; or
- the results of those operations in future years; or
- the Group's state of affairs in future years.

INSURANCE OF OFFICERS
During the year, Mirvac paid a premium for an insurance policy insuring any past, present or future Director, Secretary, executive officer or employee of the Group against certain liabilities. In accordance with commercial practice, the insurance policy prohibits disclosure of the nature of the liabilities insured against and the amount of the premium.

AUDITOR'S INDEPENDENCE DECLARATION
A copy of the Auditor's independence declaration required under section 307C of the *Corporations Act 2001* is set out on page 25.

ROUNDING OF AMOUNTS
Mirvac is of the kind referred to in Class Order 98/0100 issued by the ASIC, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest tenth of a million ("m") dollars in accordance with that Class Order.

This statement is made in accordance with a resolution of the Directors.

Nicholas Collishaw
Director

Sydney
24 August 2010

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Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mirvac Limited and the entities it controlled during the period.

R L Gavin
Partner

Sydney
24 August 2010

Liability limited by a scheme approved under Professional Standards Legislation

1 INTRODUCTION

This section of the Annual Report outlines Mirvac's governance framework.

Mirvac is committed to ensuring that its systems, procedures and practices reflect a high standard of corporate governance. The Directors believe that Mirvac's corporate governance framework is critical in maintaining high standards of corporate governance and fostering a culture that values ethical behaviour, integrity and respect to protect securityholders and stakeholders' interests at all times.

During the year ended 30 June 2010, Mirvac's corporate governance framework was consistent with the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council in August 2007 ("Recommendations").

The table on pages 37 and 38 indicates where specific Recommendations are dealt with in this corporate governance statement.

In accordance with the Recommendations, copies of the Group policies referred to in this corporate governance statement are posted to Mirvac's website: www.mirvac.com/corporate-governance.

2 PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

a) Responsibilities of the Board and management

i) Primary objective of Board

The primary objective of the Board is to build long-term securityholder value with due regard to other stakeholder interests. The Board does this by setting strategic direction and context, such as Mirvac's mission, vision and values, and focusing on issues critical for its successful execution such as personnel, performance and the management of risk. The Board is also responsible for overseeing Mirvac's corporate governance framework.

ii) Board charter

In order to promote high standards of corporate governance and to clarify the role and responsibilities of the Board, the Board has formalised its roles and responsibilities into a Board charter. The Board charter sets out the Board's accountabilities and responsibilities, including in relation to strategy and planning, personnel, remuneration, capital management and financial reporting, performance monitoring, risk management, audit and compliance and Board processes and policies.

Non-Executive Directors would spend approximately 25-30 days each year on Board activities and business, including attendance at Board meetings, Board Committee meetings, strategy and budget meetings with management, visits to interstate sites and meetings with Mirvac stakeholders. During the year ended 30 June 2010, the Board visited Mirvac offices and sites in Brisbane, Melbourne, Perth and Sydney.

The Managing Director provides open and detailed reports on Mirvac's performance and related matters to each Board meeting. The Chief Financial Officer also provides open and comprehensive reports on Mirvac's financial performance and other relevant matters such as Mirvac's debt position and the status of Mirvac's financing facilities.

The Board monitors the decisions and actions of the Managing Director and the performance of the Group to gain assurance that progress is being made towards attainment of the approved strategies and plans. The Board also monitors the performance of the Group through its Board Committees.

A copy of the Board charter is available on the Group's website: www.mirvac.com/corporate-governance.

iii) Delegation to Managing Director and senior executives

The Board charter delegates responsibility for the day to day management and administration of the Group to the Managing Director, assisted by the senior executive team. The Managing Director and senior executives of the Group operate in accordance with Board-approved policies and limits of delegated authority.

iv) ELT

The ELT was formed by the Board and is governed by the ELT charter. The ELT charter sets out the responsibilities and accountabilities of the ELT and the delegated authority of the Board which may be exercised by the ELT. The terms of the ELT charter specify the membership of the ELT, which at 30 June 2010 comprised the Managing Director, the Chief Financial Officer, the Chief Operating Officer and the Chief Executive Officer — Development.

All senior executives have their position descriptions, roles and responsibilities set out in writing, either in their employment contract or as part of the performance management system.

v) Evaluation of performance of senior executives

The performance of senior executives is reviewed on an annual cycle, with an interim six monthly review. This is part of Mirvac's performance management system, which is in place for all Mirvac employees. The performance management system comprises a series of KPIs which are set against Mirvac's strategic objectives. Performance is measured against the agreed KPIs and against consistency of senior executives' behaviour against the agreed Mirvac corporate values.

On an annual basis, the Chairman of the Board formally reviews the performance of the Managing Director. The Managing Director is assessed against qualitative and quantitative criteria, including profit performance of Mirvac and achievement of other measures, including safety performance and alignment of Group performance to strategic objectives.

In turn, the Managing Director reviews the performance of his direct reports against their agreed KPIs.

A performance evaluation of all senior executives and the Managing Director took place during the year ended 30 June 2010 in accordance with the process referred to above. Further information on performance evaluation and remuneration (including assessment criteria) is set out in the remuneration report.

3 PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

a) Structure of the Board

Together, the Board members have a broad range of financial and other skills, expertise and experience required to effectively oversee Mirvac's business. The Board comprises five Non-Executive Directors and one Executive Director (being the Managing Director). The Chairman of the Board, James MacKenzie, is an independent, Non-Executive Director.

The skills, experience and expertise of each Director are set out on pages 6 to 7 in the Directors' report. The Board determines its size and composition subject to the limits imposed by Mirvac's Constitutions, which provide that there be a minimum of three and a maximum of 10 Directors.

The Board charter provides that the Board should comprise:

– a majority of independent Non-Executive Directors;
– Directors with an appropriate range of skills, experience and expertise;
– Directors who have a proper understanding of, and competence to deal with, current and emerging issues of the business; and
– Directors who can effectively review and challenge the performance of management and exercise independent judgement.

The period of office held by each current Director is as follows:

Director	Appointed	Last elected at an Annual General Meeting
James MacKenzie (Chairman)	January 2005	16 November 2007 *Will stand for re-election at the 2010 Annual General Meeting*
Nicholas Collishaw (Managing Director)	January 2006	*N/A*
Peter Hawkins	January 2006	14 November 2008
James Millar	November 2009	*Will stand for election at the 2010 Annual General Meeting*
Penny Morris	January 2006	14 November 2008
John Mulcahy	November 2009	*Will stand for election at the 2010 Annual General Meeting*

b) Chairman's responsibilities and independence
The Board charter provides that the Chairman of the Board:

- is appointed by the Directors;
- must be an independent, Non-Executive Director; and
- must not be the Managing Director of the Group.

The Group's Chairman is James MacKenzie, an independent, Non-Executive Director. The Board charter sets out the roles and responsibilities of the Chairman. These include:

- providing leadership to the Board and to the Group;
- ensuring the efficient organisation and conduct of the Board;
- monitoring Board performance annually;
- facilitating Board discussions to ensure core issues facing the Group are addressed;
- briefing all Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution and ongoing development of all Directors;
- promoting consultative and respectful relations between Board members and between the Board and management; and
- chairing securityholder meetings.

c) Board independence
The Board charter contains guidelines for assessing the independence of its Directors which are consistent with the Recommendations. The guidelines for assessing the independence of Mirvac's Directors and Mirvac's materiality thresholds are contained in the Board charter, which is published on Mirvac's website: www.mirvac.com/corporate-governance.

The ARCC is responsible for reviewing the independence of Directors each year. It is Mirvac's view and that of Mirvac's ARCC and its Board, that the status of its Directors at the date of this report is as follows:

Independent Non-Executive Directors	Executive Director
James MacKenzie (Chairman)	Nicholas Collishaw (Managing Director)
Peter Hawkins	
James Millar	
Penny Morris	
John Mulcahy	

It is Mirvac's view that all of its Directors have exercised judgment and discharged their responsibilities in an unrestricted and independent manner throughout the year.

d) Board committees
To assist the Board in carrying out its functions, the Board has established:

- a ARCC (see section 5(a) of this statement);
- a Nomination committee (see section 3(e) of this statement);
- a HRC (see section 9(a) of this statement); and
- a HSE&SC (see section 3(j) of this statement).

All Directors are entitled to attend meetings of the Board Committees.

Minutes of all Board Committee and ELT meetings are provided to Directors in each Board pack. Proceedings of each Board Committee meeting are reported by the Committee Chair at the subsequent Board meeting.

Each Committee is entitled to the resources and information it requires to discharge its responsibilities, including direct access to senior executives, employees and advisers as needed.

e) Nomination committee
The Nomination committee was formed by resolution of the Board, in accordance with the Board charter. The Nomination committee is governed by the Nomination committee charter, which is available on Mirvac's website: www.mirvac.com/corporate-governance.

The objective of this committee is to assist the Board in ensuring that Mirvac has Boards and Committees of effective composition, size, expertise and commitment to adequately discharge their responsibilities and duties, having regard to the law and the highest standards of governance, with the specific responsibilities as set out in its Charter.

The Nomination committee consists of three members. Members are appointed by the Board from the independent, Non-Executive Directors. The current members of the Nomination Committee are James MacKenzie (Chair), Peter Hawkins and John Mulcahy. John Mulcahy was appointed as a member of the Nomination Committee effective at 21 June 2010, following the resignation of Paul Biancardi on that date.

Details of attendance of the members of the Nomination Committee are contained in the following table:

Director	Meetings held during the year as a member	Meetings attended during the year as a member
James MacKenzie (Chair)	4	4
Paul Biancardi (retired as a Director 21 June 2010)	4	4
Peter Hawkins	4	4
John Mulcahy (appointed to Nomination committee on 21 June 2010)	–	–

The accountabilities and responsibilities of the Nomination committee are set out in the Nomination committee charter. The responsibilities include reviewing Non-Executive Director remuneration, assessing the skills and necessary industry, technical or functional experience required on the Board, conducting searches for new Board members, ensuring succession plans are in place for Board members and assisting the Chairman to evaluate the performance of the Board as a whole, as well as individual Non-Executive Directors.

f) Board and Director performance evaluation
The performance of the Board, the Board Committees and each individual Director is reviewed annually.

The Board performance review is conducted by way of initial questionnaires completed by each Director to review:

- the performance of the Board and each Board Committee against the requirements of their respective charters;
- the individual performance of the Chairman and each other Director; and
- the processes and procedures of the Board, to identify areas for improvement.

The Chairman provides open and transparent performance feedback to the Board, the Board Committees and each individual Director, based on the information in the questionnaire. The Chairman also seeks feedback on the performance of the Board and Directors from the Managing Director and other members of the ELT.

The Board performance review process conducted during the year ended 30 June 2010 indicated no major issues or concerns in relation to Board, Board Committee or individual Director performance which required further attention.

g) Induction
Management and the Board provide new Directors with an induction program. This includes meetings with senior executives, briefings on Mirvac's strategy, independent meetings with Mirvac's external auditors, provision of all relevant corporate governance material and policies and discussions with the Chairman and other Directors.

h) Access to information, indemnification and independent advice
The General Counsel and Company Secretary provides assistance to the Board and Directors also have access to senior executives at any time to request any relevant information.

Under the relevant Constitutions and relevant Deeds with Directors (and only to the extent permitted by law), Mirvac indemnifies Directors against certain liabilities incurred in their capacity as Directors of Mirvac and against certain legal costs incurred in defending any action for those liabilities.

The Board charter provides that Directors may obtain independent professional advice, at the expense of Mirvac, with the consent of the Chairman, which will not be unreasonably withheld or delayed.

i) Conflicts of interest
The Board charter sets out the obligations of Directors in dealing with any conflicts of interest. Pursuant to the Board charter, Directors are obliged to:

- disclose to the Board any actual or potential conflicts of interest which may exist as soon as they become aware of the issue;
- take any necessary and reasonable measures to resolve the conflict; and
- comply with all law in relation to disclosure of interests and restrictions on voting.

Unless the Board determines otherwise, a Director with any actual or potential conflict of interest in relation to a matter before the Board, does not:

- receive any Board papers in relation to that matter; and
- participate in any discussion or decision making in relation to that matter.

Mirvac's code of conduct also sets down guidelines for dealing with conflicts of interest that may arise particularly for executives and other employees.

j) HSE&SC charter
The HSE&SC was formed by resolution of the Board, in accordance with the Board charter. The HSE&SC is governed by the HSE&SC charter, which is available on Mirvac's website: www.mirvac.com/corporate-governance.

i) HSE&SC role
The objectives of this committee are to assist the Board lead the Group's commitment to HSE&S matters by reporting on:

- compliance with applicable statutory requirements, codes, standards and guidelines;
- the establishment of measurable objectives and targets aimed at the elimination of work related incidents or impacts from the Group's activities, products and services;
- the establishment and implementation of measures to progress towards achieving HSE&SC objectives and targets; and
- the assessment of performance against HSE&S objectives and targets.

ii) HSE&SC composition
The membership of the HSE&SC is determined by the HSE&SC charter. The HSE&SC currently consists of Penny Morris (Chair), John Mulcahy and a number of senior executives.

Each member of this Committee has the technical expertise to enable the Committee to effectively discharge its mandate. The Chair of the committee, Penny Morris, has extensive experience in HSE&S matters particularly in the property development and construction industries.

Details of attendance of the Non-Executive Director members of the HSE&SC are contained in the following table:

Director	Meetings held during the year as a member	Meetings attended during the year as a member
Penny Morris (Chair)	10	10
John Mulcahy (appointed to HSE&SC on 17 December 2009)	4	4

iii) HSE&SC responsibilities

The accountabilities and responsibilities of the HSE&SC are set out in the HSE&SC charter. These include:

- compliance with the Group's standards and practices and legal compliance with health, safety and environmental legislation;
- performance against set objectives and targets; and
- development and integration of leading HSE&S initiatives to minimise risk to employees, service providers, employees, visitors, customers and the environment arising from the Group's activities.

4 PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

a) Responsibilities of the Board and management

i) Conduct and ethics — code of conduct

Integrity is one of the Group's core values. In the Group's 38 year history, it has built a reputation for integrity and in dealing fairly, honestly and transparently with all stakeholders. Mirvac has adopted a code of conduct which espouses its core values and reflects the Recommendations in terms of the matters addressed. All senior executives certify to the ARCC their adherence to the requirements of the code on a quarterly basis. The code of conduct applies to the Board, executives and all other employees. A copy of the code is posted to Mirvac's website: www.mirvac.com/corporate-governance.

In addition, Mirvac is committed to maintaining a high standard of ethical business behaviour at all times and requires Mirvac employees to:

- treat other Mirvac employees with fairness, honesty and respect;
- comply with all laws and regulations;
- comply with Mirvac policies and procedures in force from time to time; and
- not engage in any improper conduct.

The Board has implemented the Whistleblower and Open Line Policy, which assists in creating an ethical environment where employees may, in good faith, make a disclosure reporting what they believe to be improper conduct without any adverse action being taken against the discloser. The Policy applies to all employees and outlines the processes for reporting alleged improper conduct (including anonymous disclosures and outlines the ways in which Mirvac will protect disclosers).

ii) Dealings in Mirvac securities

Mirvac has implemented a Security Trading Policy which covers dealings in Mirvac securities by Directors, executives and other designated employees, as well as their respective associates. Designated persons may only deal in Mirvac securities, or in securities of other public, listed entities that are related to Mirvac, in certain periods as identified in the Policy. Notwithstanding this, no Director, executive or other employee may deal in Mirvac securities if they are in possession of price sensitive information. Any securities dealing in the Group by Directors is notified to the ASX within five business days of the dealing. Mirvac does not stipulate any minimum security holding requirements by its Directors.

As noted in the remuneration report, performance rights or options relating to Mirvac securities are granted to employees in accordance with the Mirvac remuneration strategy. The Security Trading Policy prohibits senior executives and other employees from hedging any unvested awards relating to Mirvac securities. Employees may only hedge vested Mirvac securities if all vesting conditions in relation to the award have been satisfied and only if the fact and nature of the hedging arrangement have been fully disclosed in writing to the Company Secretary within five business days after the hedging arrangement is entered into.

A copy of the Security Trading Policy is available at Mirvac's website: www.mirvac.com/corporate-governance.

iii) Political donations

As a result of recent New South Wales Government legislation, Mirvac and certain Directors and officers of Mirvac are prohibited from making political donations of any kind. In response to this legislation, the Board established a Political Donations Policy, which prohibits any Mirvac employee from making any political donation on behalf of the Group. During the year ended 30 June 2010, Mirvac made no political donations.

iv) Charitable donations

The Mirvac Foundation is the focus of Mirvac's charitable support on both a national and state basis. Mirvac staff make donations to the Foundation and donate their time to support these charities' activities.

5 PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

a) ARCC

i) ARCC charter

The ARCC was formed by resolution of the Board, in accordance with the Board charter. The ARCC is governed by the ARCC charter, which is available on Mirvac's website: www.mirvac.com/corporate-governance.

ii) ARCC role

The objective of the ARCC is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Group's financial reporting, systems of internal controls and management of risk, internal and external audit functions and processes for monitoring compliance with law and the Group code of conduct. It is the ARCC role, in conjunction with the external auditors, to ensure that the Group's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable law.

iii) ARCC composition

The ARCC consists of four members. Members are appointed by the Board from the Non-Executive Directors, all of whom are also independent. The current members of the ARCC are James Millar (Chair), James MacKenzie, Peter Hawkins and John Mulcahy.

Each member of the ARCC has the technical expertise to enable the Committee to effectively discharge its mandate. The Chair of the ARCC, James Millar, is the former Chief Executive Officer of Ernst & Young. Further details of the members qualifications can be found at pages 6 to 7 in the Director's report.

The Managing Director and Chief Financial Officer, as well as representatives of the external and internal auditors attend all meetings by invitation. The ARCC regularly meets with the external auditors without management present.

Details of attendance of the members of the ARCC are contained in the following table:

iv) ARCC responsibilities

The ARCC charter sets out the responsibilities of the ARCC. The ARCC responsibilities include the review of external financial accounting, internal control and risk management, external audit, internal audit, special investigations and managed investment schemes.

v) Scheme compliance committee

Also reporting to the ARCC is the scheme compliance committee which has direct responsibility for monitoring and reviewing the Compliance Plans of Mirvac's registered managed investment schemes and wholly-owned subsidiaries holding Australian Financial Services ("AFS") licences, as well as overseeing their adherence to all applicable laws and regulations. The scheme compliance committee meets on a quarterly basis and comprises four members, three of whom are independent.

6 PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

a) Commitment to disclosure

Mirvac is committed to ensuring:

- compliance with ASX Listing Rule disclosure requirements;
- accountability at a senior executive level for that compliance;
- the facilitation of an efficient and informed market in Mirvac securities by keeping the market appraised through ASX announcements of all material information; and
- compliance with the requirements of the Corporations Act, ASX Listing Rules and the Recommendations.

Director/independent member	Meetings held during the year as a member	Meetings attended during the year as a member
Paul Biancardi (retired as a Director on 21 June 2010)	8	7[1]
Peter Hawkins	8	7[1]
James MacKenzie (appointed to ARCC on 17 December 2009)	5	4[1]
James Millar (Chair) (appointed to ARCC on 17 December 2009 and appointed Chair on 21 June 2010)	5	5
Penny Morris (retired from ARCC on 17 December 2009)	4	4
John Mulcahy (appointed to ARCC on 17 December 2009)	5	5
Richard Turner (independent member from 24 August 2009)	8	6[1]

1) Leave of absence granted.

b) Continuous disclosure policy
The Group's Continuous Disclosure Policy is designed to support its commitment to a fully informed market in its securities by ensuring that the Group announcements are:

- made to the market (via the ASX Announcements platform) in a timely manner, are factual and contain all relevant material information; and
- expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The Company Secretary is responsible for the Group's compliance with its continuous disclosure obligations and for overseeing and coordinating disclosures to the ASX and other interested parties.

A copy of Mirvac's Continuous Disclosure Policy is available at Mirvac's website: www.mirvac.com/corporate-governance.

7 PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

a) Communication policy
All Mirvac ASX announcements are posted to Mirvac's website including half year and annual reports, results releases, market briefings, notices of meetings and the Mirvac property compendium. Teleconferencing and webcasting and facilities are provided for market briefings to encourage participation from all stakeholders, regardless of location.

Mirvac is committed to rotating the location of its Annual General Meeting/General Meeting, to allow securityholders in locations other than Sydney to participate in person. The 2009 meetings were held in Sydney and the 2010 meetings will be held in Brisbane. Mirvac encourages securityholders to attend the Annual General/General Meeting. At those meetings, securityholders are entitled to ask questions about the management of Mirvac and questions of Mirvac's external auditor.

Notices of meeting for general meetings are accompanied by explanatory notes to provide securityholders with information to enable them to decide whether to attend the Annual General/General Meeting. Full copies of notices of meetings and explanatory notes are posted on Mirvac's website. Securityholders who are unable to attend the Annual General/General Meeting may vote by appointing a proxy, using the form attached to the notice of meeting or an online facility. Securityholders are also invited to submit questions in advance of the Annual General/General Meeting so that Mirvac can ensure those issues are addressed at the Annual General/General Meeting.

A partner of Mirvac's external auditor, PricewaterhouseCoopers, attends both Annual General/General Meeting of Mirvac and is available to answer questions from securityholders on the conduct of the audit of the Group. Securityholders are also provided with a reasonable opportunity to ask questions of the external auditor at the meetings. The external auditor is also allowed a reasonable opportunity to answer written questions submitted by securityholders to the meetings. No questions were directed to the auditors in regard to the conduct of the audit of the Group's 2009 financial statements and no questions were directed to the auditors at the Group's 2009 meetings.

The Annual General/General Meeting are also webcast each year, with access details posted to Mirvac's website in advance of the date of the meetings.

8 PRINCIPLE 7: RECOGNISE AND MANAGE RISK

a) Risk management policies
i) Risks
Mirvac is a leading ASX listed, integrated real estate group with activities involving real estate investment, residential and commercial development, hotel management and investment management. These activities involve risks of varying types and to varying extents. Risk can relate to both threats to existing activities, as well as a failure to take advantage of opportunities that may arise. Mirvac's objective is to ensure those risks are identified and, where practical and economically viable, measures implemented to mitigate or otherwise manage the impact those risks may have on the Group's activities.

ii) Risk management policy
In recognition that risk management is a key element of an organisation's effective corporate governance processes, the Board has adopted a Risk Management policy statement and associated procedures for identifying, assessing and managing Mirvac's strategic, operational, financial and reputational risks.

The objectives of the policy are to:

- provide a systematic approach to risk management aligned to the Group's strategic objectives;
- define the mechanisms by which the Group determines its risk appetite and considers and manages risks; and
- articulate the roles and accountabilities for the management, oversight and governance of risk.

The approach defined within this Policy is consistent with the Australian and New Zealand standard on risk management (ISO 31000: 2009). The Policy applies to all legal entities within the Group to enable an enterprise wide approach to managing risk to be applied.

Supporting this Policy is a "Risk Management Roadmap and Framework" which has been prepared to guide the various business units in addressing their particular risk exposures through a structured implementation of risk management processes. Although structured, the Framework maintains a sufficient degree of flexibility to allow the respective business units to adopt appropriate strategies to address their risk exposures.

A copy of the approach to Risk Management Internal Compliance Control is available at Mirvac's website: www.mirvac.com/corporate-governance.

iii) Risk management responsibility
The Board determines the overall risk appetite for the Group and has approved the strategies, policies and practices to ensure that risks are identified and managed within the context of this risk appetite. The application of the Group's policies and procedures to manage risk is ultimately the responsibility of the Board, which has in turn delegated specific authority to the ARCC (as more fully detailed in the ARCC charter).

The ARCC advises the Board on risk management and is responsible for reviewing policies for approval by the Board and for reviewing the effectiveness of the Group's approach to risk management. Risk management is a standing agenda item for all ARCC meetings.

iv) Risk management function
The Board has charged management with the responsibility for managing risk within the Group and the implementation of mitigation measures, under the direction of the Managing Director supported by senior executives.

A Group risk management function has been established to facilitate the process by providing a centralised role in advising the various business units on executing risk management and mitigation strategies, as well as consolidating risk reporting to the senior executives, the ARCC and ultimately the Board.

v) Role of internal audit
Internal audit's role is to assess risks and controls, enhance processes and monitor controls to provide assurance to the ARCC and the Board that the material risks and compliance obligations are being effectively managed. The Head of Internal Audit has open access to the ARCC and its Chairman at all times.

Mirvac's approach to risk management is to establish an effective control environment to manage material risks to its business. A material risk is defined as the probability that an action, inaction or natural event may hinder or prevent the achievement of key business objectives.

The Group's risk management and internal control systems are designed to provide reasonable assurance that:

- risk exposures are identified and adequately monitored and managed through appropriate risk mitigation measures;
- financial, management and operational information is accurate, relevant, timely and reliable; and
- there is compliance with the spirit of, as well as the letter of, policies, standards, procedures and applicable laws, regulations and licences.

vi) Operational risks
The Managing Director supported by senior executives is responsible for implementing and maintaining effective risk management and internal control systems for the operational risks that arise from the Group's activities.

To ensure consistent and effective practices are employed, each business unit has established a risk management function and developed risk registers detailing the key risks facing the particular business unit. These registers also detail the controls implemented to manage or mitigate the identified risks, as well as the persons responsible for implementing the controls and managing the risks.

vii) Financial risks
The Board has also approved principles and policies to manage the financial risks arising from the Group's operations, including its financing and treasury management activities. The ARCC reports to the Board in relation to the integrity of the Group's financial reporting, internal control structure, risk management systems as well as the internal and external audit functions. Executive assurance is also provided to the Board and the ARCC as to the effectiveness of the Group's risk management and internal control systems in relation to financial reporting risks.

The ARCC also oversees, and reports to various Boards within the Group on, the specific risks and compliance requirements arising from the activities of the Group's AFS licensed entities and respective registered managed investment schemes. The ARCC is assisted in this process by the scheme compliance committee, comprising four members (three of whom are independent), which reviews the compliance performance of these licensed entities and their various schemes and funds on a quarterly basis.

b) External auditor relationship

i) Role of ARCC

Mirvac's ARCC is responsible for overseeing the relationship with the Group's external auditor, PricewaterhouseCoopers, including the terms of engagement of the external auditor and the scope of the external audit program each year. The ARCC is also responsible for monitoring and evaluating the performance, and independence, of the external auditor.

ii) Auditor independence

The Board has adopted a policy and practice protocol for auditor independence which forms part of the ARCC's charter published on Mirvac's website.

The ARCC policy endorses the fundamental principles of auditor independence that, in order to be eligible to undertake any non-audit related services, the external auditor must not, as a result of that assignment:

- create a mutual or conflicting interest with that of the Group;
- audit their own work;
- act in a management capacity or as an employee; or
- act as an advocate for the Group.

The policy also details the services that the external auditor is prohibited from performing.

iii) Certificate of independence

PricewaterhouseCoopers has provided the ARCC with a half yearly and annual certification of its continued independence, in accordance with the requirements of the Corporations Act 2001, and in particular confirmed that it did not carry out any services or assignments during the year ended 30 June 2010 that were not compatible with auditor independence.

iv) Non-audit services

In addition to the audit partner rotation and appointment requirements set out in the policy and in the Corporations Act 2001, the ARCC also reviews and approves, or declines, as considered appropriate before the engagement commences, any individual engagement for non-audit services involving fees exceeding $100,000. Below this amount, approval, or otherwise as considered appropriate, is delegated to the Chief Financial Officer.

No work will be awarded to the external auditor if the ARCC (or the Chief Financial Officer as applicable) believes such work would give rise to a "self review threat" (as defined in APES 110 Code of Ethics for Professional Accountants) or would create a conflict, or perceived conflict, of interest for the external auditor or any member of the audit team, or would otherwise compromise the Auditor's independence requirements under the Corporations Act 2001.

c) Assurances

The Managing Director and Chief Financial Officer have provided the following assurance to the Board in connection with the Group's full year financial statements and reports, namely that in their opinion, to the best of their knowledge and belief:

- the financial records of the Group for the year ended 30 June 2010 have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- the Group's financial statements, and the notes to those statements, for the year ended 30 June 2010 comply with the relevant accounting standards;
- the Group's financial statements, and the notes to those statements, for the year ended 30 June 2010 give a true and fair view of the financial position, operational results and the performance of the Group;
- the statements referred to in the points above are founded on a system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- Mirvac's risk management and internal compliance and control system is operating effectively in all material respects in relation to financial reporting risks.

The effective control environment established by the Board supports this assurance provided by the Managing Director and Chief Financial Officer. However, it should be noted that associates and joint ventures, which are not controlled by Mirvac, are not covered for the purpose of this assurance or declaration given under section 295A of the Corporations Act 2001. Further, these declarations provide a reasonable but not absolute level of assurance about risk management, internal compliance and control systems, and do not imply a guarantee against adverse events or more volatile conditions and outcomes in the future.

9 PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

a) HRC

i) HRC charter

The HRC was formed by resolution of the Board, in accordance with the Board charter. The HRC is governed by the HRC charter, which is available on the Group's website: www.mirvac.com/corporate-governance.

ii) HRC role

The objectives of this Committee are to assist the Board in ensuring the Group:

- has coherent remuneration policies and practices which are consistent with the Group's strategic goals and human resource objectives by attracting and retaining Directors and executives and other employees who will create value for securityholders;
- fairly and responsibly remunerates Directors and executives, having regard to the performance of the Group, the performance of the individuals and the general remuneration environment;
- has effective policies and procedures to attract, motivate and retain appropriately skilled persons to meet the Group's needs; and
- integrates human capital and organisational issues to the overall business strategy.

iii) HRC composition

The HRC consists of four members. Members are appointed by the Board from the Non-Executive Directors, all of whom are also independent. The current members of the HRC are Peter Hawkins (Chair), James MacKenzie, James Millar and Penny Morris.

Details of attendance of the members of the HRC are contained in the following table:

Director	Meetings held during the year as a member	Meetings attended during the year as a member
Peter Hawkins (Chair)	4	4
Paul Biancardi (retired as a Director on 21 June 2010)	4	3[1]
James MacKenzie	4	3[1]
James Millar (appointed to HRC on 17 December 2009)	3	3
Penny Morris	4	4
Richard Turner (retired as a Director on 24 August 2009)	1	1

1) Leave of absence granted.

iv) HRC responsibilities

The accountabilities and responsibilities of the HRC are set out in the HRC charter. The HRC's responsibilities include review and recommendation of compensation programs and performance targets for the Managing Director, Executive Directors and senior executives, review of the Group's recruitment, retention and termination policies and procedures for executives and senior management and review and approval of the strategy and principles for people management including compensation programs, performance management processes and career and skills development initiatives.

v) Remuneration policy

Information on the Group's remuneration policies and practices is set out in the remuneration report starting on page 9 in the Directors' report.

b) Distinguish Non-Executive Director remuneration

The remuneration of Non-Executive Directors is fixed and is paid according to the role of the Non-Executive Director and the Board Committees on which they serve and their role on the Board Committees. Non-Executive Directors do not participate in other remuneration components such as performance related short-term or long-term incentives, options of variable remuneration.

Information relating to the remuneration of Non-Executive Directors is disclosed in the remuneration report on pages 9 to 23.

10 CONCLUSION

The Board is satisfied with its level of compliance and corporate governance requirements. However, the Board recognises that processes and procedures require continual monitoring and improvement. Mirvac's corporate governance framework will remain under review, to ensure that it remains effective and compliant with changing requirements. In particular, the Board notes:

- the amendments to the Recommendations in relation to diversity, nomination committee composition and security trading policies;
- the recommendations and Federal Government response to the Productivity Commission Inquiry Report *"Executive Remuneration in Australia"*; and
- the amendments to the ASX Listing Rules relating to security trading policies which come into effect on 1 January 2011.

Mirvac is reviewing those recommendations and amendments in order to determine any changes to processes and policies which may be required to ensure Mirvac's compliance with the *Corporations Act 2001*, and the Recommendations.

ASX Corporate Governance Council's Principles and Recommendations
Mirvac's corporate governance statement 2010

Principles and recommendations	Page	Mirvac compliance
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1: Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	26	✓
Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	27	✓
Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.	26 – 27	✓
Principle 2: Structure the board to add value		
Recommendation 2.1: A majority of the board should be independent directors.	27	✓
Recommendation 2.2: The chair should be an independent director.	28	✓
Recommendation 2.3: The roles of the chair and the chief executive officer should not be exercised by the same individual.	28	✓
Recommendation 2.4: The board should establish a nomination committee.	29	✓
Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	29	✓
Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.	27 – 29	✓
Principle 3: Promote ethical and responsible decision making		
Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:	31	✓
– the practices necessary to maintain confidence in the company's integrity;		
– the practices necessary to take into account their legal obligations and the reasonable expectations of stakeholders; and		
– the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	31	✓
Recommendation 3.3: Companies should provide the information indicated in the Guide to reporting on Principle 3.	31	✓

Principles and recommendations	Page	Mirvac compliance
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1: The board should establish an audit committee.	32	✓
Recommendation 4.2: The audit committee should be structured so that it: – consists only of non-executive directors; – consists of a majority of independent directors; – is chaired by an independent chair, who is not chair of the board; and – has at least three members.	32	✓
Recommendation 4.3: The audit committee should have a formal charter.	32	✓
Recommendation 4.4: Provide the information indicated in Guide to reporting on Principle 4.	32	✓
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1: Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	32	✓
Recommendation 5.2: Provide the information indicated in Guide to reporting on Principle 5.	32	✓
Principle 6: Respect the rights of shareholders		
Recommendation 6.1: Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy of a summary of that policy.	33	✓
Recommendation 6.2: Provide the information indicated in Guide to reporting on Principle 6.	33	✓
Principle 7: Recognise and manage risk		
Recommendation 7.1: Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	33	✓
Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of the material business risks.	33	✓
Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	35	✓
Recommendation 7.4: Provide the information indicated in Guide to reporting on Principle 7.	33 – 35	✓
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1: The board should establish a remuneration committee.	36	✓
Recommendation 8.2: Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	36	✓
Recommendation 8.3: Provide the information indicated in Guide to reporting on Principle 8.	36	✓

These financial statements cover the financial statements for the consolidated entity consisting of Mirvac Limited and its subsidiaries. The financial statements are presented in Australian currency.

Mirvac Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Mirvac Limited
Level 26
60 Margaret Street
Sydney NSW 2000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on pages 1 to 24, both of which are not part of these financial statements.

The financial statements were authorised for issue on 24 August 2010. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, Mirvac has ensured that its corporate reporting is timely and complete. All press releases, financial reports and other information are available in the Investor Information section on the Group's website: www.mirvac.com.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $m	2009 $m
Revenue from continuing operations			
Development and construction revenue	4	**862.2**	1,090.8
Development management fee revenue		**31.1**	24.2
Investment properties rental revenue		**403.2**	329.9
Hotel operating revenue		**146.8**	147.4
Investment management fee revenue		**30.8**	46.6
Interest revenue	4	**40.4**	23.0
Dividend and distribution revenue		**0.5**	1.1
Other revenue		**11.8**	12.8
Total revenue from continuing operations		**1,526.8**	1,675.8
Other income			
Share of net profit of associates and joint ventures accounted for using the equity method	13	**1.9**	–
Gain on financial instruments	4	**3.7**	113.3
Foreign exchange gains		**25.6**	–
Net gain on sale of investments		**10.4**	1.0
Discount on business combination	39	**119.8**	–
Net gain on remeasurement of equity interest	39	**30.9**	–
Total other income		**192.3**	114.3
Total revenue from continuing operations and other income		**1,719.1**	1,790.1
Net loss from fair value of investment properties and owner-occupied hotel management lots and freehold hotels	16	**(6.9)**	(487.2)
Net loss from fair value on investment properties under construction	16	**(112.8)**	–
Foreign exchange losses		**–**	(72.5)
Net loss on sale of investment properties		**(0.2)**	–
Net loss on assets classified as held for sale		**–**	(0.1)
Net loss on sale of property, plant and equipment		**(1.1)**	–
Cost of property development and construction		**(789.7)**	(971.2)
Investment properties expenses		**(102.2)**	(81.4)
Hotel operating expenses		**(46.3)**	(45.3)
Share of net loss of associates and joint ventures accounted for using the equity method	13	**–**	(158.0)
Employee benefits expenses		**(190.7)**	(183.8)
Depreciation and amortisation expenses	5	**(31.2)**	(28.3)
Impairment of goodwill, management rights and other intangible assets	18	**–**	(273.6)
Impairment of investments including associates and joint ventures		**(6.2)**	(41.6)
Impairment of loans	5	**(5.6)**	(59.4)
Finance costs	5	**(58.8)**	(87.9)
Loss on financial instruments	5	**(13.6)**	(144.5)
Selling and marketing expenses		**(23.9)**	(25.4)
Provision for loss on inventories		**–**	(186.5)
Business combination transaction costs	39	**(19.4)**	–
Other expenses		**(80.9)**	(87.9)
Profit/(loss) before income tax		**229.6**	(1,144.5)
Income tax benefit	6	**7.8**	65.3
Profit/(loss) for the year		**237.4**	(1,079.2)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $m	2009 $m
Profit/(loss) for the year		**237.4**	(1,079.2)
Other comprehensive income for the year			
Decrement on revaluation of property, plant and equipment, net of tax		**(0.3)**	(32.3)
Exchange differences on translation of foreign operations		**(0.9)**	3.2
Other comprehensive income for the year, net of tax		**(1.2)**	(29.1)
Total comprehensive income for the year		**236.2**	(1,108.3)
Profit/(loss) is attributable to:			
– Stapled securityholders of Mirvac		**234.7**	(1,078.1)
– NCI		**2.7**	(1.1)
		237.4	(1,079.2)
Total comprehensive income for the year is attributable to:			
– Stapled securityholders of Mirvac		**233.5**	(1,107.2)
– NCI		**2.7**	(1.1)
		236.2	(1,108.3)
Earnings per stapled security for net profit/(loss) attributable to the stapled securityholders of Mirvac		**Cents**	Cents
Basic earning per security	7	**7.95**	(65.21)
Diluted earnings per security	7	**7.90**	(64.53)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2010

	Note	2010 $m	2009 $m	Consolidated 1 July 2008[1] $m
Current assets				
Cash and cash equivalents	38	**582.0**	896.5	29.3
Receivables	8	**203.8**	248.4	310.5
Derivative financial assets	14	**2.0**	5.5	–
Current tax assets	6	**2.1**	6.4	63.3
Inventories	9	**573.3**	629.3	683.2
Other financial assets at fair value through profit or loss	10	**15.3**	18.5	19.3
Assets classified as held for sale	11	**53.7**	–	6.3
Other assets	12	**26.0**	41.1	49.4
Total current assets		**1,458.2**	1,845.7	1,161.3
Non-current assets				
Receivables	8	**182.2**	204.2	182.2
Inventories	9	**1,060.9**	1,095.6	1,016.8
Investments accounted for using the equity method	13	**410.6**	397.6	600.2
Derivative financial assets	14	**14.0**	7.5	95.1
Investment properties	16	**4,226.5**	3,210.1	3,436.8
Property, plant and equipment	17	**355.2**	549.0	633.5
Intangible assets	18	**54.9**	58.6	320.8
Deferred tax assets	6	**125.0**	56.6	64.1
Total non-current assets		**6,429.3**	5,579.2	6,349.5
Total assets		**7,887.5**	7,424.9	7,510.8
Current liabilities				
Payables	19	**340.0**	278.4	325.4
Borrowings	20	**327.7**	422.6	138.0
Derivative financial liabilities	23	**0.5**	–	–
Provisions	21	**71.9**	10.1	95.6
Other liabilities	22	**10.6**	21.0	33.9
Total current liabilities		**750.7**	732.1	592.9
Non-current liabilities				
Payables	19	**10.4**	63.9	39.8
Borrowings	20	**1,516.6**	1,681.3	2,201.9
Derivative financial liabilities	23	**52.4**	43.1	110.6
Deferred tax liabilities	6	**95.9**	38.2	137.3
Provisions	21	**6.1**	5.8	23.3
Total non-current liabilities		**1,681.4**	1,832.3	2,512.9
Total liabilities		**2,432.1**	2,564.4	3,105.8
Net assets		**5,455.4**	4,860.5	4,405.0
Equity				
Contributed equity	24	**6,098.8**	5,447.4	3,771.5
Reserves	25	**114.3**	110.5	133.8
Retained earnings	26	**(768.7)**	(762.2)	430.1
Equity and reserves attributable to stapled securityholders of Mirvac		**5,444.4**	4,795.7	4,335.4
NCI	27	**11.0**	64.8	69.6
Total equity		**5,455.4**	4,860.5	4,405.0

1) A third statement of financial position is required due to the restatement of prior periods, as a result of the application of IFRIC 15. See note 1(n) for further details regarding the change in accounting policy.

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

		Attributable to stapled securityholders of Mirvac				
Consolidated	Note	Contributed equity $m	Reserves $m	Retained earnings $m	NCI $m	Total $m
Balance 1 July 2008		3,771.5	133.8	435.3	69.6	4,410.2
Adjustment on change of accounting policy (net of tax)	1(n)	–	–	(5.2)	–	(5.2)
Total restated equity 1 July 2008		3,771.5	133.8	430.1	69.6	4,405.0
Total comprehensive income for the year		–	(29.1)	(1,078.1)	(1.1)	(1,108.3)
Security based payment transactions	25	–	5.8	–	–	5.8
Security based compensation	26	–	–	0.6	–	0.6
LTI and EIS securities converted, sold or forfeited	24	3.3	–	–	–	3.3
Contributions of equity, net of transaction costs	24	1,672.6	–	–	–	1,672.6
Dividends/distributions provided for or paid	26	–	–	(107.7)	–	(107.7)
NCI	27	–	–	–	(3.7)	(3.7)
Total transactions with owners in their capacity as owners		1,675.9	5.8	(107.1)	(3.7)	1,570.9
Balance 30 June 2009		5,447.4	110.5	(755.1)	64.8	4,867.6
Adjustment on change of accounting policy (net of tax)	1(n)	–	–	(7.1)	–	(7.1)
Total restated equity 1 July 2009		5,447.4	110.5	(762.2)	64.8	4,860.5
Total comprehensive income for the year		–	(1.2)	234.7	2.7	236.2
Security based payment transactions	25	–	(1.2)	–	–	(1.2)
Security based compensation	26	–	–	0.1	–	0.1
LTI and EIS securities converted, sold or forfeited	24	20.7	–	–	–	20.7
Contributions of equity, net of transaction costs	24	630.7	–	–	0.2	630.9
Dividends/distributions provided for or paid	26	–	–	(241.3)	(1.8)	(243.1)
Discount on acquisition of NCI		–	6.2	–	–	6.2
NCI eliminated on acquisition		–	–	–	(54.9)	(54.9)
Total transactions with owners in their capacity as owners		651.4	5.0	(241.2)	(56.5)	358.7
Balance 30 June 2010		**6,098.8**	**114.3**	**(768.7)**	**11.0**	**5,455.4**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated 2010 $m	2009 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,623.8**	1,859.4
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,193.7)**	(1,734.7)
		430.1	124.7
Interest received		**28.7**	16.2
Associates and joint ventures dividends/distributions received		**19.7**	39.3
Dividends/distributions received		**0.5**	1.1
Borrowing costs paid		**(148.1)**	(174.4)
Income tax refund		**9.1**	41.2
Net cash inflows from operating activities	38(b)	**340.0**	48.1
Cash flows from investing activities			
Payments for property, plant and equipment[1]		**(7.2)**	(74.5)
Proceeds from sale of property, plant and equipment		**0.3**	0.5
Payments for investment properties[1]		**(273.0)**	(26.6)
Proceeds from sale of investment properties		**146.7**	6.0
Proceeds from loans to related entities		**4.0**	3.3
Payments for loans to unrelated entities		**(17.4)**	(12.6)
Proceeds from loans to unrelated entities		**34.2**	1.1
Contributions to associates and joint ventures		**(105.6)**	(76.2)
Proceeds from associates and joint ventures		**17.2**	2.3
Acquisition of subsidiaries, net of cash acquired		**(23.2)**	(11.8)
Proceeds from sale of investments		**8.8**	1.0
Net cash outflows from investing activities		**(215.2)**	(187.5)
Cash flows from financing activities			
Proceeds from borrowings		**368.9**	1,273.0
Repayments of borrowings		**(1,109.3)**	(1,684.8)
Payment for NCI		**(13.7)**	–
Proceeds from issue of stapled securities		**513.3**	1,600.5
Contributed equity raising costs		**(12.8)**	(40.8)
Dividends/distributions paid as part of business combination		**(6.3)**	–
Dividends/distributions paid	28	**(179.4)**	(141.2)
Net cash (outflows)/inflows from financing activities		**(439.3)**	1,006.7
Net (decrease)/increase in cash and cash equivalents		**(314.5)**	867.3
Overdraft received on acquisition of subsidiaries		**–**	(0.2)
Cash and cash equivalents at the beginning of the year		**896.5**	29.3
Effects of exchange rate changes on cash and cash equivalents		**–**	0.1
Cash and cash equivalents at the end of the year	38(a)	**582.0**	896.5

1) Payments in respect of investment properties under construction were included within payments for property, plant and equipment for the year ended 30 June 2009. As a result of changes to *AASB 140: Investment Property* these are now included as payments for investment properties, refer to note 1(t) for further details.

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The financial statements of Mirvac consist of the consolidated financial statements of Mirvac Limited and its controlled entities including MPT and its controlled entities.

a) Mirvac — stapled securities
A Mirvac stapled security comprises one Mirvac Limited share "stapled" to one MPT unit to create a single listed security traded on the ASX. The stapled securities cannot be traded or dealt with separately.

With the establishment of the Group and its common investors, Mirvac Limited and Mirvac Funds Limited (as responsible entity for MPT) have common directors and common business objectives, and operate as Mirvac Group with two core divisions:

- Development; and
- Investment.

The entities forming the stapled group entered into a Deed of Cooperation which provided that the members consider the interests of Mirvac as a whole, when entering into any agreement or arrangement, or carrying out any act. This Deed of Cooperation means that members of the stapled group, where permitted by law, will carry out activities with other members on a cost recovery basis, thereby maintaining the best interests of Mirvac as a whole.

The two Mirvac entities comprising the stapled group, remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of AAS and the *Corporations Act 2001*. In accordance with Urgent Issues Group Interpretation 1013 *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements*, Mirvac Limited has been deemed the parent entity of MPT. The stapled security structure will cease to operate on the first to occur of:

- Mirvac Limited or MPT resolving by special resolution in general meeting and in accordance with its constitution to terminate the stapling provisions; or
- the commencement of the winding up of Mirvac Limited or MPT.

The ASX reserves the right (but without limiting its absolute discretion) to remove one or more entities with stapled securities from the official list if any of their securities cease to be 'stapled' together, or any equity securities of the same class are issued by one entity which are not stapled to equivalent securities in the other entity or entities.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b) Basis of preparation
These general purpose financial statements have been prepared in accordance with AAS, other authoritative pronouncements of the AASB, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

i) Compliance with International Financial Reporting Standards ("IFRS")
The consolidated financial statements of the Group also comply with IFRS as issued by the International Accounting Standards Board ("IASB").

ii) Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment properties.

iii) Critical accounting estimates
The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Mirvac's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

iv) Financial statements preparation
The Group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

v) Comparative information
Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current year amounts and other disclosures.

vi) Rounding of amounts
Mirvac is of the kind referred to in Class Order 98/0100 issued by ASIC, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest tenth of a million dollars in accordance with that class order.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

c) Principles of consolidation

i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mirvac at 30 June 2010 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which Mirvac has the power to govern the financial and operating policies, generally accompanying an interest of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Mirvac controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to Mirvac. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the business combinations undertaken by Mirvac (note 1(i) Business combinations). Intercompany transactions and balances between Mirvac entities are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NCI in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity.

ii) Associates
Associates are all entities over which Mirvac has significant influence but not control or joint control, generally accompanying a holding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. Investments in associates are accounted for in the parent entity financial statements using the cost method. Mirvac's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Mirvac's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends/distributions receivable from associates reduce the carrying amount of the investments. Dividends/distributions receivable from associates are recognised in the parent entity profit or loss. When Mirvac's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, Mirvac does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between Mirvac and its associates are eliminated to the extent of Mirvac's interest in the associates. Unrealised losses are also eliminated. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Mirvac. Investments in associates within certain asset classes, including infrastructure investments, have been measured at fair value. Changes in fair value are recognised as income or expenses in the statement of comprehensive income in the year in which the change occurred.

iii) Joint ventures
Interests in joint ventures entities and partnerships are accounted for in the consolidated financial statements using the equity method and are carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnerships are recognised in profit or loss, and the share of movements in reserves is recognised in other comprehensive income.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of Mirvac's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value ("NRV") of current assets, or an impairment loss.

iv) Changes in ownership interests
The Group treats transactions with NCI that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interests and NCI to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to NCI and any consideration paid or received is recognised in a separate reserve within equity attributable to stapled securityholders of Mirvac.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if Mirvac had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate or jointly controlled entity is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

v) Change in accounting policy
Mirvac has changed its accounting policy for transactions with NCI and the accounting for loss of control, joint control or significant influence from 1 July 2009 when the revised AASB 127 *Consolidated and Separate Financial Statements* became operative. The revisions to AASB 127 contained consequential amendments to AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*.

Previously, transactions with NCI were treated as transactions with parties external to the Group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings. Previously when the Group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost for the purpose of subsequently accounting for the retained interests as an associate, jointly venture or financial asset.

Transactions with NCI are now treated as transactions with owners.

Mirvac has applied the new policy prospectively to transactions occurring on or after 1 July 2009. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

d) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the ELT.

Change in accounting policy
Mirvac has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in no change in the number of reportable segments presented; however, one business unit (MAM) is now reported under MIM whereas previously it was included in Investment. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the ELT. The change in reportable segments has not required any reallocation of goodwill. There has been no further impact on the measurement of the Group's assets and liabilities. Comparatives for 2009 have been restated.

e) Foreign currency translation

i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (''functional currency''). The consolidated financial statements are presented in Australian dollars, which is Mirvac's functional and presentation currency.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in a fair value reserve in equity.

iii) Foreign controlled entities
The results and financial position of entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at the end of the reporting period are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

f) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

i) Development projects and land sales
Revenue from the sale of development projects and land is recognised upon settlement, which has been determined to be when the significant risks and rewards of ownership are transferred to the purchaser. Other revenue from development projects such as project management fees is recognised as services are performed. Refer to note 1(n) for details of changes to this accounting policy in the year.

ii) Construction contracts
Agreements to develop real estate are only defined as construction contracts when the purchaser is able to specify the main elements of the design of the project. Where this is not the case, the project is treated as a development project. Revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. The stage of completion is determined by costs incurred to date as a percentage of total expected cost. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately. When the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. Refer to note 1(n) for details of changes to this accounting policy in the year.

iii) Hotel revenue
Revenue is recognised when goods and services have been provided to the customer.

iv) Rental income
Rental revenue for operating leases is recognised on a straight line basis over the term of the lease, except when an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises. Lease incentives offered under operating leases are amortised on a straight line basis in profit or loss.

v) Recoverable outgoings
Recovery of outgoings as specified in lease agreements is accrued on an estimated basis and adjusted when the actual amounts are invoiced to the respective tenants.

vi) Fees
Revenues from the rendering of property funds management, property advisory and facilities management services are recognised upon the delivery of the service to the customers or where there is a signed unconditional contract for the sale or purchase of assets.

vii) Interest
Interest revenue is brought to account when earned, taking into account the effective yield on the financial asset.

viii) Dividends/distributions
Dividends/distributions are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Change in accounting policy
Mirvac has changed its accounting policy for dividends paid out of pre-acquisition profits from 1 July 2009 when the revised AASB 127 *Consolidated and Separate Financial Statements* became operative. Previously, dividends paid out of pre-acquisition profits were deducted from the cost of the investment. In accordance with the transitional provisions, the new accounting policy is applied prospectively. It was therefore not necessary to make any adjustments to any of the amounts previously recognised in the financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

g) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries, associates and joint ventures and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

i) Investment allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

h) Leases

Leases of property, plant and equipment where Mirvac has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance costs. The finance costs are charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

i) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any NCI in the acquiree either at fair value or at the NCI proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a discount on business combination.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Change in accounting policy

The revised AASB 3 *Business Combinations* became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes. All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under Mirvac's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition. Acquisition related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill. NCI in an acquiree are now recognised either at fair value or at the NCI proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the NCI was always recognised at its share of the acquiree's net identifiable assets. If the Group recognises previous acquired deferred tax assets after the initial acquisition accounting is completed, there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's NPAT.

The changes were implemented prospectively from 1 July 2009 and affected the accounting for the acquisition of MREIT disclosed in note 39. Acquisition related costs of $19.4m were recognised in profit or loss. Mirvac has chosen to recognise the NCI at the fair value of the net identifiable assets of MREIT for this acquisition.

j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the post-tax discount rate that reflects current market assessments of both the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised for the amount by which the asset's (or cash generating unit(s) ("CGUs")) carrying amount exceeds its recoverable amount.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). The lowest level at which Mirvac allocates and monitors goodwill is at the primary reporting segments level (refer to note 3).

k) Cash and cash equivalents

For the statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that Mirvac will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

When a trade receivable for which an impairment provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

m) Mezzanine loans

Mezzanine loans are loans to unrelated parties for predominately real estate property development. These loans are secured by a second ranking mortgage, behind that of the senior lender. Mezzanine loans are recognised initially at fair value. Collectability of loans is reviewed on an ongoing basis and those which are considered uncollectible are written off to profit or loss.

n) Inventories

Inventories comprise development projects, construction contracts and hotel stock.

i) Development projects

Development projects are valued at the lower of cost and NRV. Cost includes the costs of acquisition, development, borrowings and all other costs directly related to specific projects, including an allocation of direct overhead expenses. Upon completion of the contract of sale, borrowing costs and other holding charges are expensed as incurred. Profits on development projects are not brought to account until settlement of the contract of sale.

ii) Construction contracts

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under payables. Contract costs include all costs directly related to specific contracts and costs that are specifically chargeable to the customer under the terms of the contract. The stage of completion is measured using the percentage of completion method unless the outcome of the contract cannot be reliably measured.

Change in accounting policy

The Group has applied AASB Interpretation 15 *Agreements for the Construction of Real Estate* ("AASB-I 15") (effective 1 January 2009). AASB-I 15 clarifies whether AASB 111 *Construction Contracts* should be applied to particular transactions.

Included in the results of the year ended 30 June 2009 and prior years was $12.3m of profit after tax related to projects that had the following characteristics:

- construction was in progress but the sale had not settled at that time;
- revenue had been recognised on a percentage of completion basis; and
- they no longer met the requirements to qualify as construction contracts under the terms outlined in IFRIC 15.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

On that basis, at 1 July 2009, the applicable projects have been reclassified as development projects, and $12.3m was written back to retained earnings at 1 July 2009. In the current and future periods, income relating to those projects will be recognised as development revenue as construction is completed and settlement has occurred, which is the point at which Mirvac has determined the significant risks and rewards of ownership have been transferred to the purchaser. The adjustment relates to profit recognised over three years, as detailed below:

Statement of comprehensive income	2007 $m	2008 $m	2009 $m	Total $m
Profit before income tax	0.1	7.3	10.2	17.6
Income tax expense	–	(2.2)	(3.1)	(5.3)
Profit for the year	0.1	5.1	7.1	12.3

The following adjustments were made to the statement of financial position at 30 June 2009:

Statement of financial position (extract)	2009 $m	Increase/ (decrease) $m	2009 (restated) $m
Current assets			
Inventories	590.1	39.2	629.3
Non-current assets			
Inventories	1,080.3	15.3	1,095.6
Current liabilities			
Payables	226.5	51.9	278.4
Non-current liabilities			
Payables	43.7	20.2	63.9
Deferred tax liabilities	43.5	(5.3)	38.2
Net assets	1,419.7	(12.3)	1,407.4
Retained earnings	(749.9)	(12.3)	(762.2)
Total equity	(685.1)	(12.3)	(697.4)

The following adjustments were made to the statement of financial position at 1 July 2008:

Statement of financial position (extract)	30 June 2008 $m	Increase/ (decrease) $m	1 July 2008 (restated) $m
Non-current assets			
Inventories	1,000.8	16.0	1,016.8
Non-current liabilities			
Payables	16.4	23.4	39.8
Deferred tax liabilities	139.5	(2.2)	137.3
Net assets	1,469.6	(5.2)	1,464.4
Retained earnings	435.3	(5.2)	430.1
Total equity	504.9	(5.2)	499.7

iii) Hotel stock
Hotel stock is stated at lower of cost and NRV.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

o) Assets classified as held for sale

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Investment properties classified as held for sale are carried at fair value. An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset classified as held for sale is recognised at the date of de-recognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

p) Investments and other financial assets

i) Classification

Mirvac classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this designation at the end of each reporting period.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Mirvac provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Mirvac's management has the positive intention and ability to hold to maturity.

Available for sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

ii) Recognition and de-recognition

Purchases and sales of investments are recognised on trade date being the date on which Mirvac commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Mirvac has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

iii) Subsequent measurement

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in profit or loss in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), Mirvac establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow ("DCF") analysis and option pricing models refined to reflect the issuer's specific circumstances.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

iv) Impairment of financial assets
Mirvac assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value) less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

q) Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Mirvac designates certain derivatives as either: (1) hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedges); or (2) hedges of highly probable forecast transactions (cash flow hedges).

Mirvac documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Mirvac also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

i) Fair value hedges
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

ii) Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in a hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

r) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of each reporting period. The quoted market price used for financial assets held by Mirvac is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Mirvac uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated DCF, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Mirvac for similar financial instruments. Transaction costs are included in the initial carrying amounts of the financial instruments, which are not carried at fair value through profit or loss.

s) Property, plant and equipment

Property, plant and equipment comprises land and buildings, plant and equipment (including hotel plant and equipment), owner-occupied hotel management lots, owner-occupied freehold hotels and owner-occupied administration properties.

Increases in the carrying amounts arising on the revaluation of certain classes of property, plant and equipment are credited, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

i) Plant and equipment (including hotel plant and equipment)

Plant and equipment (including hotel plant and equipment) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

ii) Owner-occupied hotel management lots

Hotel management lots are classified as owner-occupied where the lot is owned and managed by Mirvac. The management lots, land and buildings are shown at fair value, less subsequent depreciation for buildings. Fair values are derived internally by management. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

iii) Owner-occupied freehold hotels

Owner-occupied freehold hotels are shown at fair value, less subsequent depreciation for buildings. Fair values are determined by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Those assets which are not subject to an external valuation at the end of each reporting period are fair valued internally by management. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

iv) Owner-occupied administration properties

Administration properties are classified as owner-occupied where Mirvac occupies more than 10 per cent of the total lettable area of the individual property. Owner-occupied administration properties are shown at fair value, less subsequent depreciation for buildings. Fair values are determined by external valuers on a rotation basis with one-half of the portfolio being revalued annually. Those assets which are not subject to an external valuation at the end of the reporting period are fair valued internally by management. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value. Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	3-15 years
Office leasehold improvements	1-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to note 1(j): Impairment of assets). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss on a net basis when the risks and rewards pass to the purchaser. When revalued assets are sold, it is Mirvac's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

t) Investment properties

i) Investment properties
Investment properties are properties held for long-term rental yields and for capital appreciation.

Investment properties are carried at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases, with any gain or loss arising from a change in fair value recognised in profit or loss. Investment properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the end of the reporting period are fair valued internally by management. The carrying amount of the investment properties recorded in the statement of financial position includes components relating to lease incentives.

Change in accounting policy
Investment properties now also include properties that are under construction for future use as investment properties. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete. This is different to previous years where properties under construction were accounted for at cost and presented under property, plant and equipment until construction was complete. The change in policy was necessary following changes made to AASB 140 *Investment Property* as a result of the IASB's 2008 Improvements standard. Mirvac elected to adopt the revised rules prospectively from 1 July 2009. The net loss from fair value of IPUC was $112.8m (2009: $nil). The carrying value of $89.5m at the end of the reporting period is included in the investment properties (refer to note 16).

The fair value of IPUC is determined on the basis of either DCF or residual methods. The estimated value of future assets is based on the expected future income from the project, using current yields of similar completed properties. The remaining expected costs of completion plus risk adjusted development margin are deducted from the estimated future asset value.

ii) Investment properties under redevelopment
Existing investment properties being redeveloped for continued future use are carried at fair value.

iii) Lease incentives
Lease incentives provided under an operating lease are recognised on a straight line basis against rental income. As these incentives are repaid out of future lease payments, they are recognised as an asset in the statement of financial position as a component of the carrying amount of investment properties and amortised over the lease period. Where the investment property is supported by a valuation that incorporates the value of lease incentives, the investment property is revalued back to the valuation amount after the lease incentive amortisation has been charged as an expense.

u) Intangible assets

i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of Mirvac's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures respectively. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGUs for the purpose of impairment testing. Each of those CGUs represents Mirvac's primary reporting segments (refer to note 3).

ii) Management rights
Management rights are carried at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of the intangible assets. Management rights held in relation to an unlisted property fund are amortised over the useful life of seven years. All other management rights have an indefinite useful life and are not amortised but tested annually for impairment.

iii) Carbon sequestration rights
Carbon sequestration rights are recorded as intangible assets and are stated at historic cost. Cost includes expenditure that is directly attributable to the acquisition of the items. Carbon sequestration rights are not amortised. Instead, carbon sequestration rights are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

v) Trade and other payables

These amounts represent liabilities for goods and services provided to Mirvac prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Payables, whose settlement is deferred, are measured at amortised cost.

w) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual drawdown of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility. Borrowings are classified as current liabilities unless Mirvac has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

x) Employee benefits

i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in other creditors and accruals in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii) Long service leave ("LSL")

The liability for LSL vesting within 12 months of the end of the reporting period is recognised and is measured in accordance with (i) above and included in provisions. The liability for LSL vesting more than 12 months from the end of the reporting period is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, at the end of the reporting period, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows.

iii) Security based payments

Security based payments are recognised for the following plans:

Current LTI

The fair value at grant date is independently determined using a binomial option pricing model that takes into account the exercise price, the vesting and performance criteria, the impact of dilution, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield and the risk-free interest rate for the term of the equity instrument. The fair value is then expensed on a straight line basis over the vesting period of equity instruments.

EEP

Security based charge relating to the securities issued under the EEP are included in profit or loss in the year in which they are granted with a corresponding increase to Mirvac's contributed equity.

Superseded plans

The fair value of equity instruments granted under the superseded LTI plan and EIS is recognised in employee benefits expenses with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period. No expense relating to EIS has been recognised in the year ended 30 June 2010.

iv) STI

A liability for STI payable is recognised in accruals where there is a present obligation to settle the liability and at least one of the following conditions is met:

- there are formal terms for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial statements; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for STI are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Mirvac recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

vi) Retirement benefit obligations
Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

y) Provisions
Provisions for legal claims, forward contracts and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

z) Contributed equity
Ordinary securities are classified as equity. Incremental costs directly attributable to the issue of new securities or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new securities or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration. In accordance with AASB 2 *Share-based Payment*, securities issued as part of the LTI plan and EIS are not classified as ordinary securities, until such time as the employee loans are fully repaid or the employee leaves Mirvac. If Mirvac reacquires its own equity instruments, for example, as the result of a security buy-back, those instruments are deducted from equity and the associated securities are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

aa) Distributions
Provision is made for the amount of any distribution declared at or before the end of the year but not distributed at the end of the reporting period.

bb) Earnings per security

i) Basic earnings per security
Basic earnings per security are calculated by dividing the profit attributable to securityholders of the Group by the weighted average number of ordinary securities outstanding during the year. In calculating basic earnings per security, securities issued under the EIS have been excluded from the weighted average number of securities.

ii) Diluted earnings per security
Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities (including those securities issued under the EIS) and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

cc) Goods and services tax ("GST")
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority, are presented as operating cash flow.

dd) Parent entity financial information
The financial information for the parent entity, Mirvac Limited, disclosed in note 41 has been prepared on the same basis as the consolidated financial statements, except as set out below:

i) Investments in subsidiaries, associates and joint ventures
Investments in subsidiaries, associates and joint ventures are accounted for at cost in the financial statements of Mirvac Limited. Dividends/distributions received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

ii) Tax consolidation legislation
Mirvac Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The head entity, Mirvac Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Mirvac Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements within the tax consolidated group are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 6(d). Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities. Under the current income tax legislation, MPT is not liable for income tax, provided its taxable income is fully distributed to unitholders each year.

iii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

ee) New accounting standards and interpretations
In the current year, Mirvac has adopted all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below:

i) *AASB 2009-8 Amendments to Australian Accounting Standards — Group Cash-Settled Share-based Payment Transactions* [AASB 2] (effective from 1 January 2010) The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share based payment arrangement must recognise an expense for those goods or services regardless of which entity in the Group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the Group share based payment arrangement should be measured, that is, whether it is measured as an equity or a cash-settled transaction. Mirvac will apply the amended standard from 1 July 2010; there will be no financial impact as the Group does not receive goods or services which are equity settled.

ii) *AASB 2009-10 Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132]* (effective from 1 February 2010) In October 2009, the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Mirvac will apply the amended standard from 1 July 2010. As the Group has not made any such rights issues, the amendment will not have any effect on the financial statements.

iii) *AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013) AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. Mirvac is yet to assess its impact and decide when to adopt AASB 9.

iv) *Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards* (effective from 1 January 2011) In December 2009, the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. When the amendments are applied, the Group will need to disclose any transactions between its subsidiaries, associates and joint ventures. Mirvac already has systems in place to capture the necessary information and does not believe there will be any financial impact of the amendment.

v) *AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19* (effective from 1 July 2010) AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. Mirvac will apply the interpretation from 1 July 2010. It is not expected to have any impact on the Group's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Group has not entered into any debt for equity swaps since that date.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements and estimates are continually evaluated, based on historical experience and other factors, including expectations of future events that may have a financial impact and are believed to be reasonable under the circumstances.

a) Critical judgements in applying Mirvac's accounting policies

The following are the critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i) Revenue recognition

The measurement of development revenue, which is recognised when the significant risks and rewards of ownership are transferred to the purchaser, requires management to exercise its judgement in setting selling prices, given due consideration to cost inputs and market conditions.

The measurement of construction revenue, which is recognised upon construction contracts on a percentage of completion basis, requires an estimate of expenses incurred to date as a percentage of total estimated costs.

ii) Cost of goods sold

Inventories are expensed as cost of goods sold upon sale. Management uses its judgement in determining the apportionment of cost of goods sold, through either unit entitlement or percentage of revenue, the quantum of cost of goods sold, which includes both costs incurred to date and forecast final costs, and the nature of cost of goods sold, which may include acquisition costs, borrowing costs and those costs incurred in bringing the inventory to a saleable state.

iii) Provision for inventory

Mirvac is required to carry inventories at the lower of cost and NRV. Through the use of project feasibility assessments, which are based on the most reliable evidence available at the time, and incorporate both quantitative and qualitative factors, such as estimated selling rates and costs to complete, judgement is made concerning estimated NRV, which, in some cases, has resulted in the establishment of a provision.

iv) Investment properties and owner-occupied administration properties

Mirvac is required to make a judgement to determine whether a property qualifies as an investment property or property, plant and equipment in the cases where part of the building is occupied by the Group. Each property is considered individually. Where 10 per cent or more of the lettable space is occupied by the Group, the property is normally treated as owner-occupied and accounted for as part of property, plant and equipment.

v) Fair value estimation

Financial assets and liabilities are carried at fair value. The fair value is based on assumptions of future events and involves significant estimates. The basis of valuation is set out in note 1(r) however the fair values of derivatives reported at the end of the reporting period may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

vi) Share based payment transactions

The Group measures the cost of equity settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. As explained in note 34(f) the fair value is determined by an external valuer using the Monte-Carlo simulation pricing method, this method includes a number of judgments and assumptions. These judgments and assumptions relating to share-based payments would have no impact on the carrying amounts of assets and liabilities in the statement of financial position but may impact, the share based payment expense taken to profit or loss and equity.

b) Key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimations and assumptions. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next year:

i) Inventories

The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and cost to sell. Such estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the reporting period. The key assumptions require the use of management judgement and are reviewed half-yearly. During the year Mirvac has expensed $nil (2009: $186.5m) in relation to inventories that were carried in excess of the NRV.

ii) Impairment of goodwill

Mirvac annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each CGU and a suitable discount rate in order to calculate the net present value ("NPV"). The carrying amount of goodwill at the end of the reporting period was $44.4m (2009: $45.5m). There was no impairment loss recognised during the year (2009: $224.1m). Details on the assumptions used are provided in note 18.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES / CONTINUED

iii) Estimated impairment of investments accounted for using the equity method
During the period, Mirvac impaired a number of investments accounted for using the equity method. The investments are tested for impairment, by comparing recoverable amounts (higher of value in use, and fair value less costs to sell) with the carrying amounts, whenever there is an indication that the investment may be impaired. In determining the value in use of the investment, Mirvac estimates the present value of the estimated future cash flows expected to arise from distributions to be received from the investment and from its ultimate disposal. Details of this impairment and the assumptions used by management in assessing the impairment are provided in notes 29 and 30.

iv) Fair value of investments not traded in active markets
The fair value of investments not traded in an active market is determined by the unit price as advised by the fund manager. The unit price is determined by NPV calculations using future cash flows and an appropriate post-tax discount rate. The carrying value of investments not traded in an active market determined using the above techniques and assumptions is $15.3m (2009: $18.5m) and is disclosed as financial assets at fair value through profit or loss (refer to note 10).

v) Carrying value of management rights
The carrying value of management rights is initially carried at fair value at the date of acquisition. Mirvac has used DCF analysis to assess the carrying value of the acquired management rights. During the period, Mirvac assessed an impairment of management rights of $nil (2009: $48.5m) which was expensed during the year. The carrying value of management rights at 30 June 2010 was $10.5m (2009: $13.1m) and is disclosed as part of intangible assets (refer to note 18).

vi) Valuation of investment properties and owner-occupied properties
Mirvac uses judgement in respect of the fair values of investment properties and owner-occupied properties. Investment properties and owner-occupied properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the end of the reporting period are fair valued internally by management. The assumptions used in the estimations of fair values include expected future market rentals, discount rates, market prices and economic conditions. The carrying value at the end of the reporting period for investment properties is $4,226.5m (2009: $3,210.1m) and owner-occupied properties $272.7m (2009: $254.9m). Details on investment properties are provided in note 16 and owner-occupied properties in note 17.

vii) Valuation of IPUC
IPUC are valued at fair value. There are generally no active markets for IPUC and fair value is considered to be the estimated market price that would be paid for the partially completed property, reflecting the expectations of market participants of the value of the property when complete less deductions for the estimated costs to complete with appropriate adjustments for risk and profit. The fair value is determined on the basis of either DCF or residual methods. Both methods require consideration of the project risks which are relevant to the development process, including but not limited to construction and letting risks. The estimated value of future assets is based on the expected future income from the project, using current yields of similar completed properties. The net loss from fair value of IPUC was $112.8m (2009: $nil). The carrying value of $89.5m at the end of the reporting period is included in investment properties (refer to note 16).

viii) Valuation of assets acquired in business combinations
During the year, Mirvac completed the acquisition of MREIT (refer to note 39). On recognising this acquisition, management used estimations and assumptions on the fair value of the assets and liabilities assumed at the date of control.

ix) Valuation of security based payment transactions
Valuation of security based payment transactions is performed using judgements around the fair value of the equity instruments on the date at which they are granted. The fair value is determined using a binominal option pricing model. Mirvac recognises a security based payment over the vesting period which is based on the estimation of the number of equity instruments likely to vest. At the end of the vesting period, Mirvac will assess the total expense recognised comparison to the number of equity instruments that ultimately vested.

x) Valuation of derivatives and other financial instruments
Mirvac uses judgement in selecting the appropriate valuation technique for financial instruments not quoted in an active market. Valuation of derivative financial instruments involves assumptions based on quoted market rates adjusted for specific features of the instrument. The valuations of any financial instrument may change in the event of market volatility.

3 SEGMENTAL INFORMATION

a) Descriptions of business segments

Management has determined the segments based on the reports reviewed by the ELT that are used to make strategic decisions. The ELT considers the business from both a product, and within Australia a geographic, perspective. Each division prepares an executive finance report on a monthly basis; this is a detailed report that summarises the following:

— historic results of the division, using both statutory profit and operating profit;
— future forecast of the division for the remainder of the year; and
— key risks and opportunities facing the division.

The ELT assesses the performance of the segments based on a number of measures, both financial and non-financial, which include a measure of operating profit; the use of capital; and success in delivering against KPIs. The ELT has identified two core divisions, Development and Investment. Applying the requirements of AASB 8, Mirvac has four reportable segments:

i) Investment
The division is made up solely of MPT which holds investments in properties covering the retail, commercial, industrial and hotel sectors throughout Australia, held for the purpose of producing rental income, predominately through the Trust, its subsidiary trusts and corporate entities holding investment properties. Income is also derived from investments in associates including Mirvac Industrial Trust and Mirvac Wholesale Hotel Fund.

ii) Development
The division's primary operations are property development and construction of residential, commercial, industrial and retail development projects throughout Australia. In addition, project management fees are received from the management of development and construction projects on behalf of associates, joint ventures and residential development funds.

iii) Hotel Management
Hotel Management is responsible for management of hotels across Australia and New Zealand.

iv) Investment Management
MIM manages listed and unlisted property funds on behalf of retail and institutional investors. MIM has been disposing of non-aligned funds over the past two years and closure of the UK office during the year ended 30 June 2010, both in line with the Group's strategy to focus on wholesale investor partnerships, providing capital for the Group's two core divisions, Investment and Development. MIM also includes MAM. MAM manages assets on behalf of MPT and external property owners across the real estate spectrum.

b) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are on an arm's length basis and eliminated on consolidation.

c) Comparative information

When necessary, comparative information has been reclassified to achieve consistency in disclosure in current year amounts and other disclosures.

d) Operating profit

Operating profit is a financial measure which is not prescribed by AAS and represents the profit under AAS adjusted for specific non-cash items and other significant items which management considers to reflect the core earnings of the Group.

e) Geographical and customer analysis

Mirvac operates predominately in Australia with investments in New Zealand, the United States of America and the United Kingdom. Materially, all revenue is derived in Australia and all assets are in Australia. No single customer in the current or prior year provided more than 10 per cent of the Group's revenue.

3 SEGMENTAL INFORMATION / CONTINUED

2010	Development $m	Investment MPT $m	Hotel Management $m	Investment Management $m	Unallocated $m	Elimination $m	**Total $m**
Revenue from continuing operations							
Development and construction revenue	861.5	–	–	–	–	0.7	**862.2**
Development management fee revenue	32.2	–	–	–	–	(1.1)	**31.1**
Investment properties rental revenue	1.0	400.2	–	7.0	–	(5.0)	**403.2**
Hotel operating revenue	–	–	146.9	–	–	(0.1)	**146.8**
Investment management fee revenue	–	–	–	37.8	–	(7.0)	**30.8**
Interest revenue	7.1	19.9	0.2	5.8	8.6	(1.2)	**40.4**
Dividend and distribution revenue	–	1.0	–	–	–	(0.5)	**0.5**
Other revenue	4.0	2.2	0.8	3.7	2.8	(1.7)	**11.8**
Inter-segment sales	34.4	56.7	0.2	10.6	(2.2)	(99.7)	**–**
Total revenue from continuing operations	940.2	480.0	148.1	64.9	9.2	(115.6)	**1,526.8**
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	15.9	1.5	–	(9.1)	0.1	(6.5)	**1.9**
Gain on financial instruments	–	–	–	–	3.7	–	**3.7**
Foreign exchange (losses)/gains	–	(0.7)	0.1	3.4	22.8	–	**25.6**
Net gain on sale of investments	0.1	0.5	–	10.3	–	(0.5)	**10.4**
Discount on business combination	–	119.8	–	–	–	–	**119.8**
Net gain on remeasurement of equity interest	–	25.3	–	(1.1)	–	6.7	**30.9**
Total other income	16.0	146.4	0.1	3.5	26.6	(0.3)	**192.3**
Total revenue from continuing operations and other income	956.2	626.4	148.2	68.4	35.8	(115.9)	**1,719.1**
Net loss/(gain) from fair value of investment properties and owner-occupied hotel management lots and freehold hotels	0.1	(8.0)	21.0	–	–	(6.2)	**6.9**
Net loss from fair value adjustments on investment properties under construction	–	112.8	–	–	–	–	**112.8**
Net loss on sale of investment properties	0.1	0.1	–	–	–	–	**0.2**
Net loss on sale of property, plant and equipment	0.8	–	–	0.3	–	–	**1.1**
Cost of property development and construction	822.9	–	–	–	–	(33.2)	**789.7**
Investment properties expenses	–	112.1	–	–	–	(9.9)	**102.2**
Hotel operating expenses	0.8	–	47.5	–	–	(2.0)	**46.3**
Employee benefits expenses	30.7	–	70.6	33.3	55.5	0.6	**190.7**
Depreciation and amortisation	3.2	15.9	5.0	0.6	2.5	4.0	**31.2**
Impairment of investments including associates and joint ventures	0.2	–	–	6.0	–	–	**6.2**
Impairment of loans	–	–	–	0.2	5.4	–	**5.6**
Finance costs	32.3	48.2	–	17.4	14.9	(54.0)	**58.8**
Loss/(profit) on financial instruments	–	10.9	–	(0.1)	2.4	0.4	**13.6**
Selling and marketing expenses	13.9	–	8.6	0.8	0.6	–	**23.9**
Business combination transaction costs	–	19.4	–	–	–	–	**19.4**
Other expenses	31.6	8.6	6.3	10.0	36.1	(11.7)	**80.9**
Profit/(loss) before income tax	19.6	306.4	(10.8)	(0.1)	(81.6)	(3.9)	**229.6**
Income tax benefit							**7.8**
Profit for the year							**237.4**
Profit attributable to NCI							**(2.7)**
Net profit attributable to the stapled securityholders of the Group							**234.7**

3 SEGMENTAL INFORMATION / CONTINUED

2010	Development $m	Investment MPT $m	Hotel Management $m	Investment Management $m	Unallocated $m	Elimination $m	Tax $m	**Total $m**
Net profit/(loss) after tax before NCI	19.6	306.4	(10.8)	(0.1)	(81.6)	(3.9)	7.8	**237.4**
Less: NCI	–	(1.4)	–	–	–	(1.3)	–	**(2.7)**
Net profit/(loss) attributable to the stapled securityholders	19.6	305.0	(10.8)	(0.1)	(81.6)	(5.2)	7.8	**234.7**
Specific non-cash items								
Net losses/(gains) from fair value of investment properties and owner-occupied hotel management lots and freehold hotels	0.1	(8.0)	21.0	–	–	(6.2)	–	**6.9**
Net losses from fair value of investment properties under construction	–	112.8	–	–	–	–	–	**112.8**
Net losses/(gains) on fair value of derivative financial instruments and associated foreign exchange movements	–	11.6	–	(3.7)	(24.1)	0.4	–	**(15.8)**
Expensing of security based payments	–	–	–	–	8.7	–	–	**8.7**
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	0.4	–	1.4	–	–	5.9	–	**7.7**
Straight-lining of lease revenue	–	(2.5)	–	–	–	–	–	**(2.5)**
Amortisation of lease incentives	–	12.0	–	–	–	(1.9)	–	**10.1**
Net losses/(gains) from fair value of investment properties, derivatives and other specific non-cash items included in share of associates' losses	(0.1)	20.4	–	9.5	–	3.5	–	**33.3**
Net gains from fair value of investment properties, derivatives and other specific non-cash items included in NCI	–	–	–	–	–	1.1	–	**1.1**
Significant items								
Impairment of investments including associates and joint ventures	0.2	–	–	6.0	–	–	–	**6.2**
Impairment of loans	–	–	–	(11.7)	17.1	–	–	**5.4**
Net (gains)/losses from sale of non-aligned assets	(0.1)	(0.5)	–	(8.9)	–	0.5	–	**(9.0)**
Discount on business combination	–	(119.8)	–	–	–	–	–	**(119.8)**
Net gain on remeasurement of equity interest	–	(25.3)	–	1.1	–	(6.7)	–	**(30.9)**
Business combination transaction costs	–	19.4	–	–	–	–	–	**19.4**
Tax effect								
Tax effect of non-cash and significant adjustments	–	–	–	–	–	–	7.0	**7.0**
Operating profit/(loss) (profit before specific non-cash and significant items)	20.1	325.1	11.6	(7.8)	(79.9)	(8.6)	14.8	**275.3**

3 SEGMENTAL INFORMATION / CONTINUED

2009	Development $m	Investment MPT $m	Hotel Management $m	Investment Management $m	Unallocated $m	Elimination $m	Total $m
Revenue from continuing operations							
Development and construction revenue	1,093.0	–	–	–	–	(2.2)	1,090.8
Development management fee revenue	31.6	–	–	–	–	(7.4)	24.2
Investment properties rental revenue	0.1	325.4	–	18.4	–	(14.0)	329.9
Hotel operating revenue	–	–	147.4	–	–	–	147.4
Investment management fee revenue	5.1	–	–	45.0	–	(3.5)	46.6
Interest revenue	9.4	0.8	0.5	8.3	4.7	(0.7)	23.0
Dividend and distribution revenue	0.2	1.1	–	0.1	–	(0.3)	1.1
Other revenue	5.6	0.7	0.5	4.0	2.1	(0.1)	12.8
Inter-segment sales	105.1	67.5	–	9.5	2.6	(184.7)	–
Total revenue from continuing operations	1,250.1	395.5	148.4	85.3	9.4	(212.9)	1,675.8
Other income							
Gain on financial instruments	–	–	–	–	113.3	–	113.3
Net gain on sale of investments	–	–	–	1.0	–	–	1.0
Total other income	–	–	–	1.0	113.3	–	114.3
Total revenue from continuing operations and other income	1,250.1	395.5	148.4	86.3	122.7	(212.9)	1,790.1
Net loss from fair value of investment properties	–	515.6	–	–	–	(28.4)	487.2
Foreign exchange (gains)/losses	–	–	(0.1)	–	72.6	–	72.5
Net loss on assets classified as held for sale	0.1	–	–	–	–	–	0.1
Cost of property development and construction	1,075.2	–	–	–	–	(104.0)	971.2
Investment properties expenses	–	89.3	–	–	–	(7.9)	81.4
Hotel operating expenses	–	–	48.1	–	–	(2.8)	45.3
Share of net loss of associates and joint ventures accounted for using equity method	9.7	120.3	–	20.8	–	7.2	158.0
Employee benefits expenses	47.4	–	69.9	38.0	28.6	(0.1)	183.8
Depreciation and amortisation	3.0	13.0	5.3	1.2	2.6	3.2	28.3
Impairment of goodwill, management rights and other intangible assets	125.9	–	–	146.7	–	1.0	273.6
Impairment of investments including associates and joint ventures	10.0	16.4	–	15.2	–	–	41.6
Impairment of loans	40.7	–	–	18.7	–	–	59.4
Finance costs	53.3	76.4	0.1	14.6	13.9	(70.4)	87.9
Loss on financial instruments	–	110.3	–	0.2	34.5	(0.5)	144.5
Selling and marketing expenses	16.3	–	8.0	0.9	0.2	–	25.4
Provision for loss on inventories	186.5	–	–	–	–	–	186.5
Other expenses	36.7	5.3	4.8	46.2	12.5	(17.6)	87.9
(Loss)/profit before income tax	(354.7)	(551.1)	12.3	(216.2)	(42.2)	7.4	(1,144.5)
Income tax benefit							65.3
Loss for the year							(1,079.2)
Loss attributable to NCI							1.1
Net loss attributable to the stapled securityholders of the Group							(1,078.1)

3 SEGMENTAL INFORMATION / CONTINUED

2009	Development $m	Investment MPT $m	Hotel Management $m	Investment Management $m	Unallocated $m	Elimination $m	Tax $m	Total $m
Net (loss)/profit after tax before NCI	(354.7)	(551.1)	12.3	(216.2)	(42.2)	7.4	65.3	(1,079.2)
Less: NCI	–	0.1	–	–	–	1.0	–	1.1
Net (loss)/profit attributable to the stapled securityholders	(354.7)	(551.0)	12.3	(216.2)	(42.2)	8.4	65.3	(1,078.1)
Specific non-cash items								
Net losses/(gains) from fair value of investment properties (excluding owner-occupied)	–	515.6	–	–	–	(28.4)	–	487.2
Net losses/(gains) on fair value of derivative financial instruments and associated foreign exchange movements	–	110.3	–	–	(6.3)	–	–	104.0
Expensing of security based payments	–	–	–	–	7.1	–	–	7.1
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	–	–	1.4	–	–	5.0	–	6.4
Straight-lining of lease revenue	–	(1.2)	–	–	–	–	–	(1.2)
Amortisation of lease incentives	–	10.1	–	–	–	(1.8)	–	8.3
Net losses from fair value of investment properties, derivatives and other specific non-cash items included in share of associates' losses	0.4	141.2	–	1.9	–	7.4	–	150.9
Net gains from fair value of investment properties, derivatives and other specific non-cash items included in NCI	–	(3.4)	–	–	–	(2.9)	–	(6.3)
Significant items								
Impairment of investments and loans included in share of net loss of associates and joint ventures	20.3	–	–	12.9	–	–	–	33.2
Impairment of investments including associates and joint ventures	10.0	16.3	–	15.2	0.2	–	–	41.7
Impairment of loans	40.7	–	–	2.0	–	–	–	42.7
Provision for loss on inventories	186.5	–	–	–	–	–	–	186.5
Impairment of goodwill, management rights and other intangible assets	125.9	–	–	146.7	–	1.0	–	273.6
Net losses from other significant items included in NCI	–	–	–	–	–	(1.0)	–	(1.0)
Tax effect								
Tax effect of non-cash and significant adjustments	–	–	–	–	–	–	(54.2)	(54.2)
Operating profit/(loss) (profit before specific non-cash and significant items)	29.1	237.9	13.7	(37.5)	(41.2)	(12.3)	11.1	200.8

	Development $m	Investment MPT $m	Hotel Management $m	Investment Management $m	Unallocated $m	Elimination $m	**Total $m**
30 June 2010							
Total assets	6,111.4	5,812.4	419.4	553.2	6,308.6	(11,317.5)	**7,887.5**
Total liabilities	6,203.2	822.5	375.7	702.7	5,284.6	(10,956.6)	**2,432.1**
Investments in associates and joint ventures	230.6	207.0	–	16.9	2.0	(45.9)	**410.6**
Acquisitions of investments and property, plant and equipment	17.8	366.7	3.0	2.3	0.6	–	**390.4**
Depreciation and amortisation expenses	3.2	15.9	5.0	0.6	2.5	4.0	**31.2**
30 June 2009							
Total assets	5,632.0	5,341.0	343.2	681.2	5,509.8	(10,082.3)	7,424.9
Total liabilities	5,733.1	947.9	287.4	844.3	4,492.4	(9,740.7)	2,564.4
Investments in associates and joint ventures	201.0	225.2	–	21.4	–	(50.0)	397.6
Acquisitions of investments and property, plant and equipment	99.6	9.6	2.0	4.5	1.9	–	117.6
Depreciation and amortisation expenses	3.0	13.0	5.3	1.2	2.6	3.2	28.3

4 REVENUE FROM CONTINUING OPERATIONS AND OTHER INCOME

	Consolidated 2010 $m	Consolidated 2009 $m
Development and construction revenue		
Development revenue	**845.5**	1,012.0
Construction revenue	**16.7**	78.8
Total development and construction revenue	**862.2**	1,090.8
Interest revenue		
Cash and cash equivalents	**29.0**	13.6
Associates, joint ventures and related party loans	**8.1**	5.9
Mezzanine loans	**3.3**	3.5
Total interest revenue	**40.4**	23.0
Gain on financial instruments		
Gain on revaluation cross currency derivatives	**3.7**	113.3
Total gain on financial instruments	**3.7**	113.3

5 EXPENSES

	Consolidated 2010 $m	Consolidated 2009 $m
Profit/(loss) before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable net of provision release	**110.8**	158.0
Amount capitalised	**(80.6)**	(104.1)
Interest capitalised in current and prior years expensed this year net of provision release	**25.9**	31.6
Borrowing costs amortised	**2.7**	2.4
Total finance costs	**58.8**	87.9
Depreciation		
Plant and equipment	**9.2**	10.2
Owner-occupied hotel management lots	**1.4**	1.5
Owner-occupied freehold hotels	**1.3**	0.7
Owner-occupied administration properties	**5.2**	4.3
Total depreciation	**17.1**	16.7
Amortisation		
Lease fit outs incentives	**10.1**	8.3
Intangible assets	**–**	0.4
Lease incentives	**4.0**	2.9
Total amortisation	**14.1**	11.6
Total depreciation and amortisation	**31.2**	28.3
Loss on financial instruments		
Loss on interest rate derivatives	**10.4**	143.4
Loss on revaluation of other financial instruments	**3.2**	1.1
Total loss on financial instruments	**13.6**	144.5
Other charges against assets		
Provision for loss on inventories	**–**	186.5
Impairment of trade receivables	**0.7**	1.1
Impairment of goodwill, management rights and other intangible assets	**–**	273.6
Impairment of investments including associates and joint ventures	**6.2**	41.6
Impairment of loans	**5.6**	59.4
Rental expense relating to operating leases	**9.3**	5.9

6 INCOME TAX

	Consolidated 2010 $m	2009 $m
a) Income tax benefit		
Current tax	**2.2**	7.5
Deferred tax	**(7.3)**	(70.1)
Over provided in prior years	**(2.7)**	(2.7)
Income tax benefit	**(7.8)**	(65.3)
Deferred income tax benefit included in income tax benefit comprises:		
(Increase)/decrease in deferred tax assets	**(66.1)**	10.9
Increase/(decrease) in deferred tax liabilities	**58.8**	(81.0)
Deferred income tax benefit	**(7.3)**	(70.1)
b) Numerical reconciliation of income tax benefit to prima facie tax payable		
Profit/(loss) before income tax	**229.6**	(1,144.5)
Income tax calculated at 30 per cent	**68.9**	(343.4)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Non-deductible impairment of goodwill, management rights and other intangible assets	**0.3**	81.9
Non-deductible impairment of investments including associates and joint ventures	**8.7**	6.8
Non-deductible impairment of loans	**1.7**	12.8
Other non-deductible/non-assessable items	**27.3**	19.5
Utilisation of prior year tax losses not previously recognised	**0.3**	(2.7)
Trust net (income)/loss	**(112.3)**	162.5
	(5.1)	(62.6)
Over provision in prior years	**(2.7)**	(2.7)
Income tax benefit	**(7.8)**	(65.3)
c) Tax losses		
Unused tax losses incurred by Australian entities for which no deferred tax asset has been recognised	**58.5**	57.6
Potential tax benefit at 30 per cent	**17.6**	17.3

d) Tax consolidation legislation

Mirvac Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1(dd). On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Mirvac Limited.

The entities within the consolidated tax group have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Mirvac Limited for any current tax payable assumed and are compensated by Mirvac Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mirvac Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

6 INCOME TAX / CONTINUED

	Consolidated 2010 $m	Consolidated 2009 $m
e) Current tax assets		
Tax receivable	**2.1**	6.4
f) Net deferred tax assets		
Non-current assets — deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee provisions	**7.8**	8.4
Accrued expenses	**20.3**	9.6
Unearned profits with associates	**14.1**	15.2
Derivative financial instruments	**8.9**	8.9
Impairment of loans	**6.4**	5.1
Tax losses	**65.8**	7.4
Receivables	**–**	0.3
Equity raising costs	**1.7**	1.7
Deferred tax assets	**125.0**	56.6
Non-current liabilities — deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Inventories	**59.5**	11.3
Equity accounted investments	**7.1**	7.0
Foreign exchange translation gains	**22.0**	13.0
Property, plant and equipment	**3.7**	3.2
Other	**3.6**	3.7
Deferred tax liabilities	**95.9**	38.2
Net deferred tax assets	**29.1**	18.4
g) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in profit or loss or other comprehensive income but directly debited or credited to equity:		
Current tax — credited directly to equity	**(2.3)**	–
Net deferred tax — credited directly to equity	**(2.3)**	(1.8)
	(4.6)	(1.8)
h) Tax expense/(income) relating to items of other comprehensive income		
Decrement on revaluation of property, plant and equipment	**0.7**	(1.5)
Exchange differences on translation of foreign operations	**(0.1)**	0.1
	0.6	(1.4)

6 INCOME TAX / CONTINUED

Movements in deferred tax

Consolidated	Equity accounted investments $m	Foreign exchange translation gains/(losses) $m	Unearned profits with associates $m	Derivative financial instruments $m	Impairment of loans $m	Property, plant and equipment $m	Receivables $m
Balance 1 July 2008	(15.4)	(34.7)	12.3	24.0	–	(7.3)	(4.7)
(Credited)/charged to profit or loss	8.4	21.7	2.9	(15.1)	5.1	2.7	5.0
(Credited)/charged to other comprehensive income	–	–	–	–	–	1.4	–
Credited to equity	–	–	–	–	–	–	–
Transfer of prior year tax losses from current tax	–	–	–	–	–	–	–
Disposal of subsidiary	–	–	–	–	–	–	–
Acquisition of subsidiary	–	–	–	–	–	–	–
Change in accounting policy	–	–				–	–
Balance 30 June 2009	(7.0)	(13.0)	15.2	8.9	5.1	(3.2)	0.3
(Credited)/charged to profit or loss	**(0.1)**	**(9.1)**	**(1.1)**	**–**	**1.3**	**0.2**	**(0.3)**
(Credited)/charged to other comprehensive income	**–**	**0.1**	**–**	**–**	**–**	**(0.7)**	**–**
Credited to equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance 30 June 2010	**(7.1)**	**(22.0)**	**14.1**	**8.9**	**6.4**	**(3.7)**	**–**

	Equity raising costs $m	Inventories $m	Accrued expenses $m	Employee provisions $m	Tax losses $m	Other $m	**Total $m**
Balance 1 July 2008	0.4	(77.4)	17.3	10.2	–	–	**(75.3)**
(Credited)/charged to profit or loss	(0.5)	54.8	(7.7)	(1.8)	(1.6)	(3.8)	**70.1**
(Credited)/charged to other comprehensive income	–	–	–	–	–	–	**1.4**
Credited to equity	1.8	–	–	–	–	–	**1.8**
Transfer of prior year tax losses from current tax	–	–	–	–	7.4	–	**7.4**
Disposal of subsidiary	–	–	–	–	–	(0.1)	**(0.1)**
Acquisition of subsidiary	–	6.0	–	–	1.6	0.2	**7.8**
Change in accounting policy	–	5.3	–	–	–	–	**5.3**
Balance 30 June 2009	1.7	(11.3)	9.6	8.4	7.4	(3.7)	**18.4**
(Credited)/charged to profit or loss	**(0.6)**	**(49.9)**	**9.0**	**(0.6)**	**58.4**	**0.1**	**7.3**
(Credited)/charged to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(0.6)**
Credited to equity	**0.6**	**–**	**1.7**	**–**	**–**	**–**	**2.3**
Acquisition of subsidiary	**–**	**1.7**	**–**	**–**	**–**	**–**	**1.7**
Balance 30 June 2010	**1.7**	**(59.5)**	**20.3**	**7.8**	**65.8**	**(3.6)**	**29.1**

7 EARNINGS PER SECURITY

	Consolidated 2010 Cents	2009 Cents
Earnings per security		
Basic earnings per security	**7.95**	(65.21)
Diluted earnings per security[1]	**7.90**	(64.53)

	$m	$m
Basic and diluted earnings per security		
Net profit/(loss) used in calculating earnings per security	**234.7**	(1,078.1)

Weighted average number of securities after rights issue notional adjustment used as denominator[1]	**Number m**	Number m
Weighted average number of securities used in calculating basic earnings per security	**2,954.7**	1,653.4
Adjustment for calculation of diluted earnings per security		
Securities issued under EIS	**15.7**	17.4
Weighted average number of securities used in calculating diluted earnings per security	**2,970.4**	1,670.8

1) Diluted securities do not include the options and rights issued under the previous LTI plans as the exercise of these equity instruments is contingent on conditions during the vesting period.

8 RECEIVABLES

	Consolidated 2010 $m	2009 $m
Current receivables		
Trade receivables	**52.8**	87.0
Provision for impairment of receivables	**(2.3)**	(1.9)
	50.5	85.1
Amounts due from related parties	**74.4**	27.1
Amounts due from unrelated parties	**21.0**	7.3
Mezzanine loans	**20.7**	20.6
Accrued income	**13.4**	11.3
Other receivables	**23.8**	97.0
	203.8	248.4
Non-current receivables		
Loans to Directors and employees	**19.4**	7.5
Amounts due from related parties	**107.0**	131.2
Other receivables	**55.8**	65.5
	182.2	204.2

Further information in relation to amounts due from related entities is set out in note 35 and loans to KMP is set out in note 33.

a) Trade receivables
The average credit period on sales of goods is 30 days. No interest is charged on any outstanding trade receivables. Refer to note 8(d) on discussions regarding the credit risk of receivables.

b) Other receivables
These amounts generally arise from transactions outside of the classification of trade receivables such as GST receivables and other sundry debtors.

8 RECEIVABLES / CONTINUED

c) Provision for impairment of receivables

Movements in the provision for impairment of receivables are detailed below:

	Consolidated 2010 $m	2009 $m
Balance 1 July	**(1.9)**	(1.3)
Amounts written off	**0.3**	0.5
Provision for impairment recognised	**(0.7)**	(1.1)
Balance 30 June	**(2.3)**	(1.9)

Mirvac has written off $0.3m (2009: $0.5m) of impairment of trade receivables during the current year. This loss has been applied against the provision for impairment of receivables.

d) Credit risk

Receivables consist of a large number of customers. Mirvac does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, a provision for impairment of receivables is raised. Mirvac holds collateral in certain circumstances which takes the form of bank guarantees, security deposits, personal guarantee or a mortgage over property until completion. There is no concentration of credit risk with respect to receivables as Mirvac has a large number of customers, geographically dispersed.

The ageing of receivables is detailed below:

	2010 Total receivables $m	2010 Provision for impairment $m	2009 Total receivables $m	Consolidated 2009 Provision for impairment $m
Not past due	**369.3**	**(0.2)**	400.5	(0.2)
Renegotiated	**–**	**–**	–	–
Past due 1-30 day(s)	**10.5**	**(0.1)**	36.2	–
Past due 31-60 days	**0.8**	**(0.1)**	5.8	–
Past due 61-90 days	**0.2**	**–**	1.5	–
Past due 91-120 days	**0.1**	**–**	6.9	(0.8)
Past 120 days	**7.4**	**(1.9)**	3.6	(0.9)
	388.3	**(2.3)**	454.5	(1.9)

Under certain circumstances, Mirvac has not provided for all balances past due as it has been determined that there has not been a significant change in credit quality at the end of the reporting period based upon the customer's payment history and analysis of the customer's financial accounts.

The Group holds collateral over receivables of $118.4m (2009: $131.5m). The fair value of the collateral held equals the fair value of the receivables for which the collateral is held. The terms of the collateral are if payment due is not received per the agreed terms, Mirvac is able to claim the collateral held.

e) Interest rate risk exposures

Refer to note 36 for Mirvac's exposure to interest rate risk.

9 INVENTORIES[1]

	Consolidated	
	2010 $m	2009[2] $m
Current		
Development projects		
Cost of acquisition	**242.5**	388.1
Development costs	**368.6**	419.2
Borrowing costs capitalised during development	**70.4**	75.7
Provision for loss	**(109.3)**	(256.1)
	572.2	626.9
Construction work in progress (amount due from customers for contract work)		
Contract costs incurred and recognised profits less recognised losses	**17.2**	91.6
Borrowing costs capitalised during construction	**–**	4.6
Progress billings	**(17.2)**	(95.0)
	–	1.2
Hotel inventories	**1.1**	1.2
Total current inventories	**573.3**	629.3
Non-current		
Development projects		
Cost of acquisition	**681.5**	682.9
Development costs	**344.5**	424.2
Borrowing costs capitalised during development	**142.9**	131.2
Provision for loss	**(108.0)**	(148.2)
	1,060.9	1,090.1
Construction work in progress (amount due from customers for contract work)		
Contract costs incurred and recognised profits less recognised losses	**–**	7.7
Borrowing costs capitalised	**–**	–
Progress billings	**–**	(2.2)
	–	5.5
Total non-current inventories	**1,060.9**	1,095.6
Aggregate carrying amount of inventories		
Current	**573.3**	629.3
Non-current	**1,060.9**	1,095.6
Total inventories	**1,634.2**	1,724.9

1) Lower of cost and NRV.
2) Prior year numbers have been restated as a result of IFRIC 15; refer to note 1(n).

a) Inventories expense
Inventories recognised as an expense during the year ended 30 June 2010 amounted to $789.7m (2009: $971.2m). Write down of inventories to NRV recognised as an expense during the year ended 30 June 2010 amounted to $nil (2009: $186.5m). The expense has been included in 'Provision for loss on inventories' in the statement of comprehensive income.

b) Current and non-current inventories
The disclosure of inventories as either current or non-current is determined by the period within which they are expected to be realised.

10 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	Consolidated 2010 $m	2009 $m
Units in unlisted fund			
Balance 1 July		**18.5**	19.3
Loss on revaluation		**(3.2)**	(0.8)
Balance 30 June	29(b)	**15.3**	18.5

Changes in fair values of other financial assets at fair value through profit or loss are recorded as loss on financial instruments in profit or loss.

a) Unlisted securities
Unlisted securities are traded in inactive markets. The fair value of investments that are not traded in an active market is determined by the unit price as advised by the Trustee of the Fund. Included in unlisted securities in the Group are units in JF Infrastructure Yield Fund. James Fielding Trust, a wholly-owned Group entity owns 12.9m units (22 per cent) of this entity.

The fair value of the security is determined based on the value of the underlying assets held by the fund. The assets of the fund are subject to regular external valuations. These valuations are based on discounted net cash inflows from expected future income and/or comparable sales of similar assets. Appropriate discount rates determined by the external valuer are used to determine the present value of the net cash inflows based on a market interest rate adjusted for the risk premium specific to each asset. The fair value is determined using valuation techniques that are not supported by prices from an observable market; so the fair value recognised in the financial statements could change significantly if the underlying assumptions made in estimating the fair values were significantly changed.

b) Price risk exposures
Refer to note 36 for Mirvac's exposure to price risk on other financial assets at fair value through profit or loss.

11 ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated 2010 $m	2009 $m
Investment properties	**53.7**	–

12 OTHER ASSETS

	Consolidated 2010 $m	2009 $m
Prepayments	**16.2**	20.9
Monies held in trust	**9.8**	20.2
	26.0	41.1

Monies held in trust relates to deposits received in respect of future sales of inventories.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	Consolidated **2010 $m**	2009 $m
Statement of financial position			
Investments accounted for using the equity method			
Investments in associates	29	**110.3**	168.4
Investments in joint ventures	30	**300.3**	229.2
		410.6	397.6
Statement of comprehensive income			
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method			
Investments in associates	29	**(3.4)**	(101.2)
Investments in joint ventures	30	**5.3**	(56.8)
		1.9	(158.0)

14 DERIVATIVE FINANCIAL ASSETS

	Consolidated **2010 $m**	2009 $m
Current		
Interest rate swap contracts – fair value	**2.0**	5.5
Non-current		
Interest rate swap contracts – fair value	**4.4**	4.8
Interest rate collar contracts – fair value	**0.1**	–
Cross currency swaps – fair value	**9.5**	2.7
	14.0	7.5

a) Instruments used by Mirvac

Refer to note 36 for information on instruments used by Mirvac.

b) Interest rate risk exposures

Refer to note 36 for Mirvac's exposure to interest rate risk on interest rate swaps.

15 OTHER FINANCIAL ASSETS

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(c) Principles of consolidation:

a) Interests in controlled entities of Mirvac

Name of entity	Country of establishment/ incorporation	Class of units/shares	**Equity holding 2010 %**	Equity holding 2009 %
107 Mount Street Head Trust	Australia	Units	**100**	100
107 Mount Street Sub Trust	Australia	Units	**100**	100
197 Salmon Street Pty Limited[1]	Australia	Ordinary	**100**	100
A.C.N. 087 773 859 Pty Limited	Australia	Ordinary	**100**	100
A.C.N. 110 698 603 Pty Limited	Australia	Ordinary	**100**	100
Australian Sustainable Investments Fund[2]	Australia	Units	**35**	35
Banksia Unit Trust	Australia	Units	**100**	100
Cambridge Management Services Pty Limited[1]	Australia	Ordinary	**100**	100
CMS Holdings (Mirvac) Pty Limited[1]	Australia	Ordinary	**100**	100
Domaine Investment Management Pty Limited	Australia	Ordinary	**100**	100
Fast Track Bromelton Pty Limited (formerly Mirvac ID (Bromelton) Pty Limited)[1]	Australia	Ordinary	**100**	–
Ford Mirvac Unit Trust	Australia	Units	**100**	100
Fyfe Road Pty Limited	Australia	Ordinary	**100**	100
Gainsborough Greens Pty Limited	Australia	Ordinary	**100**	100
Hexham Project Pty Limited	Australia	Ordinary	**100**	100
HIR Boardwalk Tavern Pty Limited[1]	Australia	Ordinary	**100**	100
HIR Golf Club Pty Limited[1]	Australia	Ordinary	**100**	100
HIR Golf Course Pty Limited[1]	Australia	Ordinary	**100**	100
HIR Property Management Holdings Pty Limited[1]	Australia	Ordinary	**100**	100
HIR Property Management Pty Limited[1]	Australia	Ordinary	**100**	100
HIR Tavern Freehold Pty Limited[1]	Australia	Ordinary	**100**	100
Hope Island Resort Services Limited[3]	Australia	Ordinary	**–**	100
Hoxton Park Airport Limited[1]	Australia	Ordinary	**100**	100
HPAL Holdings Pty Limited[1]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions (Constructions) Pty Limited[1]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions (Finance) Pty Limited[1]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions (Holdings) Pty Limited[1]	Australia	Ordinary	**100**	79
Industrial Commercial Property Solutions (Queensland) Pty Limited[1]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions Pty Limited[1]	Australia	Ordinary	**100**	100
JF (ASIF) Pty Limited[1]	Australia	Ordinary	**100**	100
Magenta Shores Finance Pty Limited[1]	Australia	Ordinary	**100**	100
Magenta Shores Unit Trust	Australia	Units	**100**	100
Magenta Unit Trust	Australia	Units	**100**	100
MFM US Real Estate, Inc	United States	Ordinary	**100**	100
MGR US Real Estate, Inc	United States	Ordinary	**100**	100
Mirvac (Beacon Cove) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac (Docklands) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac (WA) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac (Walsh Bay) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac 8 Chifley Pty Limited (formerly Mirvac AustSuper Pty Limited)[1]	Australia	Ordinary	**100**	50
Mirvac Advisory Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Aero Company Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Capital Investments Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Capital Pty Limited[1]	Australia	Ordinary	**100**	100

15 OTHER FINANCIAL ASSETS / CONTINUED

a) Interests in controlled entities of Mirvac / continued

Name of entity	Country of establishment/ incorporation	Class of units/shares	**Equity holding 2010 %**	Equity holding 2009 %
Mirvac Commercial Funding Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Commercial Sub SPV Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Constructions (Homes) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Constructions (QLD) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Constructions (SA) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Constructions (VIC) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Constructions (WA) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Constructions Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Design Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Developments NZ Limited	New Zealand	Ordinary	**100**	100
Mirvac Developments Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Elderslie Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac ESAT Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Finance Limited[1]	Australia	Ordinary	**100**	100
Mirvac Funds Limited	Australia	Ordinary	**100**	100
Mirvac Funds Management Limited	Australia	Ordinary	**100**	100
Mirvac George Street Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Group Finance Limited[1]	Australia	Ordinary	**100**	100
Mirvac Group Funding Limited[1]	Australia	Ordinary	**100**	100
Mirvac Harbourtown Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Holdings (WA) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Holdings Limited[1]	Australia	Ordinary	**100**	100
Mirvac Home Builders (VIC) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Homes (NSW) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Homes (QLD) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Homes (SA) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Homes (VIC) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Homes (WA) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Hotel Services Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Hotels Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac ID (Bromelton) Sponsor Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Industrial Developments Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac International (Middle East) No. 2 Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac International (Middle East) No. 3 Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac International (Middle East) Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac International Investments Limited[1]	Australia	Ordinary	**100**	100
Mirvac International No 3 Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac International Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac JV's Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Management Limited[1]	Australia	Ordinary	**100**	100
Mirvac Mandurah Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac National Developments Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Newcastle Pty Limited[1]	Australia	Ordinary	**100**	100

15 OTHER FINANCIAL ASSETS / CONTINUED

a) Interests in controlled entities of Mirvac / continued

Name of entity	Country of establishment/ incorporation	Class of units/shares	**Equity holding 2010 %**	Equity holding 2009 %
Mirvac Pacific Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Parking Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Parklea Pty Limited	Australia	Ordinary	**100**	100
Mirvac PFA Limited[4]	Australia	Ordinary	**–**	100
Mirvac Precinct 2 Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Projects No 2 Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Projects Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Properties Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Property Advisory Services Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Property Services Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Queensland Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Real Estate Debt Funds Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Real Estate Pty Limited	Australia	Ordinary	**100**	100
Mirvac REIT Management Limited	Australia	Ordinary	**100**	100
Mirvac Retail Head SPV Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Retail Sub SPV Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Rockbank Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Services Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac South Australia Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Spare Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Spring Farm Limited[1]	Australia	Ordinary	**100**	100
Mirvac Treasury Limited[1]	Australia	Ordinary	**100**	100
Mirvac Treasury No 3 Limited[1]	Australia	Ordinary	**100**	100
Mirvac UK Limited	United Kingdom	Ordinary	**100**	100
Mirvac UK Property Limited[5]	United Kingdom	Ordinary	**–**	100
Mirvac UK Services Limited	United Kingdom	Ordinary	**100**	100
Mirvac Victoria Pty Limited[1]	Australia	Ordinary	**100**	100
Mirvac Wholesale Funds Management Limited[1]	Australia	Ordinary	**100**	100
Mirvac Wholesale Industrial Developments Limited[1]	Australia	Ordinary	**100**	100
Mirvac Woolloomooloo Pty Limited[1]	Australia	Ordinary	**100**	100
MRV Hillsdale Pty Limited[1]	Australia	Ordinary	**100**	100
MWID (Brendale) Pty Limited[1]	Australia	Ordinary	**100**	100
MWID (Mackay) Pty Limited[1]	Australia	Ordinary	**100**	100
Newington Homes Pty Limited[1]	Australia	Ordinary	**100**	100
Oakstand No 15 Hercules Street Pty Limited[1]	Australia	Ordinary	**100**	100
Pigface Unit Trust	Australia	Units	**100**	100
Planned Retirement Living Pty Limited[1]	Australia	Ordinary	**100**	100
Spring Farm Finance Pty Limited[1]	Australia	Ordinary	**100**	100
Springfield Development Company Pty Limited[1]	Australia	Ordinary	**100**	100
SPV Magenta Pty Limited[1]	Australia	Ordinary	**100**	100
Taree Shopping Centre Pty Limited	Australia	Ordinary	**100**	100
TMT Finance Pty Limited	Australia	Ordinary	**100**	100

15 OTHER FINANCIAL ASSETS / CONTINUED

b) Interests in controlled entities of MPT

Name of entity	Country of establishment/ incorporation	Class of units/shares	**Equity holding 2010 %**	Equity holding 2009 %
10-20 Bond Street Trust [6]	Australia	Units	**100**	–
1900-2000 Pratt Inc.	USA	Ordinary	**100**	100
197 Salmon Street Trust [8]	Australia	Units	**100**	50
380 St Kilda Road Trust	Australia	Units	**100**	100
Australian Sustainable Investments Fund [2]	Australia	Units	**25**	25
Davey Financial Management Birkdale Fair Trust [6]	Australia	Units	**100**	–
Davey Financial Management Pender Place Shopping Centre Trust [6]	Australia	Units	**100**	–
James Fielding Infrastructure Sustainable Equity Fund	Australia	Units	**100**	100
James Fielding Retail Property Sub-Trust [6]	Australia	Units	**100**	–
James Fielding Trust	Australia	Units	**100**	100
JF Property Trust [6]	Australia	Units	**100**	–
JFIF New South Wales Trust [6]	Australia	Units	**100**	–
JFIF Victorian Trust [6]	Australia	Units	**100**	–
JFM Hotel Trust [6]	Australia	Units	**100**	–
Lanyon Marketplace Trust [6]	Australia	Units	**100**	–
Meridian Investment Trust No 1 [6]	Australia	Units	**100**	–
Meridian Investment Trust No 2 [6]	Australia	Units	**100**	–
Meridian Investment Trust No 3 [6]	Australia	Units	**100**	–
Meridian Investment Trust No 4 [6]	Australia	Units	**100**	–
Meridian Investment Trust No 5 [6]	Australia	Units	**100**	–
Meridian Investment Trust No 6 [6]	Australia	Units	**100**	–
Mirvac 8 Chifley Trust [7]	Australia	Units	**100**	50
Mirvac Broadway Sub-Trust	Australia	Units	**100**	100
Mirvac Commercial Trust	Australia	Units	**100**	100
Mirvac Funds Finance Pty Limited [6]	Australia	Ordinary	**100**	–
Mirvac Funds Loan Note Pty Limited [6]	Australia	Ordinary	**100**	–
Mirvac Glasshouse Sub-Trust	Australia	Units	**100**	100
Mirvac Industrial Fund [6]	Australia	Units	**100**	–
Mirvac Lakehaven Sub-Trust	Australia	Units	**100**	100
Mirvac Property Trust No. 2	Australia	Units	**100**	100
MREIT [6]	Australia	Units	**100**	25
Mirvac Retail Fund [6]	Australia	Units	**100**	–
Mirvac Retail Head Trust	Australia	Units	**100**	100
Mirvac Rhodes Sub-Trust	Australia	Units	**100**	100
Mt Sheridan Plaza Trust [6]	Australia	Units	**100**	–
Old Wallgrove Road Trust [8]	Australia	Units	**100**	50
Peninsular Homemaker Centre Trust	Australia	Units	**100**	100
Property Performance Fund No. 3 [6]	Australia	Units	**100**	–
Property Performance Fund No. 4 [6]	Australia	Units	**100**	–
Property Performance Fund No. 5 [6]	Australia	Units	**100**	–
Springfield Regional Shopping Centre Trust [8]	Australia	Units	**100**	67
The George Street Trust	Australia	Units	**100**	100
The Mulgrave Trust	Australia	Units	**100**	100

1) These subsidiaries have been granted relief at 30 June 2010 from the necessity to prepare financial reports in accordance with class order 98/1418 issued by ASIC.

2) The addition of Mirvac Limited and MPT interests in these entities are greater than 50 per cent.

3) Ownership in Hope Island Resort Services Limited was sold on 28 August 2009.

4) Ownership in Mirvac PFA Limited was sold on 12 April 2010.

5) Ownership in Mirvac UK Property Limited was sold on 15 December 2009.

6) These entities became controlled entities during the year as a result of MREIT acquisition and therefore consolidated as controlled entities from 7 December 2009.

7) Ownership in this entity increased to 100 per cent during the year and therefore the entity was consolidated as a controlled entity from 27 October 2009. This entity was previously known as Mirvac AustralianSuper Trust and changed its name on 27 October 2009.

8) Ownership in these entities increased to 100 per cent during the year as a result of the MREIT acquisition.

15 OTHER FINANCIAL ASSETS / CONTINUED

c) Entities subject to class order

Certain wholly-owned companies incorporated in Australia are permitted to be parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned companies can be relieved from the requirements among other things to prepare a financial report and directors' report under class order 98/1418 (as amended up to class order C009/626) issued by ASIC. The entities included at 30 June 2010 are listed in note 15(a). Companies identified in note 15(a) above as being included in the class order, are a 'closed group' for the purpose of the class order, and as there are no other parties to the deed of cross guarantee that are controlled by the parent entity, they also represent the 'extended closed group'. As a condition of the class order, the companies have entered into a deed of cross guarantee. The effect of the deed is that Mirvac Limited has guaranteed to pay any deficiency in the event of winding up of a company in the closed group. The companies in the closed group also have given a similar guarantee in the event that Mirvac Limited is wound up. The consolidated statement of comprehensive income, a summary of movement in consolidated retained earnings and consolidated statement of financial position for the year ended 30 June 2010 of the entities which are members of the closed group are as follows:

Consolidated statement of comprehensive income	2010 $m	2009 $m
Revenue from continuing operations		
Development and construction revenue	**890.8**	1,148.4
Development management fee revenue	**31.1**	21.4
Investment properties rental revenue	**20.8**	25.4
Hotel operating revenue	**102.1**	147.3
Investment management fee revenue	**48.1**	52.9
Interest revenue	**21.4**	19.3
Dividend and distribution revenue	**–**	0.3
Other revenue	**11.3**	12.1
Total revenue from continuing operations	**1,125.6**	1,427.1
Other income		
Share of net profit from associates and joint ventures accounted for using the equity method	**3.1**	–
Gain on financial instruments	**1.4**	78.6
Foreign exchange gains	**22.8**	–
Net gain on sale of investments	**9.9**	1.0
Investment properties income	**–**	1.8
Total other income	**37.2**	81.4
Total revenue from continuing operations and other income	**1,162.8**	1,508.5
Net losses from fair value of investment properties and owner-occupied hotel management lots and freehold hotels	**(26.1)**	(10.9)
Foreign exchange losses	**–**	(72.5)
Net loss on sale of investment properties	**(0.1)**	–
Net loss on sale of property, plant and equipment	**(1.1)**	–
Cost of property development and construction	**(818.0)**	(1,021.8)
Investment properties expenses	**(2.9)**	–
Hotel operating expenses	**(29.5)**	(48.1)
Share of net loss of associates and joint ventures accounted for using the equity method	**–**	(25.2)
Employee benefits expenses	**(166.1)**	(173.1)
Depreciation and amortisation expenses	**(12.8)**	(12.3)
Impairment of goodwill, management rights and other intangible assets	**(1.1)**	(221.2)
Impairment of investments including associates and joint ventures	**(0.2)**	(22.7)
Impairment of loans	**(0.1)**	(59.4)
Finance costs	**(74.0)**	(72.2)
Selling and marketing expenses	**(21.4)**	(25.8)
Provision for loss on inventories	**–**	(166.8)
Other expenses	**(97.1)**	(93.6)
Loss before income tax	**(87.7)**	(517.1)
Income tax benefit	**8.4**	61.1
Loss for the year	**(79.3)**	(456.0)
Other comprehensive income for the year		
Decrement on revaluation of property, plant and equipment, net of tax	**0.7**	(4.1)
Other comprehensive income for the year, net of tax	**0.7**	(4.1)
Total comprehensive income for the year	**(78.6)**	(460.1)

15 OTHER FINANCIAL ASSETS / CONTINUED

	2010 $m	2009 $m
Movement in retained earnings		
Balance 1 July	**(536.7)**	(116.8)
Loss for the year	**(79.3)**	(456.0)
Additions of subsidiaries into closed group	**(79.1)**	36.1
Balance 30 June	**(695.1)**	(536.7)
Current assets		
Cash and cash equivalents	**221.9**	203.7
Receivables	**106.5**	73.9
Current tax assets	**5.9**	6.4
Inventories	**632.2**	641.6
Other assets	**16.7**	30.3
Total current assets	**983.2**	955.9
Non-current assets		
Receivables	**170.4**	204.0
Inventories	**1,125.6**	1,127.4
Investments accounted for using the equity method	**211.6**	185.4
Derivative financial assets	**9.2**	2.7
Other financial assets	**72.1**	62.2
Investment properties	**142.8**	129.7
Property, plant and equipment	**119.4**	87.2
Intangible assets	**0.3**	4.0
Deferred tax assets	**123.0**	54.5
Other non-current assets	**–**	7.6
Total non-current assets	**1,974.4**	1,864.7
Total assets	**2,957.6**	2,820.6
Current liabilities		
Payables	**130.9**	83.1
Borrowings	**77.5**	0.1
Provisions	**6.1**	9.5
Other liabilities	**10.6**	21.0
Total current liabilities	**225.1**	113.7
Non-current liabilities		
Payables	**667.0**	666.3
Borrowings	**1,366.6**	1,306.7
Derivative financial liabilities	**36.7**	32.2
Deferred tax liabilities	**99.3**	53.8
Provisions	**5.3**	–
Total non-current liabilities	**2,174.9**	2,059.0
Total liabilities	**2,400.0**	2,172.7
Net assets	**557.6**	647.9
Equity		
Contributed equity	**1,223.7**	1,153.7
Reserves	**29.0**	30.9
Retained earnings	**(695.1)**	(536.7)
Total equity	**557.6**	647.9

16 INVESTMENT PROPERTIES

	Date of acquisition	Cost and additions to 30 June 2010 $m	Book value 30 June 2010 $m	Book value 30 June 2009 $m	Capitalisation rate 30 June 2010 %	Capitalisation rate 30 June 2009 %	Discount rate 30 June 2010 %	Discount rate 30 June 2009 %	Date of last external valuation	Last external valuation $m
MPT and its controlled entities										
1 Castlereagh Street, Sydney NSW	December 1998	**64.3**	**68.0**	64.3	**7.65**	8.00	**9.50**	9.50	June 2010	68.0
1 Darling Island, Pyrmont, NSW	April 2004	**153.7**	**163.0**	161.0	**7.25**	7.00	**9.25**	9.25	December 2008	172.5
10 Julius Avenue, North Ryde NSW[1,5]	December 2005	**67.8**	**53.8**	–	**8.25**	–	**9.75**	–	–	–
101-103 Miller Street, Greenwood Plaza, North Sydney NSW (50% interest)	June 1994	**241.7**	**242.2**	251.5	**6.75-7.00**	6.25-6.50	**9.00-9.50**	8.75-9.00	December 2008	251.5
10-20 Bond Street, Sydney NSW[1,5]	July 2004	**156.7**	**92.3**	–	**7.50**	–	**9.25**	–	December 2009	85.0
12 Cribb Street, Milton QLD[1,5]	April 1999	**10.7**	**13.3**	–	**9.00**	–	**10.25**	–	December 2009	13.3
12 Julius Avenue, North Ryde NSW[1,5]	November 1999	**24.5**	**24.2**	–	**8.50**	–	**9.75**	–	–	–
1-47 Percival Road, Smithfield NSW	November 2002	**27.7**	**27.5**	20.0	**8.25**	8.50	**9.75**	9.25	March 2010	27.5
189 Grey Street, Southbank QLD	April 2004	**61.9**	**65.0**	65.0	**7.75**	7.75	**9.25**	9.00	June 2010	65.0
190 George Street, Sydney NSW	August 2003	**36.9**	**36.7**	39.0	**8.50**	8.00	**9.25**	9.25	December 2009	36.7
1900-2060 Pratt Boulevard, Chicago, Illinois USA	December 2007	**35.4**	**30.8**	40.7	**8.00**	8.00	**10.50**	9.50	December 2009	33.6
191-197 Salmon Street, Port Melbourne[1,5]	July 2003	**91.6**	**100.0**	–	**8.00**	–	**9.50**	–	June 2010	100.0
200 George Street, Sydney NSW	October 2001	**25.0**	**24.8**	25.0	**8.25**	8.25	**9.25**	9.50	December 2009	24.8
23 Furzer Street, Woden ACT[1,5]	July 2008	**239.2**	**225.0**	–	**7.25**	–	**9.25**	–	June 2010	225.0
253 Wellington Road & 18-20 Compark Circuit, Mulgrave VIC[3]	August 2001	**–**	**–**	12.0	**–**	9.50	**–**	9.50	–	–
271 Lane Cove Road, North Ryde NSW	April 2000	**30.0**	**33.0**	40.0	**8.00**	8.00	**9.50**	9.25	June 2010	33.0
3 Rider Boulevard, Rhodes NSW[1,5]	January 2007	**75.9**	**73.0**	–	**8.00**	–	**9.25**	–	–	–
30-32 Compark Circuit, Mulgrave VIC[2]	February 2003	**–**	**–**	6.5	**–**	9.50	**–**	9.50	–	–
32 Sargents Road, Minchinbury NSW[1,5]	February 2004	**26.6**	**24.1**	–	**8.75**	–	**9.25**	–	–	–
333-343 Frankston-Dandenong Road & 4 Abbotts Road, Dandenong South, VIC[3]	January 2004	**–**	**–**	13.2	**–**	9.00	**–**	9.50	–	–
340 Adelaide Street, Brisbane QLD[1,5]	September 1998	**34.7**	**67.0**	–	**9.00**	–	**9.50**	–	–	–
38 Sydney Avenue, Forrest ACT	June 1996	**37.8**	**37.5**	37.5	**8.75**	8.75	**9.25**	9.50	December 2008	41.9
40 Miller Street, North Sydney NSW	March 1998	**89.3**	**93.5**	90.0	**7.50**	7.50	**9.25**	9.00	June 2010	93.5
44 Biloela Street, Villawood NSW[2]	September 2003	**–**	**–**	12.7	**–**	9.50	**–**	10.50	–	–
47-67 Westgate Drive, Altona North VIC[1,5]	September 2007	**19.8**	**19.2**	–	**9.50**	–	**10.00**	–	December 2009	19.0
52 Huntingwood Drive, Huntingwood NSW[1,5]	November 2004	**27.5**	**23.0**	–	**9.00**	–	**9.50**	–	–	–
54 Marcus Clarke Street, Canberra, ACT	October 1987	**17.1**	**16.0**	17.0	**9.50**	9.50	**9.75**	9.75	December 2008	19.0
64 Biloela Street, Villawood NSW	February 2004	**21.5**	**21.5**	21.5	**9.50**	9.00	**10.50**	10.25	September 2009	21.5
Aviation House, 16 Furzer Street, Phillip ACT	July 2007	**64.5**	**67.0**	67.0	**7.75**	7.50	**9.50**	9.25	June 2010	67.0
Ballina Central, Pacific Highway, Ballina NSW	December 2004	**33.8**	**32.0**	34.5	**8.25**	8.00	**9.75**	9.25	June 2009	34.5
Bay Centre, Pirrama Road, Pyrmont NSW	June 2001	**96.2**	**97.0**	98.0	**7.50**	7.50	**9.25**	9.00	June 2010	97.0
Blacktown MegaCentre, Blacktown Road, Blacktown NSW	June 2002	**34.8**	**26.0**	36.5	**9.25**	9.00	**10.00**	10.00	December 2008	40.0
Booz & Co Building, 10 Rudd Street, Canberra ACT[2]	October 1987	**–**	**–**	18.7	**–**	8.50	**–**	9.00	–	–
Broadway Shopping Centre, Broadway NSW (50% interest)	January 2007	**197.9**	**221.5**	202.5	**6.25**	6.13	**9.00**	8.75	June 2010	221.5
Building 1,2,3 & 7, Riverside Quay, Southbank VIC	April 2002 & July 2003	**145.0**	**151.2**	144.0	**8.00-8.25**	8.25-8.75	**9.50-10.25**	9.00-9.75	June 2010	151.2
Cherrybrook Village Shopping Centre, Cherrybrook NSW[1,5]	June 2005	**71.1**	**73.8**	–	**7.50**	–	**9.50**	–	–	–
City Centre Plaza, Rockhampton QLD[1,5]	March 2004	**43.4**	**44.0**	–	**8.25**	–	**9.75**	–	–	–
Como Centre, Corner Toorak Road & Chapel Street, South Yarra VIC	August 1998	**137.0**	**117.5**	111.4	**8.25-9.00**	8.25-9.25	**9.25-11.25**	9.25-10.75	June 2009	136.8
Cooleman Court, Weston ACT[1,5]	July 2001 (50%) November 2004 (50%)	**53.6**	**44.0**	–	**7.75**	–	**9.50**	–	June 2010	44.0
Gippsland Centre, Cunninghame Street, Sale VIC	January 1994	**50.1**	**49.8**	49.7	**8.25**	8.25	**9.50**	9.75	June 2010	49.8
8 Chifley Square, Sydney NSW[1,5]	April 2006	**76.1**	**30.0**	–	**8.25**	–	**10.00**	–	–	–
Hinkler Central, Maryborough Street, Bundaberg QLD	August 2003	**83.0**	**88.0**	84.0	**7.75**	7.50	**9.50**	9.25	March 2009	84.0
James Ruse Business Park, 6 Boundary Road, Northmead NSW[3]	July 1994	**–**	**–**	27.0	**–**	9.00	**–**	9.75	–	–
John Oxley Centre, 339 Coronation Drive, Milton QLD	May 2002	**53.7**	**59.0**	54.0	**9.00**	9.00	**9.25**	9.25	March 2009	54.0

16 INVESTMENT PROPERTIES / CONTINUED

	Date of acquisition	Cost and additions to 30 June 2010 $m	Book value 30 June 2010 $m	Book value 30 June 2009 $m	Capitalisation rate 30 June 2010 %	Capitalisation rate 30 June 2009 %	Discount rate 30 June 2010 %	Discount rate 30 June 2009 %	Date of last external valuation	Last external valuation $m
MPT and its controlled entities / continued										
Kawana Shoppingworld, Nicklin Way, Buddina QLD	December 1993 (50%) June 1998 (50%)	**186.4**	**200.6**	188.0	**6.75**	6.50	**9.25**	9.00	June 2010	200.6
Kwinana Hub Shopping Centre, Gilmore Avenue, Kwinana WA [2]	September 2005	**–**	**–**	25.0	**–**	8.25	**–**	9.75	–	–
Lake Haven MegaCentre, Lake Haven NSW	January 2007	**27.8**	**26.5**	27.0	**9.75**	9.50	**10.25**	10.00	December 2008	30.0
Logan MegaCentre, Logan, QLD	October 2005	**63.7**	**63.0**	63.5	**9.25**	9.00	**10.25**	10.25	December 2008	71.0
Moonee Ponds Central (Stage II), Homer Street, Moonee Ponds VIC	February 2008	**38.8**	**39.0**	38.7	**8.50**	8.50	**9.75**	9.75	June 2010	39.0
Moonee Ponds Central, Homer Street, Moonee Ponds VIC	May 2003	**22.2**	**22.8**	22.8	**7.75**	8.00	**9.50**	9.50	June 2010	22.8
Morayfield SupaCentre, Morayfield QLD [1, 5]	September 2007	**46.0**	**37.5**	–	**9.75**	–	**10.50**	–	December 2009	38.5
Nexus Industry Park (Atlas), Lyn Parade, Prestons NSW	August 2004	**17.1**	**17.1**	18.0	**8.25**	8.00	**9.75**	9.25	September 2009	17.1
Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW	August 2004	**21.4**	**21.5**	22.0	**8.75**	8.25	**9.50**	9.25	September 2009	21.5
Nexus Industry Park (HPM), Lyn Parade, Prestons NSW	August 2004	**14.7**	**14.8**	15.5	**8.75**	8.25	**9.50**	9.25	December 2008	16.6
Nexus Industry Park (Natsteel), Lyn Parade, Prestons NSW	August 2004	**12.0**	**12.0**	12.5	**8.75**	8.25	**9.50**	9.25	March 2009	12.5
Orange City Centre, Summer Street, Orange NSW	April 1993	**49.1**	**49.0**	49.0	**8.25**	8.25	**9.25**	9.25	June 2010	49.0
Orion Springfield Town Centre, Springfield, QLD	August 2002	**135.5**	**143.0**	140.5	**6.75**	6.50	**9.00**	9.00	December 2008	140.5
Peninsula Lifestyle, Nepean Highway, Mornington VIC	December 2003	**48.5**	**46.0**	49.0	**9.25**	8.75	**10.00**	10.00	December 2008	53.0
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	November 1989	**28.5**	**28.5**	37.0	**8.50**	8.50	**10.25**	10.75	June 2009	37.0
Rhodes Shopping Centre, Rhodes NSW (50% interest)	January 2007	**86.9**	**99.0**	90.5	**7.00**	6.63	**9.25**	9.00	June 2010	99.0
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC	Oct 1995 (50%) Apr 2001 (50%)	**101.0**	**104.0**	101.5	**8.25**	8.50	**9.25**	9.00	June 2009	101.5
St George Centre, 60 Marcus Clarke Street, Canberra ACT	September 1989	**52.2**	**51.5**	52.0	**8.50**	8.50	**9.00**	9.00	June 2009	52.0
St Marys Village Centre, Charles Hackett Drive, St Marys NSW	January 2003	**40.3**	**42.3**	40.2	**7.75**	8.00	**9.25**	9.25	December 2008	44.5
Stanhope Village, Sentry Drive, Stanhope Gardens NSW	November 2003	**53.2**	**59.0**	53.1	**7.75**	8.00	**9.25**	9.00	June 2010	59.0
Taree City Centre, Taree NSW [1, 5]	Jul 2001 (50%) Nov 2004 (50%)	**52.9**	**55.5**	–	**8.00**	–	**9.50**	–	–	–
Waverley Gardens Shopping Centre, Corner Police & Jacksons Road, Mulgrave VIC	November 2002	**128.7**	**127.0**	132.6	**7.75**	7.50	**9.25**	9.50	June 2010	127.0
Mirvac Limited and its controlled entities										
Forestry land	March 2004	**–**	**59.5**	57.8	**–**	2.50	**–**	11.20	–	–
5 Rider Boulevard, Rhodes NSW	January 2007	**102.6**	**108.0**	104.8	**8.00**	7.75	**9.75**	9.50	February 2009	107.0
Manning Mall, Taree, NSW	December 2006	**33.5**	**34.7**	23.8	**8.50**	8.25	**9.50**	9.75	December 2009	32.8
Blue Street, North Sydney	June 2001	**–**	**–**	1.1	**–**	10.00	**–**	–	–	–
Total investment properties			**4,137.0**	**3,210.1**						
Investment properties under construction										
Nexus Industry Park (Stage 5), Lyn Parade, Prestons NSW [4]	August 2004	**8.5**	**8.5**	–	**8.25**	–	**9.75**	–	–	–
Orion Springfield Land, Springfield QLD [4]	August 2002	**138.9**	**75.0**	–	**6.25-9.00**	–	**9.00**	–	–	–
Network, Old Wallgrove Road, Eastern Creek NSW [1, 4, 5]	December 2002	**14.9**	**6.0**	–	**–**	–	**–**	–	–	–
4 Dalley Street & Laneway, Sydney NSW [4]	March 2004	**26.8**	**–**	–	**6.75**	–	**9.25**	–	–	–
Total investment properties under construction			**89.5**	**–**						
Total investment properties and investment properties under construction			**4,226.5**	**3,210.1**						

1) Investment properties acquired through business combination. These properties were recorded at their fair value on the date of acquisition ($720.7m). However disclosure in the note above is the original date of acquisition and the original cost of, and addition to, these properties as recorded in the accounting records of the acquiree as this information is more relevant to users of the financial statements.

2) Investment properties disposed of during the year.

3) Investment properties reclassified as assets held for sale during the year.

4) Investment properties under construction transferred from property, plant and equipment.

5) Cost and additions and acquisition dates represent information based on disclosure of fund acquired through business combination.

16 INVESTMENT PROPERTIES / CONTINUED

a) Reconciliation of carrying amounts of investment properties

At fair value	Consolidated 2010 $m	Consolidated 2009 $m
Balance 1 July	**3,210.1**	3,436.8
Additions	**309.3**	41.6
Additions resulting from business combination	**822.2**	–
Disposals	**(146.9)**	–
Net losses from fair value adjustments	**(98.6)**	(487.2)
Net (losses)/gains from foreign currency translation	**(2.1)**	9.0
Transfers to assets classified as held for sale	**(53.7)**	–
Transfers from inventories and property, plant and equipment	**205.4**	224.8
Amortisation of fit out costs, leasing costs and rent incentive	**(19.2)**	(14.9)
Balance 30 June	**4,226.5**	3,210.1

b) Amounts recognised in profit or loss for investment properties

	2010 $m	2009 $m
Investment properties rental revenue	**403.2**	329.9
Investment properties expenses	**(102.2)**	(81.4)
	301.0	248.5

c) Valuation basis

i) Investment properties

Investment properties are carried at fair value. Valuation methods used to determine the fair value include market sales comparison, DCF and capitalisation rate ("cap rate"). The fair value for a property may be determined by using a combination of these and other valuation methods.

Market sales comparison: The sales comparison approach utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile, to indicate the fair value of a property. Where there is a lack of recent sales, activity adjustments are made from previous comparable sales to reflect changes in economic conditions.

DCF: DCF projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, CPI rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at a terminal value. The terminal value is determined by using an appropriate terminal cap rate. Mirvac's terminal cap rates are in the range of an additional 25 to 100 basis points above the respective property's cap rate.

Cap rate: An assessment is made of fully leased net income based on contracted rents, market rents, operating costs and future income on vacant space. The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate cap rate. The cap rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current sales evidence. Various adjustments including incentives, capital expenditure, and reversions to market rent are made to arrive at the property value.

ii) IPUC

There are generally no active markets for IPUC, therefore a lack of comparable transactions of IPUC usually requires the use of estimation models. The two main estimation models used to value IPUC are residual and DCF valuations. The residual method of determining the value of a property uses the estimated total cost of the development, including construction and associated expenditures, finance costs, and an allowance for developer's risk and profit, is deducted from the end value of the completed project. The resultant figure is then adjusted back to the date of valuation to give the residual value.

d) Non-current assets pledged as security

Refer to note 20(b) for information on non-current assets pledged as security by the Group.

16 INVESTMENT PROPERTIES / CONTINUED

e) Property portfolio

Mirvac's property portfolio is made up as follows:

	Consolidated 2010 $m	Consolidated 2009 $m
Investment properties per statement of financial position	**4,226.5**	3,210.1
Properties classified as assets held for sale	**53.7**	–
Owner-occupied hotel management lots classified as property, plant and equipment	**59.3**	60.1
Owner-occupied freehold hotels classified as property, plant and equipment	**61.5**	26.1
Owner-occupied administration properties classified as property, plant and equipment	**211.2**	228.8
Investment properties under construction classified as property, plant and equipment	**–**	207.5
	4,612.2	3,732.6

17 PROPERTY, PLANT AND EQUIPMENT

Consolidated	Office leasehold improvements $m	Plant and equipment $m	Owner-occupied hotel management lots $m	Owner-occupied freehold hotels $m	Owner-occupied administration properties $m	Investment properties under construction $m	**Total $m**
Year ended 30 June 2010							
Opening net book amount	0.1	26.4	60.1	26.1	228.8	207.5	**549.0**
Revaluation (decrement)/increment	–	–	0.1	(19.0)	1.6	–	**(17.3)**
Additions	–	5.3	0.5	1.5	–	–	**7.3**
Transfers (to)/from other assets	(0.1)	2.0	(0.1)	54.2	(14.0)	(207.5)	**(165.5)**
Assets classified as held for sale and other disposals	–	(1.3)	–	–	–	–	**(1.3)**
Exchange differences	–	–	0.1	–	–	–	**0.1**
Depreciation expenses	–	(9.2)	(1.4)	(1.3)	(5.2)	–	**(17.1)**
Closing net book amount	**–**	**23.2**	**59.3**	**61.5**	**211.2**	**–**	**355.2**
At 30 June 2010							
Cost or fair value	–	77.2	67.1	70.5	226.2	–	**441.0**
Accumulated depreciation	–	(54.0)	(7.8)	(9.0)	(15.0)	–	**(85.8)**
Net book amount	**–**	**23.2**	**59.3**	**61.5**	**211.2**	**–**	**355.2**
Year ended 30 June 2009							
Opening net book amount	0.6	31.5	65.7	33.5	252.3	250.0	633.6
Revaluation decrement	–	–	(4.6)	(7.0)	(19.2)	(3.6)	(34.4)
Additions	0.1	5.2	0.4	0.3	–	69.1	75.1
Transfers (from)/to from other assets	(0.6)	0.4	–	–	–	10.0	9.8
Assets classified as held for sale and other disposals	–	(0.5)	–	–	–	–	(0.5)
Transfers to investment properties	–	–	–	–	–	(118.0)	(118.0)
Exchange differences	–	–	0.1	–	–	–	0.1
Depreciation expenses	–	(10.2)	(1.5)	(0.7)	(4.3)	–	(16.7)
Closing net book amount	0.1	26.4	60.1	26.1	228.8	207.5	549.0
At 30 June 2009							
Cost or fair value	0.1	77.6	66.5	33.0	240.3	207.5	625.0
Accumulated depreciation	–	(51.2)	(6.4)	(6.9)	(11.5)	–	(76.0)
Net book amount	0.1	26.4	60.1	26.1	228.8	207.5	549.0

A reconciliation of the revaluation decrement and the asset revaluation reserve is shown in note 25(d).

a) Valuations of owner-occupied properties

Owner-occupied properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio (including owner-occupied buildings) being valued annually. The basis of valuation of owner-occupied properties is fair value, being the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Owner-occupied properties not externally valued during the reporting period are carried at management's internal valuation. The revaluation decrement net of applicable deferred income taxes was debited to the asset revaluation reserve in equity (refer to note 25(b)).

18 INTANGIBLE ASSETS

	Management rights $m	Goodwill $m	Carbon sequestration rights $m	**Total $m**
2010				
Balance 1 July 2009	13.1	45.5	–	**58.6**
Disposal of subsidiary	(1.5)	(1.1)	–	**(2.6)**
Extinguished as part of business combination	(1.1)	–	–	**(1.1)**
Balance 30 June 2010	**10.5**	**44.4**	**–**	**54.9**
2009				
Balance 1 July 2008	60.3	259.5	1.0	320.8
Disposal of subsidiary	1.7	10.1	–	11.8
Impairment[1]	(48.5)	(224.1)	(1.0)	(273.6)
Amortisation	(0.4)	–	–	(0.4)
Balance 30 June 2009	13.1	45.5	–	58.6

1) The impairment of intangible assets has been recognised as a separate line item in the statement of comprehensive income.

a) Allocation of intangible assets by business segment

A segment level summary of the intangible asset allocations is presented below:

	Development $m	Investment $m	Hotel Management $m	Investment Management $m	**Total $m**
2010					
Management rights – indefinite life[1]	–	–	–	10.5	**10.5**
Goodwill	–	38.1	6.3	–	**44.4**
Balance 30 June 2010	**–**	**38.1**	**6.3**	**10.5**	**54.9**
2009					
Management rights – indefinite life[1]	–	–	–	13.1	13.1
Goodwill	–	38.1	6.3	1.1	45.5
Balance 30 June 2009	–	38.1	6.3	14.2	58.6

1) Management rights are primarily held in relation to funds established or rights established by entities acquired by Mirvac. These funds are considered to be open-ended and therefore have no expiry. The Group also holds strategic stakes in these funds in order to protect its interests.

b) Key assumptions used for value in use calculations for goodwill and intangible assets

The recoverable amount of CGUs is determined using the higher of fair value less cost to sell, and its value in use.

The value in use calculation is based on financial budgets and forecasts approved by management covering a five year period. For the Hotel Management and Investment Management CGUs, cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. For the Investment and Development CGUs, no forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing projects and investment properties. The growth rate has been adjusted to reflect current market conditions and does not exceed the long-term average growth rate for the business in which the CGU operates.

The discount rates used are post-tax (except in relation to the Development and Investment CGUs which use a pre-tax discount rate) and reflect specific risks relating to the relevant segments and the countries in which they operate.

18 INTANGIBLE ASSETS / CONTINUED

A terminal growth rate of three per cent has also been applied.

	Growth rate[1] 2010	**Discount rate 2010**	Growth rate[1] 2009	Discount rate 2009
CGU				
Development	**–[2]**	**18**	–[2]	18
Investment	**–[3]**	**10**	–[3]	10
Hotel management	**3**	**13**	3	13
Investment management	**1**	**13**	1	13

1) Weighted average growth rate used to extrapolate cash flows beyond the budget period.

2) No forecast growth rate as value in use calculations based on forecast cash flows of existing projects.

3) The value in use calculation is based on financial budgets and forecasts approved by management covering a five year period. No forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing projects and investment properties.

The recoverable amount of intangible assets exceeds the carrying value at 30 June 2010. Management considers that for the carrying value to exceed the recoverable amount, there would have to be unreasonable changes to key assumptions. Management considers the chances of these changes occurring as unlikely.

c) Impairment of goodwill

i) Investment Management

During the year, the carrying value of goodwill attributable to the Investment Management CGU was not impaired (2009: $100.7m).

ii) Development

During the year, the carrying value of goodwill attributable to the Development CGU was not impaired (2009: $123.4m).

d) Impairment of intangible assets

i) Management rights

During the period, the carrying value of management rights attributable to the Investment Management CGU was not impaired (2009: $46.0m). However, $1.1m was transferred to profit or loss as part of a business combination. The carrying value of management rights attributable to the Development CGU were not impaired (2009: $2.5m).

ii) Indefinite useful life of management rights

Management rights are primarily held in relation to funds established or rights established by entities acquired by Mirvac. These funds are considered to be open-ended and therefore have no expiry.

19 PAYABLES

	Consolidated	
	2010 $m	2009 $m
Current		
Trade creditors	**42.2**	71.6
Employee benefits — annual leave	**13.9**	17.3
Deferred revenue	**36.1**	58.1
Accruals	**101.2**	88.8
Other creditors	**146.6**	42.6
	340.0	278.4
Non-current		
Deferred revenue	**–**	20.2
Other creditors	**10.4**	43.7
	10.4	63.9

20 BORROWINGS

	Note	2010 $m	2009 $m
		Consolidated	
Current			
Unsecured			
Bank loans	20(a)(i)	**92.9**	–
Domestic MTN	20(a)(ii)	**200.0**	300.0
Secured			
Bank loans	20(a)(iii)	**32.5**	122.5
Lease liabilities	20(a)(iv)	**2.3**	0.1
		327.7	422.6
Non-current			
Unsecured			
Bank loans	20(a)(i)	**905.0**	1,009.1
Domestic MTN	20(a)(ii)	**150.0**	200.0
Foreign MTN	20(a)(v)	**450.0**	472.2
Secured			
Lease liabilities	20(a)(iv)	**11.6**	–
		1,516.6	1,681.3

a) Borrowings

i) Unsecured bank loans
Mirvac has an unsecured syndicated loan facility of $1,917.5m (2009: $1,917.5m) with a $1,112.5m (2009: $1,112.5m) revolving tranche maturing in June 2011 and $805.0m (2009: $805.0m) term tranche maturing in January 2012. Mirvac has $200.0m (2009: $150.0m) of unsecured bilateral facilities, of which $150.0m expires in April 2013 and $50.0m in June 2011. Subject to compliance with the terms, each of these bank loan facilities may be drawn at any time.

ii) Domestic MTN
Mirvac has a domestic bond issue of $200.0m maturing in September 2010. In addition, a new domestic bond issue was completed in March 2010 for $150.0m maturing in March 2015. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

iii) Secured bank loans
A controlled entity has secured bank facilities totalling $32.5m (2009: $122.5m) which mature February 2011.

iv) Lease liabilities
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

v) Foreign MTN
Mirvac has a US Private Placement issue made up of US dollar 275.0m maturing in November 2016 and US dollar 100.0m maturing in November 2018. An additional Australian dollar 10.0m maturing in November 2016 was also issued in conjunction with this placement. Interest is payable semi-annually in arrears for all notes. The notes were issued with fixed and floating rate coupons payable in US dollars and swapped back to Australian dollars floating rate coupons through cross currency principal and interest rate swaps.

b) Assets pledged as security
A controlled entity has debt facilities secured by real property mortgages and a fixed and floating charge.
The carrying amounts of assets pledged as security for current and non-current borrowings are as follows:

	Note	2010 $m	2009 $m
		Consolidated	
First ranking real property mortgage			
Investment properties	16	**59.5**	57.8
Development inventories		**–**	167.3
Total assets pledged as security		**59.5**	225.1

20 BORROWINGS / CONTINUED

c) Financing arrangements

	Consolidated 2010 $m	2009 $m
Total facilities		
Unsecured bank loans	**2,117.5**	2,067.5
Domestic MTN	**350.0**	500.0
Secured bank loans	**32.5**	122.5
Foreign MTN	**450.0**	472.2
	2,950.0	3,162.2
Used at end of the reporting period		
Unsecured bank loans	**997.9**	1,009.1
Domestic MTN	**350.0**	500.0
Secured bank loans	**32.5**	122.5
Foreign MTN	**450.0**	472.2
	1,830.4	2,103.8
Unused at end of the reporting period		
Unsecured bank loans	**1,119.6**	1,058.4
Domestic MTN	**–**	–
Secured bank loans	**–**	–
Foreign MTN	**–**	–
	1,119.6	1,058.4

d) Fair value

	Note	Carrying amount 2010 $m	Carrying amount 2009 $m	Fair value 2010 $m	Fair value 2009 $m
Included in statement of financial position					
Non-traded financial liabilities					
Unsecured bank loans		**997.9**	1,009.1	**997.9**	1,009.1
Domestic MTN		**350.0**	500.0	**350.0**	500.0
Secured bank loans		**32.5**	122.5	**32.5**	122.5
Foreign MTN		**450.0**	472.2	**450.0**	472.2
Lease liabilities		**13.9**	0.1	**13.9**	0.1
Not included in statement of financial position					
Contingent liabilities	31	**62.1**	88.8	**62.1**	88.8
		1,906.4	2,192.7	**1,906.4**	2,192.7

The classes above are readily traded on organised markets in standardised form. The fair value for borrowings less than 12 months to maturity is deemed to equal the carrying amounts. All other borrowings are discounted if the effect of discounting is material.

i) Included in statement of financial position
The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

ii) Excluded from statement of financial position
The Group has potential financial liabilities which may arise from certain contingencies disclosed in note 31.
As explained in note 31, no material losses are anticipated in respect of those contingencies and the fair value disclosed is the estimated amount which would be payable by Mirvac as consideration for the assumption of those contingencies by another party.

21 PROVISIONS

	Consolidated 2010 $m	2009 $m
Current		
Employee benefits – LSL	**6.3**	6.4
Dividends/distributions payable	**65.6**	3.7
	71.9	10.1
Non-current		
Asset retirement obligations	**2.0**	1.4
Employee benefits – LSL	**4.1**	4.4
	6.1	5.8

Movements in each class of provision during the year, other than employee benefits, are set out below:

Dividends/distributions payable[1]	Consolidated **2010** **$m**
Balance 1 July	**3.7**
Interim and final dividends/distributions	**241.9**
Payments made (including issue of securities under dividends/distributions reinvestment plan ("DRP"))	**(180.0)**
Balance 30 June	**65.6**

1) The amounts reported in the provision include dividends/distributions paid/payable to securityholders of the group and NCI.

Asset retirement obligations	
Balance 1 July	**1.4**
Recognition during the year	**0.6**
Balance 30 June	**2.0**

The asset retirement obligations relate to obligations under lease agreements for office space, to return the space to its condition at the commencement of the lease.

22 OTHER LIABILITIES

	Consolidated 2010 $m	2009 $m
Monies held in trust	**10.6**	21.0

23 DERIVATIVE FINANCIAL LIABILITIES

	Consolidated 2010 $m	2009 $m
Current		
Interest rate swap contracts – fair value	**0.5**	–
Non-current		
Interest rate collar contracts – fair value	**1.7**	4.4
Cross currency derivatives – fair value	**2.8**	–
Interest rate swap contracts – fair value	**47.9**	38.7
	52.4	43.1

a) Instruments used by Mirvac
Refer to note 36 for information on instruments used by Mirvac.

b) Interest rate and foreign currency risk exposures
Refer to note 36 for Mirvac's exposure to interest rate and foreign currency risk on cross currency swaps.

24 CONTRIBUTED EQUITY

a) Paid up equity

Consolidated	2010 Securities m	2009 Securities m	2010 $m	2009 $m
Mirvac Limited – ordinary shares issued	**3,254.8**	2,789.7	**1,223.7**	1,153.7
MPT – ordinary units issued	**3,254.8**	2,789.7	**4,875.1**	4,293.7
Total contributed equity			**6,098.8**	5,447.4

b) Movements in paid up equity
Movements in paid up equity of Mirvac for the year ended 30 June 2010 were as follows:

Consolidated	Issue date	Issue price $	Note	Consolidated securities m	$m
Balance 1 July 2009				**2,789.7**	**5,447.4**
EEP issues at no cost	22/12/2009	1.55	(c)	**1.0**	**–**
Acquisition of MREIT	07/12/2009	1.41	(e)	**190.1**	**267.1**
Equity raising	13/04/2010	1.40	(f)	**250.0**	**350.0**
Equity raising	14/05/2010	1.40	(f)	**18.4**	**25.8**
Less: Transaction costs arising on issues of securities				**–**	**(12.2)**
LTI and EIS securities converted, sold or forfeited			(c)	**5.6**	**20.7**
Balance 30 June 2010				**3,254.8**	**6,098.8**
Balance 1 July 2008				1,084.3	3,771.5
DRP issues	25/07/2008	2.62	(d)	34.4	90.0
EEP issues at no cost	17/10/2008	1.98	(c)	0.9	–
DRP issues	24/10/2008	2.56	(d)	4.7	11.9
DRP issues	30/01/2009	1.29	(d)	8.7	11.3
Equity raising	20/11/2008	0.90	(f)	471.2	424.1
Equity raising	05/11/2008	0.90	(f)	84.6	76.1
Equity raising	24/06/2009	1.00	(f)	943.7	925.4
Equity raising	30/06/2009	1.00	(f)	156.3	174.6
Less: Transaction costs arising on issues of securities				–	(40.8)
LTI and EIS securities converted, sold or forfeited			(c)	0.9	3.3
Balance 30 June 2009				2,789.7	5,447.4

24 CONTRIBUTED EQUITY / CONTINUED

Ordinary securities

All ordinary securities were fully paid at 30 June 2010. Ordinary securities entitle the holder to participate in dividends/distributions and the proceeds on winding up of Mirvac in proportion to the number of and amount paid on the securities held. On a show of hands, every holder of ordinary securities present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each security is entitled to one vote.

c. LTI and EIS issues

i). Current LTI plan

At 30 June 2010, 22.2m (2009: 9.9m) performance rights and 8.0m (2009: 10.5m) options were issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. 1.3m performance rights vested during the year to 30 June 2010 (2009: $nil).

ii) EEP

At 30 June 2010, 2.6m (2009: 1.6m) stapled securities have been issued to employees under the EEP.

iii) Superseded LTI and EIS plans

No securities were issued to employees of Mirvac Limited and its controlled entities under the superseded LTI plan and EIS (2009: nil ordinary stapled securities). The total of stapled securities issued to employees under the superseded LTI and EIS at 30 June 2010 was 11.5m (2009: 15.7m). The market price per ordinary stapled security at 30 June 2010 was $1.32 (2009: $1.08). Securities issued as part of the superseded LTI plan and EIS are not classified as ordinary securities, until such time as the vesting conditions are satisfied, employee loans are fully repaid or the employee leaves Mirvac.

d) DRP

Under the DRP, holders of ordinary securities may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary securities rather than being paid in cash. Securities issued under the plan were issued at a two per cent discount to the prevailing market price, calculated on a VWAP basis over the first five business days post record date.

e) Acquisition of MREIT

As part of the acquisition of MREIT, the Group issued 190.1m securities at $1.41 per security, to the unitholders of MREIT who opted to receive a scrip component.

f) Equity raising

In the second half of the year, the Group completed an equity placement, comprising of 250.0m securities under a fully underwritten institutional placement and 18.4m securities under a retail placement, at an offer price of $1.40 per stapled security.

g) Reconciliation of securities issued on the ASX

Under AAS, securities issued under the Mirvac employee LTI plans are required to be accounted for as an option and are excluded from total issued equity, until such time as the relevant employee loans are fully repaid or the employee leaves the Group. Total ordinary securities issued as detailed above is reconciled to securities issued on the ASX as follows:

	2010 Securities m	2009 Securities m
Total ordinary securities disclosed	**3,254.8**	2,789.7
Securities issued under LTI plan and EIS	**11.5**	15.7
Subscribed for but not issued at 30 June[1]	**–**	(156.3)
Total securities issued on the ASX	**3,266.3**	2,649.1

1) Stapled securities subscribed for at 30 June 2009, as part of the equity raising announced to the ASX on 4 June 2009, that were not issued until 9 July 2009.

h) Capital risk management

Refer to note 36 for details of Mirvac's capital risk management.

25 RESERVES

	Consolidated 2010 $m	Consolidated 2009 $m
a) Reserves		
Asset revaluation reserve	**93.8**	86.5
Capital reserve	**(0.2)**	1.2
Foreign currency translation reserve	**(0.7)**	0.2
Security based payments reserve	**21.4**	22.6
	114.3	110.5
b) Movements in reserves		
Asset revaluation reserve		
Balance 1 July	**86.5**	118.8
Increment/(decrement) on revaluation of owner-occupied properties	**0.6**	(32.8)
Deferred tax (refer to note 6)	**–**	0.5
Discount on acquisition of MREIT attributable to NCI	**7.6**	–
Transfers out	**(0.9)**	–
Balance 30 June	**93.8**	86.5
Capital reserve		
Balance 1 July	**1.2**	1.2
Movement in reserve as a result of acquisition of MREIT	**(1.4)**	–
Balance 30 June	**(0.2)**	1.2
Foreign currency translation reserve		
Balance 1 July	**0.2**	(3.0)
(Decrease)/increase in reserve due to translation of foreign subsidiary	**(0.9)**	3.2
Balance 30 June	**(0.7)**	0.2
Security based payments reserve		
Balance 1 July	**22.6**	16.8
Expense relating to security based payments	**(1.2)**	5.8
Balance 30 June	**21.4**	22.6

c) Nature and purpose of reserves

i) Asset revaluation reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of owner-occupied assets.

ii) Capital reserve
The capital reserve was prior to the introduction of IFRS used to record the net revaluation increment or decrement on disposal of investment properties. The balance of the reserve may be transferred to retained earnings and used to satisfy distributions to securityholders.

iii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entities of Mirvac Limited are taken to the foreign currency fluctuation reserve, as described in note 1(e).

iv) Security based payments reserve
The security based payments reserve is used to recognise the fair value of securities issued under LTI plans, securities issued under the EEP and any deficit resulting from the sale of securities under LTI plans.

25 RESERVES / CONTINUED

d) Reconciliation of movements between property, plant and equipment to asset revaluation reserve

	Note	Consolidated 2010 $m	2009 $m
Revaluation decrement within property, plant and equipment	17	**17.3**	34.4
Items adjusted to statement of comprehensive income			
Items relating to owner-occupied buildings including fit out and lease amortisation		**(18.2)**	1.9
Impairment of construction work in progress		**–**	(3.5)
Balance transferred to asset revaluation reserve		**(0.9)**	32.8
Items adjusted directly to reserves			
NCI in the carrying value on acquisition of MREIT	39(e)	**(6.8)**	–
Tax adjustments		**0.4**	(0.5)
Movement in asset revaluation reserve	25(b)	**(7.3)**	32.3

26 RETAINED EARNINGS

	Consolidated 2010 $m	2009 $m
Balance 1 July	**762.2**	435.3
Adjustment on change of accounting policy (net of tax)[1]	**–**	(5.2)
Restated balance 1 July	**(762.2)**	430.1
Net profit/(loss)	**234.7**	(1,078.1)
Adjustment on change of accounting policy (net of tax)[1]	**–**	(7.1)
Items in other comprehensive income recognised directly in retained earnings		
Movement in equity based compensation	**0.1**	0.6
Dividends/distributions provided for or paid	**(241.3)**	(107.7)
Balance 30 June	**(768.7)**	(762.2)

1) Refer to note 1(n) for more details.

27 NON-CONTROLLING INTERESTS

	Consolidated 2010 $m	2009 $m
Interest in:		
Contributed equity	**8.2**	62.9
Retained earnings	**2.8**	1.9
	11.0	64.8

28 DIVIDENDS/DISTRIBUTIONS

Ordinary stapled securities	Consolidated **2010** **$m**	2009 $m
Quarterly ordinary distributions paid as follows:		
2.000 cents per stapled security paid on 30 October 2009 (unfranked distribution)	**56.1**	
5.000 cents per stapled security paid on 24 October 2008 (unfranked distribution)		56.8
2.000 cents per stapled security paid on 29 January 2010 (unfranked distribution)	**59.9**	
2.800 cents per stapled security paid on 30 January 2009 (unfranked distribution)		47.5
2.000 cents per stapled security paid on 30 April 2010 (unfranked distribution)	**60.0**	
2.000 cents per stapled security paid on 30 July 2010 (unfranked distribution)	**65.3**	
0.200 cents per stapled security paid on 31 July 2009 (unfranked distribution)		3.4
Total dividend/distribution 8.000 cents per stapled security (2009: 8.000 cents per stapled security)	**241.3**	107.7

DRP

Dividends/distributions actually paid or satisfied by issue of securities under the DRP were as follows:

	2010 **$m**	2009 $m
Paid in cash	**179.4**	137.4
Satisfied by the issue of securities	**–**	57.4
	179.4	194.8

Franking credits available for subsequent years based on a tax rate of 30 per cent total $9.0m (2009: $16.8m on a tax rate of 30 per cent).

29 INVESTMENTS IN ASSOCIATES

a) Associates accounted for using the equity method

Investments in associates are accounted for using the equity method of accounting.
Information relating to associates is set out below:

Name of entity	Principal activities	Interest **2010** **%**	2009 %	Consolidated **2010** **$m**	2009 $m
177 Salmon Street Trust	Non-residential development	**–**	20	**–**	–
Archbold Road Trust	Non-residential development	**20**	20	**–**	–
BAC Devco Pty Limited	Non-residential development	**33**	33	**–**	0.2
Mirvac City Regeneration Partnership	Non-residential development	**25**	20	**–**	4.1
Diggers Rest Pty Limited	Non-residential development	**–**	25	**–**	0.1
Mindarie Keys Joint Venture[1]	Residential development	**15**	15	**0.7**	1.5
Mirvac Industrial Trust[2]	Listed property investment trust	**14**	14	**–**	–
Mirvac Wholesale Hotel Fund	Hotel investment	**49**	42	**109.6**	100.3
MREIT[3]	Listed property investment trust	**–**	25	**–**	60.6
New Forests Pty Limited[4]	Forestry and environmental asset	**13**	18	**–**	0.2
Panorama Joint Venture	Residential development	**–**	17	**–**	–
Tuckerbox Holdings Pty Limited[5]	Hotel investment	**–**	1	**–**	1.4
Universal Portfolio Services Pty Limited	Non-residential development	**–**	10	**–**	–
				110.3	168.4

1) Mirvac equity accounts for these investment as an associate even though it owns less than 20 per cent of the voting or potential voting power due to the fact that it has significant influence over these entities, as a controlled entity of the Group is the project manager.

2) Mirvac equity accounts for these investment as an associate even though it owns less than 20 per cent of the voting or potential voting power due to the fact that it has significant influence over these entities, as a controlled entity of the Group is the responsible entity for the fund.

3) The Group acquired the remaining units of MREIT during the year and it is now a subsidiary of the Group. Refer to note 39.

4) Mirvac equity accounts for these investment as an associate even though it owns less than 20 per cent of the voting or potential voting power due to the fact that it has significant influence over these entities, as the company is manager for funds, which a controlled entity of the Group is the responsible entity and the Group also has a seat on the Board.

5) As part of the MREIT acquisition, the Group acquired a further 49 per cent of this investment and is now accounted for as an investment in joint venture.

All associates were established or incorporated in Australia with the exception of the Mirvac City Regeneration Partnership which was established in the United Kingdom.

29 INVESTMENTS IN ASSOCIATES / CONTINUED

Associates financial summary

2010 Name	(Loss)/profit (100%) $m	Mirvac share of net (loss)/ profit $m	Total assets (100%) $m	Total liabilities (100%) $m	Net assets (100%) $m	Mirvac carrying value of net assets $m
177 Salmon Street Trust	–	–	–	–	–	–
Archbold Road Trust	–	–	0.1	–	0.1	–
BAC Devco Pty Limited	(0.1)	–	122.5	119.5	3.0	–
Diggers Rest Pty Limited	–	–	–	–	–	–
Mindarie Keys Joint Venture	3.6	0.6	13.1	7.8	5.3	0.7
Mirvac City Regeneration Partnership[1]	1.8	0.4	73.8	40.6	33.2	–
Mirvac Industrial Trust[2]	(30.6)	(3.2)	490.8	439.2	51.6	–
Mirvac Wholesale Hotel Fund[3]	(10.1)	(5.6)	500.6	234.1	266.5	109.6
MREIT	–	4.6	–	–	–	–
New Forests Pty Limited	(2.5)	(0.2)	3.0	0.5	2.5	–
Panorama Joint Venture	–	–	–	–	–	–
Tuckerbox Holdings Pty Limited	–	–	–	–	–	–
Universal Portfolio Services Pty Limited	–	–	–	–	–	–
	(37.9)	**(3.4)**	**1,203.9**	**841.7**	**362.2**	**110.3**

1) The Group has impaired the carrying amount of this investment by $5.9m. Refer to note 29(c) for further details.

2) The investment was written down to $nil in 2009 with further write down of $3.2m in the loan to its investment. The Group did not take up the full amount of the share of loss in the investment because the net investment and loan to this investment have been fully impaired to $nil.

3) The Group did not account for a revaluation surplus in its carrying amount of the business which has been accounted for within the Mirvac Wholesale Hotel Fund. The current revaluation surplus is $36.0m.

The carrying amounts reported by the Group have been adjusted for unrealised profit from transactions with the Group. The total amount adjusted is $0.3m (2009: $5.5m).

2009	(Loss)/profit (100%) $m	Mirvac share of net (loss)/ profit $m	Total assets (100%) $m	Total liabilities (100%) $m	Net assets (100%) $m	Mirvac carrying value of net assets $m
177 Salmon Street Trust	–	–	0.5	0.4	0.1	–
Archbold Road Trust	–	–	0.1	–	0.1	–
BAC Devco Pty Ltd	(0.9)	–	132.5	129.4	3.1	0.2
Diggers Rest Pty Ltd	–	–	0.5	–	0.5	0.1
Mindarie Keys Joint Venture	10.3	–	12.6	3.6	9.0	1.5
Mirvac City Regeneration Partnership[1]	(0.6)	(0.1)	80.3	45.9	34.4	4.1
Mirvac Industrial Trust[2]	(209.1)	(29.3)	578.5	467.5	111.0	–
Mirvac Wholesale Hotel Fund[3]	(27.6)	(12.5)	526.1	246.3	279.8	100.3
MREIT[4]	(251.7)	(59.5)	1,028.5	497.3	531.2	60.6
New Forests Pty Limited	(2.0)	(0.3)	2.0	0.8	1.2	0.2
Panorama Joint Venture	–	–	–	–	–	–
Tuckerbox Holdings Pty Limited	6.5	0.1	378.1	187.0	191.1	1.4
Universal Portfolio Services Pty Limited	0.2	0.4	0.4	0.1	0.3	–
	(474.9)	(101.2)	2,740.1	1,578.3	1,161.8	168.4

1) The Group impaired the carrying amount of the investment by $2.4m.

2) The investment was written down to zero in 2009 with a further write down of $7.4m in the loan to its investment.

3) The Group did not account for a revaluation surplus in its carrying amount of the business which has been accounted for within the Mirvac Wholesale Hotel Fund. The current revaluation surplus is $36.0m.

4) The Group impaired the carrying amount of its investment by $9.2m in 2009.

29 INVESTMENTS IN ASSOCIATES / CONTINUED

	Consolidated 2010 $m	Consolidated 2009 $m
Movements in carrying amounts		
Balance 1 July	**168.4**	284.2
Transfers from joint ventures	**(1.4)**	–
Unrealised losses adjustments	**(0.3)**	(0.5)
New investment	**2.0**	3.6
Excess loss over equity invested written off against loans	**3.2**	8.5
Distributions received	**(8.4)**	(17.1)
Share of loss from ordinary operating activities	**(3.4)**	(101.2)
Impairment of investment	**(5.9)**	(11.6)
Increase in equity as a result of MREIT acquisition	**21.1**	–
Consolidation of MREIT	**(63.4)**	–
Other	**(1.6)**	2.5
Balance 30 June	**110.3**	168.4
Mirvac's aggregate share of associates' assets and liabilities		
Current assets	**11.2**	34.3
Non-current assets	**359.5**	587.1
Total assets	**370.7**	621.4
Current liabilities	**88.8**	39.6
Non-current liabilities	**139.4**	306.6
Total liabilities	**228.2**	346.2
Net assets	**142.5**	275.2
Mirvac's aggregate share of associates' revenues, expenses and results		
Revenues	**77.6**	60.7
Expenses	**(86.2)**	(159.6)
Loss before income tax	**(8.6)**	(98.9)
Mirvac's aggregate share of associates' expenditure commitments		
Capital commitments	**–**	52.3
Fair value of listed investments in associates		
MREIT	**–**	47.1
Mirvac Industrial Trust	**1.9**	4.0

b) Investment in associates accounted for at fair value

Name of entity	Principal activities	Interest 2010 %	Interest 2009 %	Consolidated 2010 $m	Consolidated 2009 $m
James Fielding Infrastructure Yield Fund	Infrastructure	**22**	22	**15.3**	18.5

c) Impairment of investments

During the year, the carrying value of the investment in Mirvac City Regeneration Fund was impaired by $5.9m (2009: $2.4m). The impairment loss was recognised within the 'Impairment of investments including associates and joint ventures' line within profit or loss. Mirvac considers the booking of the impairment provision as prudent based on a number of external factors currently being faced by Mirvac City Regeneration Fund and its two development projects. The Group's position has been made independently of the positions taken by the other investors within the fund. There were no indicators of impairment in respect of other associates.

30 INVESTMENTS IN JOINT VENTURES

Investments in joint ventures include those in corporations, partnerships and other entities and accounted for in the consolidated financial statements using the equity method of accounting. All joint ventures were incorporated in Australia with the exception of Quadrant Real Estate Advisors LLC which was incorporated in the United States. Information relating to joint ventures is set out below:

Name of entity	Principal activities	Interest 2010 %	Interest 2009 %	Consolidated 2010 $m	Consolidated 2009 $m
197 Salmon Street Trust[1]	Investment property	**–**	50	**–**	45.0
Australian Centre for Life Long Learning	Non-residential development	**50**	50	**–**	–
Bankstown Airport Development Pty Ltd	Non-residential development	**50**	50	**–**	–
Bargara Lifestyle Development Pty Ltd[2]	Residential development	**–**	50	**–**	–
BL Developments Pty Ltd	Residential development	**50**	50	**47.1**	44.0
City West Property Investments (No.1) Trust	Non-residential development	**50**	50	**9.2**	9.0
City West Property Investments (No.2) Trust	Non-residential development	**50**	50	**9.2**	9.0
City West Property Investments (No.3) Trust	Non-residential development	**50**	50	**9.2**	9.0
City West Property Investments (No.4) Trust	Non-residential development	**50**	50	**9.2**	9.0
City West Property Investments (No.5) Trust	Non-residential development	**50**	50	**9.2**	9.0
City West Property Investments (No.6) Trust	Non-residential development	**50**	50	**9.2**	9.0
CN Collins Pty Limited	Non-residential development	**50**	50	**0.2**	0.3
Domaine Investment Trust	Non-residential development	**50**	50	**–**	–
Ephraim Island Joint Venture	Residential development	**50**	50	**14.3**	11.8
Fast Track Bromelton Pty Ltd and Nakheel SPV Pty Ltd	Non-residential development	**50**	50	**27.1**	12.8
High Sky Pty Ltd	Non-residential development	**–**	33	**–**	–
HPAL Freehold Pty Ltd	Non-residential development	**50**	50	**7.4**	4.1
Infocus Infrastructure Management Pty Ltd	Investment property	**50**	50	**1.2**	2.3
J F Infrastructure Pty Ltd	Infrastructure	**50**	50	**–**	–
Leakes Rd Rockbank Unit Trust	Residential development	**50**	50	**13.8**	14.0
Lifestyle Villages Management Pty Ltd[2]	Residential development	**–**	50	**–**	–
Lifestyle Villages Trust[2]	Residential development	**–**	50	**–**	–
Mirvac AQUA Pty Ltd[2]	Debt management	**–**	50	**–**	–
Mirvac 8 Chifley Pty Limited (formerly Mirvac Aust Super Pty Ltd)[3]	Investment property	**–**	50	**–**	9.6
Mirvac Lend Lease Village Consortium/ Newington Olympic Village	Residential development	**50**	50	**1.0**	0.3
Mirvac Wholesale Residential Development Partnership Trust	Residential development	**20**	20	**16.3**	11.6
MVIC Finance 2 Pty Limited	Residential development	**50**	50	**–**	–
New Zealand Sustainable Forestry Investors 1 & 2	Forestry and environmental asset	**33**	33	**8.4**	8.4
Old Wallgrove Road Trust[1]	Investment property	**–**	50	**–**	1.9
Prosaine Management Pty Ltd	Investment property	**–**	50	**–**	–
Quadrant Real Estate Advisors LLC	Investment property	**50**	50	**2.7**	2.3
Swanbourne Joint Venture	Residential development	**50**	50	**7.0**	6.8
Tucker Box Holdings Pty Limited	Hotel investment	**50**	–	**98.6**	–
Walsh Bay Partnership	Residential development	**50**	50	**–**	–
				300.3	229.2

1) As a result to the MREIT acquisition, these entities have become 100 per cent owned controlled entities by the Group.

2) The Group has disposed of these investments during the year ended 30 June 2010.

3) The Group has acquired the remaining units in the investment and it is now a 100 per cent owned controlled entity.

30 INVESTMENTS IN JOINT VENTURES / CONTINUED

2010 Name	Profit/(loss) (100%) $m	Mirvac share of net profit/(loss) $m	Total assets (100%) $m	Total liabilities (100%) $m	Net assets (100%) $m	Mirvac carrying value of net assets $m
197 Salmon Street Trust	–	1.6	–	–	–	–
Australian Centre for Life Long Learning	(0.1)	–	85.0	105.1	(20.1)	–
Bankstown Airport Development Pty Ltd	–	–	–	–	–	–
Bargara Lifestyle Development Pty Ltd	–	–	–	–	–	–
BL Developments Pty Ltd	8.7	4.4	148.9	35.8	113.1	47.1
City West Property Investments (No.1) Trust	0.2	0.2	18.5	–	18.5	9.2
City West Property Investments (No.2) Trust	0.2	0.2	18.5	–	18.5	9.2
City West Property Investments (No.3) Trust	0.2	0.2	18.5	–	18.5	9.2
City West Property Investments (No.4) Trust	0.2	0.2	18.5	–	18.5	9.2
City West Property Investments (No.5) Trust	0.2	0.2	18.5	–	18.5	9.2
City West Property Investments (No.6) Trust	0.2	0.2	18.5	–	18.5	9.2
CN Collins Pty Limited	(0.1)	–	36.1	41.9	(5.8)	0.2
Domaine Investment Trust[1]	(1.8)	(0.8)	–	5.2	(5.2)	–
Ephraim Island Joint Venture	5.2	2.6	60.3	31.6	28.7	14.3
Fast Track Bromelton Pty Ltd and Nakheel SPV Pty Ltd	0.1	–	64.8	0.4	64.4	27.1
High Sky Pty Limited	–	–	–	–	–	–
HPAL Freehold Pty Limited	6.2	0.9	65.2	50.4	14.8	7.4
Infocus Infrastructure Management Pty Ltd	1.1	–	3.6	1.3	2.3	1.2
J F Infrastructure Pty Limited[2]	(18.3)	(9.5)	4.9	216.1	(211.2)	–
Leakes Rd Rockbank Unit Trust	(0.3)	(0.2)	28.3	0.7	27.6	13.8
Lifestyle Villages Management Pty Limited	–	–	–	–	–	–
Lifestyle Villages Trust	–	–	–	–	–	–
Mirvac AQUA Pty Limited	(1.0)	(0.6)	–	–	–	–
Mirvac 8 Chifley Pty Limited (formerly Mirvac Aust Super Pty Ltd)	–	(5.5)	–	–	–	–
Mirvac Lend Lease Village Consortium/ Newington Olympic Village	–	0.6	7.5	5.4	2.1	1.0
Mirvac Wholesale Residential Development Partnership Trust[3]	(12.2)	3.3	506.5	310.4	196.1	16.3
MVIC Finance 2 Pty Limited	–	–	0.1	–	0.1	–
New Zealand Sustainable Forestry Investors 1&2[4]	0.7	–	79.7	33.3	46.4	8.4
Old Wallgrove Road Trust	–	–	–	–	–	–
Prosaine Management Pty Limited	–	–	–	–	–	–
Quadrant Real Estate Advisors LLC[5]	1.1	0.8	39.2	48.7	(9.5)	2.7
Swanbourne Joint Venture	–	–	14.6	0.3	14.3	7.0
Tucker Box Holdings Pty Limited	21.7	6.5	377.3	179.2	198.1	98.6
Walsh Bay Partnership	–	–	0.1	2.3	(2.2)	–
	12.2	**5.3**	**1,633.1**	**1,068.1**	**565.0**	**300.3**

1) The Group has written down the loan to the joint venture to cover the Group's share of loss of $0.8m.

2) The Group has written down the loan to the joint venture to cover the Group's share of loss of $9.5m (2009: $11.8m).

3) The Group did not take up the impairment loss in the Group's share of profit of the joint venture, as the carrying value of the investment is already below the 20 per cent ownership of the net assets of the joint venture.

4) The Group has impaired the carrying amount of investment by $7.4m in 2009.

5) The carrying amount reflects the Group's entitlement to the net assets independent of its financial position.

The carrying amounts reported by the Group have been adjusted for unrealised profit from transactions with the Group. The total amount adjusted is $40.3m (2009: $39.8m).

30 INVESTMENTS IN JOINT VENTURES / CONTINUED

2009	Profit/(loss) (100%) $m	Mirvac share of net profit/(loss) $m	Total assets (100%) $m	Total liabilities (100%) $m	Net assets (100%) $m	Mirvac carrying value of net assets $m
197 Salmon Street Trust	(13.6)	(6.8)	94.9	2.8	92.1	45.0
Australian Centre for Life Long Learning[1]	(2.4)	(1.2)	84.8	96.8	(12.0)	–
Bankstown Airport Development Pty Limited	–	–	–	–	–	–
Bargara Lifestyle Development Pty Limited	0.1	(0.4)	8.8	10.3	(1.5)	–
BL Developments Pty Limited	11.9	5.9	188.9	84.6	104.3	44.0
City West Property Investments (No 1) Trust	0.2	–	18.3	–	18.3	9.0
City West Property Investments (No 2) Trust	0.2	–	18.3	–	18.3	9.0
City West Property Investments (No 3) Trust	0.2	–	18.3	–	18.3	9.0
City West Property Investments (No 4) Trust	0.2	–	18.3	–	18.3	9.0
City West Property Investments (No 5) Trust	0.2	–	18.3	–	18.3	9.0
City West Property Investments (No 6) Trust	0.2	–	18.3	–	18.3	9.0
CN Collins Pty Limited[2]	(35.7)	(14.6)	35.7	41.4	(5.7)	0.3
Domaine Investment Trust	(3.4)	(1.7)	3.4	6.8	(3.4)	–
Ephraim Island Joint Venture[4]	(15.3)	(8.2)	90.6	67.0	23.6	11.8
Fast Track Bromelton Pty Limited and Nakheel SPV Pty Limited[3]	–	–	36.1	–	36.1	12.8
High Sky Pty Limited	–	–	–	–	–	–
HPAL Freehold Pty Limited	–	3.9	50.2	41.5	8.7	4.1
Infocus Infrastructure Management Pty Limited	1.3	0.6	5.3	1.3	4.0	2.3
JF Infrastructure Pty Limited[5]	(15.8)	(11.9)	7.1	191.2	(184.1)	–
Leakes Rd Rockbank Unit Trust	(0.3)	(0.1)	28.4	0.5	27.9	14.0
Lifestyle Villages Management Pty Limited	–	–	–	–	–	–
Lifestyle Villages Trust[6]	–	–	8.1	6.0	2.1	–
Mirvac AQUA Pty Limited[7]	(0.5)	(0.3)	0.3	5.7	(5.4)	–
Mirvac 8 Chifley Pty Limited (formerly Mirvac Aust Super Pty Ltd)	(40.2)	(20.1)	40.8	22.2	18.6	9.6
Mirvac Lend Lease Village Consortium/ Newington Olympic Village	5.6	2.2	8.0	5.9	2.1	0.3
Mirvac Wholesale Residential Development Partnership Trust	2.3	0.5	461.2	252.9	208.3	11.6
MVIC Finance 2 Pty Limited	–	–	0.1	–	0.1	–
New Zealand Sustainable Forestry Investors 1&2[8]	0.4	(1.6)	77.6	30.6	47.0	8.4
Old Wallgrove Road Trust	0.7	–	9.3	0.1	9.2	1.9
Prosaine Management Pty Limited	–	0.2	–	–	–	–
Quadrant Real Estate Advisors LLC	(0.5)	(4.8)	0.4	5.7	(5.3)	2.3
Swanbourne Joint Venture[9]	4.4	1.6	10.1	1.2	8.9	6.8
Walsh Bay Partnership	–	–	0.4	2.6	(2.2)	–
	(99.8)	(56.8)	1,360.3	877.1	483.2	229.2

1) The carrying amount of the investment has been impaired by $7.6m to $nil. The Group has further written down its loan to the joint venture by $15.4m.

2) The Group's carrying value includes a future management fee of $3.1m recoverable from the investment.

3) The Group's share of equity is lower than expected largely due to a $7.0m procurement fee that is due to be returned to the joint venture partner. The remaining variance represents eliminated unearned income of ($3.0m).

4) The Group has impaired the carrying amount of its investment by $7.7m.

5) In 2009, the Group have further written down its loan to the joint venture to cover the loss of $11.8m.

6) The Group impaired the carrying amount of its investment by $2.1m.

7) The carrying amount of the investment has been impaired to $nil.

8) The Group impaired the carrying amount of its investment by $7.4m.

9) The variance is due to a timing difference of a distribution received from its investment.

30 INVESTMENTS IN JOINT VENTURES / CONTINUED

	Consolidated	
	2010 $m	2009 $m
Movement in carrying amounts		
Balance 1 July	**229.2**	316.0
Transfers from associates	**1.4**	–
New investment	**15.6**	29.4
Excess loss over equity invested written off against loans	**10.7**	10.1
Distributions received	**(10.5)**	(14.5)
Joint venture partners' (contributions)/repayments	**2.7**	1.7
Unrealised loss	**(0.1)**	(6.8)
Share of profit/(loss) from ordinary operating activities	**5.3**	(56.8)
Transfers to investments in controlled entities	**–**	(28.6)
Acquisition of MREIT including the remeasurement of equity interest	**(104.6)**	–
Provision for deferred settlements recognised	**–**	9.8
Impairment of investment	**–**	(17.8)
Increase in equity as a result of the acquisition of MREIT	**148.0**	–
Transfers to inventories	**–**	(11.5)
Other	**2.6**	(1.8)
Balance 30 June	**300.3**	229.2
Mirvac's aggregate share of joint ventures' assets and liabilities		
Current assets	**188.9**	120.6
Non-current assets	**462.4**	408.0
Total assets	**651.3**	528.6
Current liabilities	**293.6**	176.3
Non-current liabilities	**141.9**	181.2
Total liabilities	**435.5**	357.5
Net assets	**215.8**	171.1
Mirvac's aggregate share of joint ventures' revenues, expenses and results		
Revenues	**199.2**	98.6
Expenses	**(189.6)**	(143.0)
Profit/(loss) before income tax	**9.6**	(44.4)
Mirvac's aggregate share of joint ventures' expenditure commitments		
Capital commitments	**–**	–

a) Impairment of investments
In the year ended 30 June 2010 no impairment provision (2009: $7.4m) was taken against the carrying value of the investment in New Zealand Sustainable Forestry Investors ("NZSFI").

Investments in joint ventures are reviewed at the end of each reporting period for any impairment and written off to the extent that the future benefits are no longer probable and do not support the carrying value in the investment.

31 CONTINGENT LIABILITIES

The Group had contingent liabilities at 30 June 2010 in respect of the following:

	Consolidated 2010 $m	2009 $m
Bank guarantees and performance bonds issued by external parties in respect of certain performance obligations granted in the normal course of business	**60.3**	85.0
Asset performance guarantees. The Group has provided guarantees to owners of some managed assets as to the future performance of these assets	**1.5**	3.6
Claims for damages in respect of injury sustained due to health and safety issues have been made during the year. The potential effect of these claims indicated by legal advice is that if the claims were to be successful against the Group, they would result in a liability	**0.3**	0.2

Mirvac Industrial Trust ("MIX")

The Group guarantees part of MIX foreign exchange hedging. MIX is required to pay any shortfall between the contracted rate and the spot rate on the termination of these foreign exchange hedges. In the event that MIX was unable to pay any shortfall then the Group, as guarantor, is required to pay the shortfall amount. The amount varies daily as the spot rate changes and can be either an asset or liability. No liability existed at 30 June 2010.

32 COMMITMENTS

a) Capital commitments

	Consolidated 2010 $m	2009 $m
Investment properties		
Not later than one year	**29.8**	55.1
Later than one year but not later than five years	**–**	28.5
Later than five years	**–**	–
	29.8	83.6
Property, plant and equipment		
Not later than one year	**0.6**	2.7
Later than one year but not later than five years	**–**	–
Later than five years	**–**	–
	0.6	2.7

32 COMMITMENTS / CONTINUED

b) Lease commitments

	Consolidated 2010 $m	2009 $m
Operating leases		
Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Not later than one year	**9.0**	9.0
Later than one year but not later than five years	**30.5**	25.8
Later than five years	**1.5**	2.0
	41.0	36.8
Finance leases		
Commitments in relation to finance leases are payable as follows:		
Not later than one year	**3.5**	0.1
Later than one year but not later than five years	**13.1**	–
Later than five years	**–**	–
Residual	**–**	–
Minimum lease payments	**16.6**	0.1
Less: Future finance charges	**(2.7)**	–
Representing lease liabilities (refer to note 20)	**13.9**	0.1

Mirvac leases various plant and equipment with a carrying value of $0.1m (2009: $0.1m) under finance leases expiring in less than five years.

33 KEY MANAGEMENT PERSONNEL

a) Determination of KMP

In previous years, the KMP were determined as being members of the Executive Committee who were also business unit heads and had delegated authority from the Board. During 2009, the Board approved the creation of the ELT. For the year ended 30 June 2010 the ELT consisted of the Managing Director, the Chief Financial Officer, the Chief Operating Officer, the Chief Executive Officer — Development and the Chief Executive Officer — Investment (effective 1 July 2010). In addition, the Board also approved the transfer of the authority limits held by the Executive Committee to the ELT.

b) KMP compensation

	Consolidated 2010 $m	2009 $m
Short-term employment benefits	**11.7**	10.7
Post-employment benefits	**0.2**	0.5
Security based payments	**3.2**	2.5
Termination benefits	**1.2**	4.4
Other long-term benefits	**0.1**	0.1
Total	**16.4**	18.2

Detailed remuneration disclosures are provided in the remuneration report on pages 9 to 23.

33 KEY MANAGEMENT PERSONNEL / CONTINUED

c) Equity instrument disclosures relating to Directors and KMP

i) Security holdings

The number of ordinary securities in Mirvac held during the year by each Director and other KMP, including their personally-related parties, are set out below. There were no securities granted during the year as compensation.

2010	Balance 1 July	Securities issued under EEP	Other changes	Balance 30 June
Directors				
James MacKenzie	119,200	–	10,714	**129,914**
Nicholas Collishaw	2,027,436	–	28,568	**2,056,004**
Peter Hawkins	442,547	–	153,570	**596,117**
James Millar	–	–	40,714	**40,714**
Penny Morris	208,994	–	32,142	**241,136**
John Mulcahy	–	–	25,000	**25,000**
KMP				
John Carfi	128,913	–	–	**128,913**
Brett Draffen	380,272	–	(100,000)	**280,272**
Gary Flowers	–	–	–	**–**
Christopher Freeman	320,724	–	(320,724)	**–**
Grant Hodgetts	139,440	–	–	**139,440**
Justin Mitchell	164,637	–	–	**164,637**

2009	Balance 1 July	Securities issued under EEP	Other changes	Balance 30 June
Directors				
James MacKenzie	55,978	–	63,222	119,200
Nicholas Collishaw	1,461,255	505	565,676	2,027,436
Paul Biancardi	8,041	–	95,238	103,279
Adrian Fini	8,816,781	505	(125,110)	8,692,176
Peter Hawkins	18,684	–	423,863	442,547
Penny Morris	42,841	–	166,153	208,994
Richard Turner	69,241	–	161,704	230,945
KMP				
Evan Campbell	85,543	505	103,617	189,665
John Carfi	90,472	505	37,936	128,913
Greg Collins	164,764	505	76,290	241,559
Brett Draffen	136,730	505	243,037	380,272
Gary Flowers	–	–	–	–
Christopher Freeman	320,219	505	–	320,724
Grant Hodgetts	95,892	505	43,043	139,440
Justin Mitchell	115,684	505	48,448	164,637
Andrew Turner	390,301	505	162,964	553,770
Matthew Wallace	103,291	505	50,000	153,796

33 KEY MANAGEMENT PERSONNEL / CONTINUED

ii) Options

Details of options granted as remuneration and stapled securities issued on the exercise of such options, together with terms and conditions of the options, are provided on pages 9 to 23 in the remuneration report.

The number of options over ordinary securities in Mirvac held during the year by each Director and other KMP, including their personally-related parties, is set out below:

2010	Balance 1 July	Options issued under LTP	Other changes	Balance 30 June	Unvested
Director					
Nicholas Collishaw	2,336,340	–	–	**2,336,340**	2,336,340
KMP					
John Carfi	368,600	–	–	**368,600**	368,600
Brett Draffen	796,780	–	–	**796,780**	796,780
Gary Flowers	192,300	–	–	**192,300**	192,300
Christopher Freeman	–	–	–	**–**	–
Grant Hodgetts	587,030	–	(319,610)	**267,420**	267,420
Justin Mitchell	471,050	–	–	**471,050**	471,050

2009	Balance 1 July	Options issued under LTP	Other changes	Balance 30 June	Unvested
Directors					
Nicholas Collishaw	413,240	1,923,100	–	2,336,340	2,336,340
Adrian Fini	413,240	–	(137,609)	275,631	275,631
KMP					
Evan Campbell	225,990	416,700	–	642,690	642,690
John Carfi	–	368,600	–	368,600	368,600
Gregory Collins	225,990	416,700	–	642,690	642,690
Brett Draffen	258,280	538,500	–	796,780	796,780
Gary Flowers	–	192,300	–	192,300	192,300
Grant Hodgetts	215,230	371,800	–	587,030	587,030
Justin Mitchell	137,750	333,300	–	471,050	471,050
Andrew Turner	204,470	304,500	–	508,970	508,970
Matthew Wallace	–	336,500	–	336,500	336,500

iii) Performance rights

Details of performance rights granted as remuneration and stapled securities issued on the exercise of such rights, together with terms and conditions of the rights are provided on pages 9 to 23 of the remuneration report. The number of performance rights in Mirvac held during the year by each Director and other KMP, including their personally-related parties, are set out below:

2010	Balance 1 July	Rights issued under LTP	Other changes	Balance 30 June
Director				
Nicholas Collishaw	985,960	2,213,600	–	**3,199,560**
KMP				
John Carfi	193,970	295,700	–	**489,670**
Brett Draffen	316,230	589,900	–	**906,130**
Gary Flowers	87,000	264,800	–	**351,800**
Christopher Freeman	1,304,300	–	(1,304,300)	**–**
Grant Hodgetts	228,710	–	(132,270)	**96,440**
Justin Mitchell	189,490	275,000	–	**464,490**

33 KEY MANAGEMENT PERSONNEL / CONTINUED

2009	Balance 1 July	Rights issued under LTP	Other changes	Balance 30 June
Directors				
Nicholas Collishaw	116,360	869,600	–	985,960
Adrian Fini	116,360	–	(38,748)	77,612
KMP				
Evan Campbell	63,640	188,400	–	252,040
John Carfi	27,270	166,700	–	193,970
Gregory Collins	63,640	188,400	–	252,040
Brett Draffen	72,730	243,500	–	316,230
Gary Flowers	–	87,000	–	87,000
Christopher Freeman	–	1,304,300	–	1,304,000
Grant Hodgetts	60,610	168,100	–	228,710
Justin Mitchell	38,790	150,700	–	189,490
Andrew Turner	57,580	137,700	–	195,280
Matthew Wallace	25,450	152,200	–	177,650

d) Loans to Directors and KMP

Details of loans made to Directors and KMP (including loans granted under the LTIP and EIS), including their personally-related parties, are set out below:

i) Aggregates for Directors and KMP

	Balance 1 July $	Interest not charged[d] $	Balance 30 June $	Number of Directors and KMP at end of the reporting period Number
2010	**9,341,460**	**501,435**	**15,704,246**	**7**
2009	10,262,732	294,112	12,526,390	11

ii) Individuals with loans above $100,000 during the reporting period:

2010	Note	Balance 1 July $	Interest not charged[d] $	Balance 30 June $	Highest indebtedness during the reporting period $
Director					
Nicholas Collishaw	(a)	974,470	–	963,959	974,470
	(c)	1,004,500	–	1,004,500	1,004,500
	(e)	2,000,000	116,430	1,900,000	2,000,000
KMP					
John Carfi	(a)	326,921	–	323,123	326,921
	(b)	80,000	795	–	80,000
	(e)	1,500,000	102,967	1,900,000	2,000,000
Brett Draffen	(a)	540,358	–	534,609	540,358
	(b)	500,000	27,719	450,000	500,000
	(e)	–	63,780	1,900,000	2,000,000
Gary Flowers	(e)	–	36,774	1,000,000	1,000,000
Christopher Freeman	(a)	1,083,596	–	1,083,596	1,083,596
	(b)	480,000	12,924	–	480,000
Grant Hodgetts	(a)	403,478	–	399,490	403,478
	(e)	–	70,175	1,900,000	2,000,000
Justin Mitchell	(a)	290,287	–	287,119	290,287
	(c)	157,850	–	157,850	157,850
	(e)	–	69,871	1,900,000	2,000,000

33 KEY MANAGEMENT PERSONNEL / CONTINUED

2009	Note	Balance 1 July $	Interest not charged(d) $	Balance 30 June $	Highest indebtedness during the year $
Directors					
Nicholas Collishaw	(a)	1,001,459	–	974,470	1,001,459
	(c)	1,004,500	–	1,004,500	1,004,500
	(e)	–	89,827	2,000,000	2,000,000
Adrian Fini	(a)	1,046,608	–	1,017,174	1,046,608
	(b)	680,000	45,922	–	680,000
KMP					
Evan Campbell	(a)	329,200	–	320,032	329,200
	(b)	80,000	1,203	–	80,000
John Carfi	(a)	336,743	–	326,921	336,743
	(b)	140,000	7,474	80,000	140,000
	(e)	–	36,302	1,500,000	1,500,000
Gregory Collins	(a)	463,042	–	447,420	463,042
	(b)	80,000	1,203	–	80,000
Brett Draffen	(a)	555,217	–	540,358	555,217
	(b)	500,000	41,073	500,000	500,000
Christopher Freeman	(a)	1,118,430	–	1,083,596	1,118,430
	(b)	480,000	39,430	480,000	480,000
Grant Hodgetts	(a)	413,784	–	403,478	413,784
Justin Mitchell	(a)	298,478	–	290,287	298,478
	(c)	157,850	–	157,850	157,850
Andrew Turner	(a)	730,092	–	704,123	730,092
	(b)	420,000	30,475	360,000	420,000
Matthew Wallace	(a)	347,329	–	336,181	347,329
	(b)	80,000	1,203	–	80,000

a) Securities purchased under the LTIP, EIS and former James Fielding Group ("JFG") EIS are funded by interest-free employee loans. The loans are non-recourse to the employee in the event of a shortfall on disposal. The securities issued are held as security until the loans are repaid.

b) Loans made under the employee loan scheme are interest free, repayable over periods from six to 10 years, and repayable in full upon cessation of employment. The loans are secured by mortgage over the property or securities purchased. Loans issued under the employee loan scheme are subject to a periodic forgiveness schedule and may also be subject to terms set out in service agreements.

c) Securities issued under the former JFG EIS and converted to Mirvac securities are interest bearing employee loans. The loans are non-recourse in the event of disposal. The stapled securities issued are held as security until the loans are repaid.

d) Interest not charged excludes loans issued under the LTIP and EIS.

e) During the year ended 30 June 2009, several employees were invited to participate in an interest-free loan program which has since been closed to further entry, consistent with Mirvac's intention to eliminate the use of loan plans as part of employee reward. The amounts of the loans range from $500,000 to $2,000,000 and must be secured against property, or unconditional bank guarantee. Each loan was granted on a full recourse basis. A progressively increasing forgiveness schedule allows for no more than 50 per cent of the total loan balance to be forgiven after five years of continued service. The repayment date of the loan is the earlier of 12 months after the participant ceases to be employed by Mirvac, or 12 months after the fifth anniversary of the loan. Interest is payable for any period in which the loan remains unpaid after the repayment date.

f) Loan repayments are made partly from distributions and from sales of underlying securities.

Other than loans forgiven to specified executives as disclosed in the remuneration report, no write downs or provision for impairment for receivables have been recognised in relation to any loans made to Directors or specified executives.

e) Other transactions with Directors and KMP

There are a number of transactions between Directors and KMP with the Group. The terms and conditions of these transactions are considered to be no more favourable than in similar transactions on an arm's length basis.

On occasions, Directors and KMP may purchase goods and services from Mirvac. These purchases are on terms and conditions available to Mirvac employees generally.

As set out in the Directors' report, a number of the Directors of Mirvac are also Directors of other companies. On occasions, the Group may purchase goods and services from or supply good and services to these entities. These transactions are undertaken on normal commercial terms and conditions and the Director or KMP does not directly influence these transactions.

34 EMPLOYEE BENEFITS

a) Employee benefits and related on-cost liabilities

Provision for employee benefits	Consolidated 2010 $m	Consolidated 2009 $m
Annual leave accrual	**13.9**	17.3
Current LSL	**6.3**	6.4
Non-current LSL	**4.1**	4.4
Aggregate employee benefits and related on-cost liabilities	**24.3**	28.1

The aggregate employee benefits and related on-cost liabilities include amounts for annual leave and LSL. The amount for LSL that is expected to be settled more than 12 months from the end of the reporting period is measured at its present value.

b) Superannuation commitments

Mirvac offers employees based in Australia as part of their remuneration, the ability to participate in a staff superannuation plan managed by AustralianSuper. Employees are able to choose whether to participate in this plan or a qualifying plan of their choice. The plan provides lump sum benefits on retirement, disability or death for employees who are invited by their employer to join the plan. The plan is a defined contribution plan, which complies with relevant superannuation requirements.

c) Employee security/unit issues

The total of all securities issued under all employee security schemes is limited to five per cent of the issued securities of the stapled group in any five year period.

d) LTI plans

i) EEP

The Mirvac EEP is designed to encourage security ownership across the broader employee population. The EEP provides eligible employees with $1,000 worth of Mirvac securities annually at nil cost. The plan is open to Australian based employees with more than 12 months of continuous service, who do not participate in other Mirvac equity plans. Securities acquired under this plan must be held for a minimum of three years (or earlier at cessation of employment with the Group) during which time the securities are subject to a restriction on disposal. Otherwise, holders enjoy the same rights and benefits as other holders of Mirvac's stapled securities. On termination, employees retain any securities granted to them. At 30 June 2010, 2,634,713 stapled securities (2009: 1,614,783) had been issued to employees under the general EEP.

ii) LTP — current plan

Mirvac's LTP was introduced in the year ended 30 June 2008 following approval by securityholders at the 2007 Annual General Meeting/General Meeting. This plan applies to the Managing Director, other Executive Directors, senior executives and other executive employees.

Awards under this plan are made in the form of performance rights. A performance right is a right to acquire one fully paid stapled security in Mirvac provided a specified performance hurdle is met. The rights offered under the scheme can only be exercised if and when these performance conditions are achieved over a three year period. If the performance rights vest and are exercised, entitlements will be satisfied by either an allotment of new securities or by purchase on market of existing securities, at the Board's discretion. Non-Executive Directors are not eligible to participate in this LTP. No loans are made to participants under this plan.

The Board reviews the performance conditions annually to determine the appropriate hurdles based on Mirvac's strategy and prevailing market practice. The Board determined, on the recommendation of the HRC, that the performance conditions to apply to the vesting of the grants made during the year ended 30 June 2010 would be Relative TSR and ROE. TSR was chosen given that it is an objective measure of securityholder value creation and has a wide level of understanding and acceptance of the measure among various key stakeholders. ROE was chosen because it measures how well management has used securityholder funds and reinvested earnings to generate additional earnings for securityholders.

At 30 June 2010, 22,238,221 (2009: 9,923,912) performance rights and 7,995,367 (2009: 10,464,491) options had been issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. A total of 1,304,300 performance rights (2009: nil) and no options (2009: nil) vested during the year to 30 June 2010 (2009: nil).

34 EMPLOYEE BENEFITS / CONTINUED

iii) Superseded plans

Two previous LTIP were closed for new grants with the introduction of the LTP. Subject to the conditions for disposal of securities issued under the superseded LTI and EIS, loans are non-recourse in the event of disposal.

EIS

Until 2006, Mirvac's long-term variable remuneration scheme for employees was its EIS. The scheme, which was open to all permanent employees, was designed to share the benefits of the Group's performance through the provision of loans to purchase Mirvac stapled securities. Allocations were made annually, were unrestricted and fully vested on allotment. The loans were repayable via distributions received on the securities or upon their sale. Loans were provided on a recourse basis to Executive Directors but were provided on a non-recourse basis to other participants in the scheme. If the loan value is greater than the value of securities, the remaining balance is written off and the securities are forfeited. If an employee resigns or is dismissed, the outstanding loan balance is required to be paid when employment ceases. In the event of redundancy, retirement or death, the employee has 12 months after employment ceases in which to repay the loan. If the loan value is greater than the value of securities when the loan balance is due, the remaining balance is written off and the securities are forfeited.

The EIS was closed to new participants in 2006 as it was no longer considered to be consistent with market practice. However, existing arrangements remain in place until all current loans are repaid.

LTIP

The LTIP was introduced in 2006 and approved by securityholders at the Group's 2006 Annual General Meeting/General Meeting. Participation in the plan was open to the Managing Director, other Executive Directors, other executives and eligible employees. Under this plan, participants were offered a loan which was applied to fund the acquisition of Mirvac's stapled securities at market value.

The term of the loan is eight years. Any loan balance outstanding at the end of the eighth year must be repaid at that time. The loan is reduced annually by applying the after-tax amounts of any distributions paid by Mirvac to the outstanding principal. The loans are interest free and non-recourse over their term.

Two performance conditions were required to be met before the securities acquired under the plan vest in full with the participant: Relative TSR and Absolute EPS growth. The satisfaction of each condition was given an equal weighting in terms of the total number of securities that may vest (that is 50 per cent of the total securities held by a participant was subject to each performance condition).

e) Security based payment expense

Total expenses arising from security based payment transactions recognised during the year as part of employee benefits expenses were as follows:

	Consolidated	
	2010 $m	2009 $m
EEP	**1.6**	1.9
Current plan — LTP	**7.1**	4.8
Superseded LTIP	**–**	0.4
Total	**8.7**	7.1

f) Fair value of security based payment

i) EEP

The nature of the securities allotted under this plan is in substance similar to an option. The assessed fair value is taken to profit or loss as the securities vest immediately.

ii) LTP

Fair value at grant date has been independently determined using an option pricing model that takes into account the exercise price, the term of the securities, the current price of the underlying securities, the expected volatility of the security price, the expected dividend yield and the risk-free interest rate for the term of the security. The fair value of the security based payments is calculated using the binomial option pricing model.

34 EMPLOYEE BENEFITS / CONTINUED

Assumptions used for the fair value of security based payments are as follows:

Security based payment inputs for the current LTP plan
In valuing rights linked to the Relative TSR measure, the key inputs for the 2010 grant were as follows:

	Performance rights
Grant date	8 June 2010
Performance hurdle	Relative TSR
Performance period start	1 July 2009
Performance testing date	30 June 2012
Security price at grant date	$1.28
Exercise price	$nil
Expected life	2.1 years
Volatility	68%
Risk-free interest rate	4.45%
Dividend/distribution yield	6.1%

For the 2010 grant, entitlements under the ROE measure will be based on the following vesting schedule:

Performance level	Return on equity	Percentage of securities subject to this criterion to vest
<Threshold	< CPI + 3.0	Nil
Threshold	CPI + 3.0	50
Threshold – maximum	CPI + 3.0 to CPI + 5.5	Pro-rata between 50 and 100
Maximum	CPI + 5.5 and above	100

Security based payment inputs for the EEP issued during the year

	EEP
Grant date	23 December 2009
Spot price at grant date	$1.52

g) Mirvac executive share and option plan ("MESOP")
The plan was adopted by a special resolution at the Annual General Meeting of the members of Mirvac Limited on 6 November 1996. The MESOP is limited to executives of Mirvac Limited approved by the Board. Participating executives do not receive benefits unless targets are achieved. Funds for the acquisition of fully paid ordinary securities under the MESOP are limited to the lesser of:

i) five per cent of Mirvac annual pre-tax aggregated net profit; or
ii) $2,000,000.

No securities were acquired during the year ended 30 June 2010 (2009: $nil). At 30 June 2010, the number of acquired securities outstanding under the MESOP was $nil (2009: 1,841).

h) Employee loan scheme
The employee loan scheme was approved by a special resolution of the members of Mirvac Limited in 2002. Under the terms of the loan scheme, loans are only made to eligible employees (including Executive Directors), under terms and conditions at the discretion of the Directors of Mirvac Limited. Eligibility under the loan scheme is at the discretion of the Directors of Mirvac Limited. The total of all loans issued under the loan scheme shall not exceed 2.5 per cent of the total contributed equity and reserves of Mirvac Limited and its controlled entities. Loans are immediately repayable upon the member ceasing to be an employee.

At 30 June 2010, loans totalling $820,000 (2009: $1,821,560) had been offered to employees, $820,000 (2009: $1,821,560) of which were drawn down at 30 June 2010. These loans have a periodic forgiveness schedule.

35 RELATED PARTIES

a) Subsidiaries
Interests in subsidiaries are set out in note 15.

b) KMP
Disclosures relating to KMP are set out in note 33.

c) Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2010 $m	2009 $m
Transactions with associates and joint ventures		
Project development fees	**1.8**	6.3
Management and service fees	**41.3**	49.0
Construction billings	**227.6**	130.2
Commissions	**–**	0.4
Responsible entity fees	**17.7**	24.5

d) Outstanding balances in relation to transactions with related parties
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Consolidated	
	2010 $m	2009 $m
Current receivables		
Associates and joint ventures	**63.4**	18.6
Non-current receivables		
Associates and joint ventures	**107.0**	105.6

No impairment allowance (2009: $42.7m) in respect of receivables has been raised in relation to any outstanding balances, and no other expense has been recognised in respect of impaired receivables due from related parties.

e) Terms and conditions
Transactions relating to dividends/distributions are on the same terms and conditions that applied to other securityholders.

The terms of the tax funding agreement are set out note 6(d).

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties, and the loans are interest free.

36 FINANCIAL RISK MANAGEMENT

Mirvac's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. Mirvac's overall risk management program seeks to minimise potential adverse effects on the financial performance of Mirvac. The Group uses various derivative financial instruments to manage certain risk exposures, specifically in relation to interest rate and foreign exchange risks on borrowings. Derivatives are exclusively used for hedging purposes and are not held for trading or speculative purposes.

Financial risk management is carried out by a central treasury department ("Mirvac Group Treasury") under policies approved by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity. Mirvac Group Treasury identifies, evaluates, reports and manages financial risks in close cooperation with the Group's operating units in accordance with Board policy.

36 FINANCIAL RISK MANAGEMENT / CONTINUED

The Group hold the following financial instruments:

		Consolidated	
	Note	**2010 $m**	2009 $m
Financial assets			
Cash and cash equivalents	38	**582.0**	896.5
Receivables	8	**386.0**	452.6
Other financial assets at fair value through profit or loss	10	**15.3**	18.5
Derivative financial assets	14	**16.0**	13.0
		999.3	1,380.6
Financial liabilities			
Payables	19	**350.4**	342.3
Borrowings	20	**1,844.3**	2,103.9
Derivative financial liabilities	23	**52.9**	43.1
		2,247.6	2,489.3

The carrying values of trade receivables (less impairment allowance) and payables are assumed to approximate their fair values due to their short-term nature. Derivative financial assets and liabilities are valued based upon valuation techniques.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk.

i) Currency risk

Foreign exchange risk refers to the change in value between foreign currencies and the Australian dollar. This change affects the assets and liabilities of Mirvac which are denominated in currencies other than Australian dollars. Mirvac foreign exchange risks arise mainly from:

- borrowings denominated in currencies other than Australian dollars which are predominately US dollars;
- investments in offshore operations which are located in the United States and New Zealand;
- receipts and payments which are denominated in other currencies; and
- foreign exchange risk on derivatives.

Mirvac manages its foreign exchange risk for its assets and liabilities denominated in other currencies by borrowing in the same currency as that in which the offshore business operates to form a natural hedge against the movement in exchange rates.

Mirvac manages its foreign currency note borrowings with cross currency swaps which swap the obligations to pay fixed or floating US dollar principal and interest payments to floating Australian dollar interest payments. Cross currency swaps in place cover 100 per cent of the US dollar denominated note principal outstanding. These swaps have the same maturity profiles as the underlying note obligations. This removes exposure to interest rates in the US market while creating floating exposures in the domestic market that have been managed to meet Mirvac's target interest rate profile. The foreign currency exchange rate has been fixed for all swaps to AUD/USD 0.7456.

At 30 June 2010, the notional amounts and periods of expiry of the cross currency swap contracts for the Group were:

	2010 $m	2009 $m
Greater than five years	**503.0**	503.0

All swaps require settlement on a quarterly basis.

Translation gains or losses on the net investment in foreign operations are recorded through the foreign currency translation reserve.

36 FINANCIAL RISK MANAGEMENT / CONTINUED

Sensitivity analysis

Cross currency swaps are in place to manage the foreign exchange exposure on the US dollar debt. These swaps have the same notional principal and maturity profiles as the underlying note obligations. Based upon current exposures, there is no material foreign exchange sensitivity in Mirvac.

ii) Interest rate risk

Mirvac's interest rate risk arises from long-term borrowings, cash and cash equivalents, receivables and derivatives.

Borrowings

Borrowings issued at variable rates expose Mirvac to cash flow interest rate risk. Borrowings issued at fixed rates expose Mirvac to fair value interest rate risk. The Group's policy is to have a minimum of 50 per cent and a target of 65 per cent of borrowings subject to fixed or capped interest rates. This policy was complied with at the end of the reporting period.

Mirvac manages its cash flow interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed or capped rates. Under the interest rate derivatives, Mirvac agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The following table sets out Mirvac's net exposure to interest rate risk by maturity periods. Exposures arise predominately from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

		Fixed interest maturing in						
	Floating interest rate $m	1 year or less $m	Over 1 to 2 year(s) $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	Total $m
2010								
Unsecured bank loans	997.9	–	–	–	–	–	–	**997.9**
Domestic MTN	100.0	100.0	–	–	–	150.0	–	**350.0**
Foreign MTN	440.0	–	–	–	–	–	10.0	**450.0**
Secured bank loans	32.5	–	–	–	–	–	–	**32.5**
Interest rate swaps	(1,132.5)	(50.0)	332.5	–	100.0	(150.0)	900.0	**–**
Lease liabilities	–	2.3	2.8	3.0	3.2	2.6	–	**13.9**
Total	**437.9**	**52.3**	**335.3**	**3.0**	**103.2**	**2.6**	**910.0**	**1,844.3**
2009								
Unsecured bank loans	1,009.1	–	–	–	–	–	–	1,009.1
Domestic MTN	265.0	135.0	100.0	–	–	–	–	500.0
Foreign MTN	462.2	–	–	–	–	–	10.0	472.2
Secured bank loans	122.5	–	–	–	–	–	–	122.5
Interest rate swaps	(1,047.5)	(135.0)	(50.0)	332.5	–	–	900.0	–
Lease liabilities	–	0.1	–	–	–	–	–	0.1
Total	811.3	0.1	50.0	332.5	–	–	910.0	2,103.9

Derivative instruments used by Mirvac

Mirvac has at times entered into interest rate derivatives to convert fixed rates to floating interest rates to give Mirvac the flexibility to use existing derivative positions and maintain fixed rate exposures within the target range.

Mirvac enters into a variety of bought and/or sold option agreements which allow rates to float between certain ranges and agreements which allow the relevant bank to cancel options if certain conditions arise, the benefit of which is lower fixed rates. The rates will revert to no worse than the floating rate payable as if no derivative was entered into. These derivatives are recorded on the statement of financial position at fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. Derivatives currently in place cover approximately 68.3 per cent (2009: 60.3 per cent) of the loan principal outstanding. The fixed interest rates range between 4.25 and 7.00 per cent (2009: 4.25 and 7.00 per cent) per annum. At 30 June 2010, the notional principal amounts, interest rates and periods of expiry of the interest rate swap contracts held by the Group were as follows:

36 FINANCIAL RISK MANAGEMENT / CONTINUED

	Floating to fixed				Fixed to floating			
	2010		2009		**2010**		2009	
	Interest rates (%pa)	**$m**	Interest rates (%pa)	$m	**Interest rates (%pa)**	**$m**	Interest rates (%pa)	$m
Less than 1 year	**5.95**	**50.0**	–	–	**6.75**	**100.0**	7.00	135.0
1-2 year(s)	**4.25-7.00**	**332.5**	5.95	50.0	**–**	**–**	6.75	100.0
2-3 years	**–**	**–**	4.25-7.00	332.5	**–**	**–**	–	–
3-4 years	**5.5**	**100.0**	–	–	**–**	**–**	–	–
4-5 years	**–**	**–**	–	–	**8.25**	**150.0**	–	–
Greater than 5 years	**5.67-6.40**	**900.0**	5.67-6.40	900.0	**–**	**–**	–	–
		1,382.5		1,282.5		**250.0**		235.0

The contracts require settlement of net interest receivable or payable each reset date (generally 90 days). The settlement dates generally coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

Cash and cash equivalents
Cash held exposes Mirvac to cash flow interest rate risk.

Receivables
The Group's exposure to interest rate risk for current and non-current receivables is set out in the following tables:

			Fixed interest maturing in						
	Note	Floating interest rate $m	1 year or less $m	Over 1 to 2 year(s) $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	Total $m
2010									
Trade receivables	8	–	–	–	–	–	–	50.5	**50.5**
Related party receivables	8	14.0	36.8	3.9	14.4	8.1	–	104.2	**181.4**
Loans to Directors and employees	8	–	–	–	–	–	–	19.4	**19.4**
Other receivables	8	34.3	41.4	2.7	3.0	2.5	–	50.8	**134.7**
		48.3	**78.2**	**6.6**	**17.4**	**10.6**	**–**	**224.9**	**386.0**
2009									
Trade receivables	8	–	–	–	–	–	–	85.1	85.1
Related party receivables	8	25.0	–	24.3	–	9.0	–	100.0	158.3
Loans to Directors and employees	8	–	–	–	–	–	–	7.5	7.5
Other receivables	8	–	0.2	20.4	2.5	–	–	178.6	201.7
		25.0	0.2	44.7	2.5	9.0	–	371.2	452.6

Sensitivity analysis
Mirvac's interest rate risk exposure arises from long-term borrowings, cash held with financial institutions and receivables. Based upon a 50 (2009: 100) basis point increase or decrease in Australian interest rates, the impact on profit after tax has been calculated taking into account all underlying exposures and related derivatives. This sensitivity has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates.

The impact on the Group's result of a 50 (2009: 100) basis point increase in interest rates would be an increase in profit of $16.7m (2009: increase of $29.4m). The impact on Mirvac's result of a 50 (2009: 100) basis point decrease in interest rates would be a decrease in profit of $15.0m (2009: decrease of $35.1m). The impact on the Group of a movement in US dollar interest rates would not be material to profit of the Group.

The interest rate sensitivities of the Group vary on an increase/decrease 50 basis point movement in interest rates due to the interest rate optionality of a small number of derivatives.

iii) Price risk
The Group is exposed to equity price risk arising from an equity investment (refer to note 10). The equity investment is held for the purpose of selling in the near term. As this investment is not listed, the fund manager provides a unit price each six months. At the end of the reporting period, if the unit price had been five per cent higher or lower, the effect on net profit for the year would have been $0.7m (2009: $0.9m). This investment represents less than one per cent of Mirvac's net assets and therefore represents minimal risk to the Group.

36 FINANCIAL RISK MANAGEMENT / CONTINUED

b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and will cause a financial loss. Mirvac has exposures to credit risk on cash and cash equivalents, receivables and derivative financial assets, the maximum exposure to credit risk is based on the total value of the Group's financial assets, net of any provision for impairment, as shown in note 8.

To help manage this risk, the Group has a policy for establishing credit limits for the entities dealt with which is based on the size or previous trading experience of the entity. Based upon the size or previous trading experience, Mirvac may require collateral, such as bank guarantees in relation to investment properties, leases or deposits taken on residential sales.

Mirvac may also be subject to credit risk for transactions which are not included in the statement of financial position, such as when Mirvac provides a guarantee for another party. Details of the Group's contingent liabilities are disclosed in note 31. The credit risk arising from derivatives transactions and cash held with financial institutions exposes the Group if the contracting entity is unable to complete its obligations under the contracts. Mirvac's policy is to spread the amount of net credit exposure among major financial institutions which are rated the equivalent A or above from the major rating agencies. Mirvac's net exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties.

With regard to mezzanine loans, Mirvac monitors all loans advanced on a continuous basis. Formal procedures are in place, which include the regular review of each loan's status, monitoring of compliance with loan terms and conditions, consideration of historical performance and future outlook of borrowers for realisation. These procedures include the process for the realisation of loans, review and determination of the appropriate carrying value of investments and regular dialogue with the borrowers to ensure material issues are identified as they arise. Refer to note 8 for the management of credit risk relating to receivables.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions, the ability to raise funds through the issue of new securities through various means including placements and/or Mirvac's DRP. Mirvac prepares and updates regular forecasts of the Group's liquidity requirements to ensure that committed credit lines are kept available in order to take advantage of growth opportunities. Surplus funds are generally only invested in highly liquid instruments.

At 30 June 2010, Mirvac has minimal liquidity risk due to there being only $327.7m of current borrowings (which expire between September 2010 and February 2011) and undrawn facilities of $1,119.6m. It is expected that these expiring facilities will be paid out of cash balances held. In addition in the second half of the year the Group completed an equity placement (refer to note 24).

36 FINANCIAL RISK MANAGEMENT / CONTINUED

d) Capital risk

Mirvac's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for securityholders and benefits for other stakeholders, and to maintain an optimal capital structure including maintaining an investment grade credit rating of BBB to reduce the cost of capital having regard to the real estate activities the Group invests in. The capital structure of the Group consists of debt and equity. The mix of debt and equity is measured by reference to the Group's target gearing ratio of 20 to 25 per cent. At 30 June 2010, the gearing ratio (net debt including cross currency swaps to total assets less cash) was 18.1 per cent (2009: 19.4 per cent). In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends/distributions paid to securityholders, return capital to securityholders or issue new stapled securities. Mirvac prepares quarterly statements of financial position, statements of comprehensive income and cash flow updates for the current year and five year forecasts. These forecasts are used to monitor the Group's capital structure and future capital requirements, taking into account future market conditions.

Australian financial services license ratio and Queensland Building licences ratios were complied with at 30 June 2010. Mirvac also complied with all its borrowing covenant ratios at 30 June 2010. The gearing ratios were as follows:

	Consolidated	
	2010 $m	2009 $m
Net interest bearing debt less cash[1]	**1,311.4**	1,248.1
Total tangible assets less cash	**7,250.6**	6,418.7
Gearing ratio (per cent)	**18.1**	19.4

1) US dollar denominated borrowings translated at cross currency instrument rate excluding leases.

e) Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. As of 1 July 2009, Mirvac adopted the amendment to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level one);
- inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level two); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level three).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	Note	Level one $m	Level two $m	Level three $m	Total $m
Assets					
Financial assets at fair value through profit or loss					
– unlisted securities	10	–	–	15.3	15.3
Derivatives used for hedging	14	–	16.0	–	16.0
		–	16.0	15.3	31.3
Liabilities					
Derivatives used for hedging	23	–	52.9	–	52.9
		–	52.9	–	52.9

36 FINANCIAL RISK MANAGEMENT / CONTINUED

The following table presents the changes in level three instruments for the year ended 30 June 2010 held by the Group:

	Financial assets at fair value through profit or loss $m
Balance 1 July	**18.5**
Losses recognised in profit or loss	**(3.2)**
Balance 30 June	**15.3**
Total losses for the year included in loss on financial instruments that relate to assets held at the end of the reporting period	**(3.2)**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level one.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Mirvac uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated DCF, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level two and comprise debt investments and derivative financial instruments. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level three. Mirvac's maturity of net and gross settled derivative and non derivative financial instruments is provided in the following table. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Maturing in:						
2010	1 year or less $m	Over 1 to 2 year(s) $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	Total $m
Non-interest bearing							
Payables	340.0	10.4	–	–	–	–	**350.4**
Interest bearing							
Unsecured bank loans	137.1	829.8	103.7	–	–	–	**1,070.6**
Domestic MTN	215.3	12.4	12.4	12.4	162.4	–	**414.9**
Foreign MTN	23.1	23.3	23.8	24.3	24.7	491.5	**610.7**
Secured bank loans	32.5	–	–	–	–	–	**32.5**
Derivatives							
Net settled (interest rate swaps)	14.9	12.6	9.8	7.4	5.0	5.0	**54.7**
Fixed to floating swaps	(4.9)	(4.9)	(4.7)	(4.3)	(3.9)	–	**(22.7)**
Gross settled (cross currency swaps)							
– Outflow	24.2	24.7	25.1	26.6	28.0	563.5	**692.1**
– (Inflow)	(23.1)	(23.3)	(23.8)	(24.3)	(24.7)	(491.5)	**(610.7)**
	759.1	**885.0**	**146.3**	**42.1**	**191.5**	**568.5**	**2,592.5**

36 FINANCIAL RISK MANAGEMENT / CONTINUED

2009	Maturing in: 1 year or less $m	Over 1 to 2 year(s) $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	Total $m
Non-interest bearing							
Payables	278.4	63.9	–	–	–	–	342.3
Interest bearing							
Unsecured bank loans	31.9	149.9	932.0	–	–	–	1,113.8
Domestic MTN	323.7	204.4	–	–	–	–	528.1
Foreign MTN	25.2	25.6	26.4	26.9	27.1	546.7	677.9
Secured bank loans	126.1	–	–	–	–	–	126.1
Derivatives							
Net settled (interest rate swaps)	32.6	15.0	(2.1)	(5.4)	(3.9)	(8.8)	27.4
Fixed to floating swaps	(9.4)	(2.3)	–	–	–	–	(11.7)
Gross settled (cross currency swaps)							
– Outflow	22.1	28.7	35.7	38.6	38.0	616.4	779.5
– (Inflow)	(25.2)	(25.6)	(26.4)	(26.9)	(27.1)	(546.7)	(677.9)
	805.4	459.6	965.6	33.2	34.1	607.6	2,905.5

37 REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

	Consolidated 2010 $000	Consolidated 2009 $000
a) Assurance services		
Audit services		
Audit and review of financial reports		
Australian firm	**1,850.0**	1,500.0
Total remuneration for audit services	**1,850.0**	1,500.0
Other assurance and advisory services		
Australian firm		
Compliance services and regulatory returns	**316.1**	404.0
Financial due diligence and transactions	**993.3**	411.3
	1,309.4	815.3
Related practices of PricewaterhouseCoopers Australia		
Financial due diligence and transactions	**–**	–
	–	–
Total remuneration for other assurance and advisory services	**1,309.4**	815.3
Total remuneration for audit, assurance and advisory services	**3,159.4**	2,315.3
b) Taxation services		
Tax compliance services		
Australian firm	**282.8**	146.7
Related practices of PricewaterhouseCoopers Australia	**–**	–
Total remuneration for taxation services	**282.8**	146.7
c) Advisory services		
Advisory services		
Australian firm	**64.0**	–
Related practices of PricewaterhouseCoopers Australia	**–**	–
Total remuneration for advisory services	**64.0**	–

38 NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated 2010 $m	2009 $m
a) Reconciliation of cash		
Cash at the end of the year as shown in the statement of cash flows is the same as the statement of financial position, the detail of which follows:		
Cash on hand	**0.2**	0.2
Cash at bank	**216.2**	150.1
Deposits at call	**365.6**	746.2
Cash and cash equivalents	**582.0**	896.5
b) Reconciliation of profit/(loss) after tax to net cash inflows from operating activities		
Profit/(loss) after tax	**234.7**	(1,078.1)
Net gain on sale of investments	**(10.4)**	–
Discount on business combination	**(150.7)**	–
Net loss from fair value adjustments on investment properties and owner-occupied hotel management lots and freehold hotels	**6.9**	487.2
Net loss from fair value adjustments on investment properties under construction	**112.8**	–
Net loss of sale of investment properties	**0.2**	–
Loss/(profit) on sale of non-current assets	**1.1**	(0.9)
Depreciation and amortisation	**31.2**	28.3
Impairment of goodwill, management rights and other intangible assets	**–**	273.6
Impairment of investments including associates and joint ventures	**6.2**	41.6
Impairment of loans	**5.9**	59.4
Provision for loss on inventories	**–**	186.5
Security based payments expense	**8.7**	7.1
Business combination transaction costs	**19.4**	–
Unrealised loss on financial instruments	**11.0**	38.0
Unrealised (gain)/loss on foreign exchange	**(21.5)**	72.6
Share of net (gain)/loss of associates and joint ventures not received as dividends/distributions	**(1.9)**	158.0
Distributions from joint venture partnerships	**19.7**	39.3
Change in operating assets and liabilities, net of effects from purchase of subsidiary:		
– Increase in income taxes payable	**13.0**	56.9
– Decrease in tax effected balances	**(14.5)**	(83.8)
– Decrease in receivables	**103.0**	61.2
– Decrease/(increase) in inventories	**29.2**	(88.2)
– Decrease/(increase) in other assets/liabilities	**2.9**	(7.2)
– Increase in financial assets	**(2.1)**	(26.3)
– Decrease in creditors	**(65.0)**	(156.2)
– Increase/(decrease) in provisions for employee benefits	**0.2**	(20.9)
Net cash inflows from operating activities	**340.0**	48.1

39 ACQUISITION OF BUSINESSES

Acquisition of MREIT

a) Summary of acquisition

On 7 December 2009, the Group acquired 75.4 per cent of the issued securities of MREIT. MREIT was a diversified real estate investment trust, listed on the ASX. At the date of acquisition, the Group already held 24.6 per cent of the issued securities of MREIT. As part of the acquisition of MREIT, the Group acquired the remaining additional 33.3 per cent of the issued securities of the Springfield Regional Shopping Centre Trust which is a transaction with NCI.

Details of the preliminary net assets acquired are as follows:

Purchase consideration	Note	$m
Cash paid	39(b)	**59.4**
Securities issued	39(c)	**149.2**
Fair value of previously held interest	39(d)	**91.9**
Total purchase consideration excluding consideration allocated to NCI		**300.5**

The fair value of assets and liabilities recognised as a result of the acquisition excluding assets and liabilities allocated to NCI is as follows:

	Fair value $m
Cash	**55.2**
Trade receivables	**4.1**
Other financial assets	**30.4**
Investments accounted for using the equity method	**148.4**
Investment properties	**690.7**
Payables	**(32.0)**
Borrowings	**(452.5)**
Derivative financial liabilities	**(17.7)**
Provision for distribution	**(6.3)**
Net identifiable assets acquired	**420.3**
Less: Discount on acquisition	**(119.8)**
Net assets acquired[1]	**300.5**

1) Net assets acquired of $300.5m is the total purchase consideration for the net assets acquired excluding NCI.

The discount on acquisition of MREIT is attributable to MREIT's circumstances at acquisition, including short-term debt maturities, potential covenant breaches and capital constraints which would have been likely to adversely impact the value realisable by MREIT unitholders on a stand alone basis. The discount has been recognised in profit or loss, under the other income heading.

Revenue and profit contribution

The acquired business contributed revenues of $61.1m and a net loss of $53.7m to the Group for the period from 7 December to 30 June 2010. The loss was a result of acquisition transaction costs in MREIT of $8.2m and expensing of prepaid borrowing costs of $4.2m following the repayment of MREIT's syndicated borrowing facility.

If the acquisition had occurred on 1 July 2009, the consolidated revenue and consolidated profit for the Group (including MREIT) for the year ended 30 June 2010 would have been $1,759.1m and of $185.4m respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional amortisation of lease incentives in respect of investment properties that would have been charged assuming the fair value adjustments to investment properties.

39 ACQUISITION OF BUSINESSES / CONTINUED

b) Purchase consideration — cash outflow on acquisition

	Consolidated	
	2010 $m	2009 $m
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	**(59.4)**	–
Less: Balance acquired	**55.2**	–
	(4.2)	–
Direct costs relating to acquisition	**(15.2)**	–
Outflow of cash — investing activities	**(19.4)**	–
Acquisition of additional ownership interest in subsidiary	**(13.7)**	–
Outflow of cash — financing activities	**(13.7)**	–
Total outflow of cash to acquire subsidiary and NCI	**(33.1)**	–

Acquisition related costs
The total business combination transaction costs for the year were $19.4m. Costs relating to acquisition of MREIT of $18.3m, (including the post acquisition write off of $4.2m for prepaid borrowing costs on the extinguishing MREIT's debt) and other business acquisition costs of $1.1m are included in other expenses in the consolidated statement of comprehensive income and in investing cash flows in the consolidated statement of cash flows.

c) Securities issued
As part of the acquisition, the Group issued 190.1m securities, the fair value of which was determined to be the market value of $1.405 per security, being the market value of Mirvac securities at the acquisition date. The total fair value was $267.1m. Of the total securities issued, $83.5m were in relation to the previously held (24.6 per cent) interests and $34.4m was attributed to the acquisition of the NCI, and accordingly the net amount of securities issued was $149.2m.

d) Fair value of previously held interest
Prior to the acquisition, the Group held 24.6 per cent of the securities of MREIT. The table below sets out the fair value of these securities:

	$m
Carrying value of securities prior to the acquisition	**61.0**
Gain on revaluing securities held as part of the acquisition	**30.9**
Fair value of securities held at the time of acquisition	**91.9**

39 ACQUISITION OF BUSINESSES / CONTINUED

e) Transactions with NCI

As part of the acquisition of MREIT, the Group acquired the remaining additional 33.3 per cent of the issued securities of Springfield Regional Shopping Centre Trust, for a purchase consideration of $48.1m. The consideration consisted of $13.7m in cash and $34.4m in securities issued by the consolidated entity. The carrying amount of the NCI in Springfield Regional Shopping Centre Trust on the date of acquisition was $54.9m. The Group recognised a decrease in NCI of $54.9m and an increase in equity of $6.8m.

The effect of changes in the ownership interest of Springfield Regional Shopping Centre Trust on the equity attributable to owners of the Group during the year is summarised as follows:

	$m
Carrying amount of NCI acquired	**54.9**
Consideration paid to NCI	**(48.1)**
Discount on acquisition and recognised in a separate reserve within equity	**6.8**

The total amount recognised in a separate reserve in equity is $7.6m, being $6.8m relating to the discount on acquisition of the NCI and $0.9m being the difference in the carrying value of the Springfield Regional Shopping Centre held by MREIT compared to the Group.

The consideration paid for the NCI is less than the fair value as a result of the discount attributed on the acquisition of MREIT (refer to note 39(a)).

40 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

a) Acquisition of WOT

i) Summary of acquisition

On 4 August 2010 the Group acquired 100 per cent of the issued securities in WOT, a ASX listed real estate investment trust, for consideration of approximately $404.1m. The acquisition is expected to increase the Group's market share and reduce cost through economies of scale. The financial effects of this transaction have not been brought to account at 30 June 2010. The information provided below represents amounts disclosed in the 30 June 2010 financial statements of WOT, lodged with ASIC on 3 August 2010. Due to the timing of this acquisition the exercise to identify any adjustments to the fair value of the assets and liabilities attained on acquisition date has not been finalised, and therefore the initial accounting for the business combination remains incomplete.

Details of the purchase consideration to acquire WOT are as follows:

Purchase consideration	Note	$m
Cash paid	40(a)(iii)	**200.0**
Securities issued	40(a)(v)	**204.1**
Total purchase consideration excluding consideration allocated to NCI		**404.1**

40 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD / CONTINUED

The fair value of assets and liabilities anticipated to be recognised as a result of the acquisition are as follows:

	$m
Cash	**17.4**
Trade receivables	**2.6**
Other financial assets	**22.2**
Investment properties	**1,107.8**
Payables	**(6.4)**
Borrowings	**(721.9)**
Derivative financial liabilities	**(20.1)**
Provision for distribution	**(8.0)**
Net identifiable assets acquired	**393.6**
Goodwill on acquisition[1]	**10.5**
Net assets acquired	**404.1**

1) The goodwill on acquisition will not be finalised until the acquisition accounting has been completed. This amount is based on the fair values of assets disclosed in the WOT financial statements for the year ended 30 June 2010.

The goodwill is attributable to WOT's quality investment portfolio which comprises properties which are predominantly leased to high quality tenants on long term leases with structured rental increases. None of the goodwill is expected to be deductible for tax purposes.

As previously noted an exercise to ascertain the fair value of WOT assets, liabilities and contingent liabilities to calculate the resultant goodwill may result in an adjustment to goodwill on acquisition.

ii) Contingent consideration
There is no contingent consideration as part of this transaction.

iii) Purchase consideration — cash outflow acquisition

	Consolidated	
	2010 $m	2009 $m
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	**(200.0)**	–
Less: Balance acquired[1]	**17.4**	–
	(182.6)	–
Direct costs relating to acquisition	**(40.1)**	–
Outflow of cash — investing activities	**(222.7)**	–
Total outflow of cash to acquire subsidiary	**(222.7)**	–

1) Cash balance acquired as per the WOT accounts as at 30 June 2010.

40 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD / CONTINUED

iv) Acquisition related costs

Acquisition related costs of $40.1m are expected to be incurred (including $25.1m of transaction costs relating directly to the acquisition and $15.0m for Westpac giving up its opportunity to earn future management fees). These amounts are based on the information contained in the Explanatory Memorandum ("EM") lodged with ASIC on 16 June 2010, and may be materially different to what has been assumed.

v) Securities issued

As part of the acquisition, the Group issued 149.1m securities, the fair value of which was determined to be the market value of $1.37 per security, being the market value of Mirvac securities at the acquisition date. The total fair value of securities issued as part of the acquisition was $204.1m.

vi) Acquistion of remaining interest in North Ryde Office Trust ("NROT")

The Group acquired the remaining 50 per cent interest in NROT, for a purchase consideration of $22.5m. NROT owns the Westpac Data Centre at 50-60 Talavera and Khartoum Roads at Macquarie Park, NSW. The Group acquired the other 50 per cent interest in NROT through its acquisition of WOT. As a result, Mirvac now holds all of the units in NROT.

vii) Information not disclosed as not yet available

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of WOT. In particular, the fair values of the assets and liabilities disclosed above are based on WOT's financial statements at 30 June 2010 and are subject to change. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

b) Other events

No other circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations of Mirvac, the results of those operations, or the state of affairs of Mirvac in future years.

41 PARENT ENTITY FINANCIAL INFORMATION

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of financial position	**2010 $m**	2009 $m
Current assets	**3,299.3**	3,107.9
Total assets	**3,745.3**	3,468.7
Current liabilities	**1,779.0**	1,570.8
Total liabilities	**2,445.7**	2,222.5
Equity		
Issued capital	**1,223.7**	1,153.7
Reserves		
Security based payments reserve	**16.7**	19.3
Capital reserve	**(0.2)**	–
Retained earnings	**59.4**	73.2
	1,299.6	1,246.2
Loss for the year	**(13.8)**	(7.8)
Total comprehensive income	**(13.8)**	(7.8)

41 PARENT ENTITY FINANCIAL INFORMATION / CONTINUED

b) Guarantees entered into by the parent entity
The parent guarantees part of MIX foreign exchange hedging. MIX is required to pay any shortfall between the contracted rate and the spot rate on the termination of these foreign exchange hedges. In the event that MIX was unable to pay any shortfall then the parent, as guarantor, is required to pay the shortfall amount. The amount varies daily as the spot rate changes and can be either an asset or liability. The parent does not expect a material liability to arise as a result of this guarantee.

The parent is party to a deed of cross guarantee, with members of the closed group. Further details are disclosed in note 15(c).

The parent entity did not provide any other guarantees at 30 June 2010 or 30 June 2009.

c) Contingent liabilities of the parent entity
The parent entity did not have any other contingent liabilities other than the item referred to in 41(b) at 30 June 2010 or 30 June 2009.

d) Contractual commitments for the acquisition of property, plant and equipment
The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2010 or 30 June 2009.

In the Directors' opinion:

a) the financial statements and the notes set out on pages 39 to 126 are in accordance with the *Corporations Act 2001*, including:
   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the company's and consolidated entity's financial position at 30 June 2010 and of their performance for the year ended on that date;

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 15 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 15.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the IASB.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Nicholas Collishaw
Director

Sydney
24 August 2010

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the shareholders of Mirvac Limited

Report on the financial report

We have audited the accompanying financial report of Mirvac Limited (the company), which comprises the statement of financial position as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Mirvac Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end, including Mirvac Funds Limited as responsible entity for Mirvac Property Trust and the entities it controlled at year's end, or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Independent auditor's report to the shareholders of Mirvac Limited (continued)

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Mirvac Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 23 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Mirvac Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001.*

PricewaterhouseCoopers

R L Gavin
Partner

Sydney
24 August 2010

STAPLING OF SECURITIES
Mirvac was originally formed by the "stapling" of the securities of three listed entities being Mirvac Limited, Capital Property Trust and Mirvac Property Trust in June 1999, by way of a scheme of arrangement. In 2001/02 Mirvac was simplified by Mirvac Property Trust acquiring all the units in the Capital Property Trust (which by then had been renamed Mirvac Commercial Trust), such that the resulting stapled structure consisted of one Mirvac Limited share stapled to one Mirvac Property Trust unit. This stapled structure remains in place today. Further details may be found under History in the Investor Information section of Mirvac's website: www.mirvac.com.

SECURITIES EXCHANGE LISTING
Mirvac's stapled securities are quoted on the ASX, trading under the code: MGR. The stapled securities cannot be dealt with or traded separately.

There are currently 3,415,314,823 stapled securities on issue. The stapled security price is reported daily in the Industrial Share table in the Market trading data published in daily newspapers. The stapled security price may also be accessed on Mirvac's website or at www.asx.com.au. For the purpose of ASX Listing Rule 4.10, unless otherwise stated, the information in this section is current at 11 August 2010.

SECURITYHOLDER ENQUIRES
Securityholders with queries concerning their holding, distribution payments or related matters should contact Mirvac's registry:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Telephone +61 2 8280 7107
Facsimile +61 2 9287 0303
Securityholder enquiries 1800 356 444

Email registrars@linkmarketservices.com.au
Website www.linkmarketservices.com.au

When contacting the registry please quote your current address details together with your Security Reference Number ("SRN") or Holder Identification Number ("HIN") as shown on your Issuer Sponsored or CHESS statement. Mirvac's website, in the Investor Information section, is also a useful reference point for securityholders. Securityholders who wish to advise the registry of a change of address or change of other details should do so in writing to Mirvac's registry or online at www.mirvac.com.

DISTRIBUTION PAYMENTS
Directors propose to pay distributions to securityholders quarterly in January, April, July and October of each year.

Securityholders are encouraged to receive their distributions electronically, rather than by cheque, as a secure and efficient means of payment. Distributions can be paid directly into any bank, building society or credit union account in Australia.

Payments are electronically credited on the day the distribution is paid and confirmed by mailed payment advice. Securityholders wishing to use this facility should contact Mirvac's registry. A distribution history is available in the Investor Information section of Mirvac's website.

PROVISION OF INFORMATION TO SECURITYHOLDERS
Mirvac publishes, and posts to its website, its Annual Report each year. Full financial statements are lodged with ASX and ASIC (under dual lodgement) and are also available within the Investor Information section of Mirvac's website. Other reports available within this section include Mirvac's Preliminary Final Report ("Appendix 4E") released in August of each year, Half Year Reports released in February of each year, Property Compendium and other relevant reports and presentations. Mirvac is very conscious of the environmental impact of printing and dispatching hard copies of its Annual Report and encourages all securityholders to receive communications from the Group by email if possible. The provision of information by Mirvac to its securityholders by email is immediate and secure, as well as providing significant cost savings particularly in printing and postage.

Securityholders can elect to receive the following communications electronically:

- Notices of Meetings and online proxy voting; and
- Major market announcements.

Securityholders who wish to register their email address should contact Mirvac's registry. Following the changes to the *Corporations Act 2001 (Cth)* enacted by the Federal Government in 2007, and consistent with Mirvac's commitment to the environment and sustainable practices, the Group now provides its Annual Report to all securityholders online, with a hard copy of the Report only provided to securityholders who specifically request to receive a copy in this form.

All securityholders receive Notices of Meetings, proxy forms and other communications either electronically or in hard copy form, as requested, regardless of whether or not they have elected to receive the Annual Report in hard copy.

SUBSTANTIAL SECURITYHOLDERS

As disclosed in substantial holding notices lodged with the ASX as at 11 August 2010:

Name	Date of last notice received	Number of stapled securities	Percentage of issued capital[1]
Commonwealth Bank of Australia and its subsidiaries	4/9/2009	177,668,390	6.33
Vanguard Group, Inc	1/3/2010	186,167,992	6.21
ING and its related Body Corporate	19/4/2010	189,513,841	5.84
AusBil Dexia Limited	15/10/2009	144,991,690	5.17
BlackRock Investment Management (Australia) Limited and associated BlackRock Group	31/12/2009	154,704,716	5.16
Barclays Group	7/10/2009	137,805,294	4.91

1) Percentage of issued capital held as at the date notice provided.

STAPLED SECURITIES SUBJECT TO VOLUNTARY ESCROW

As part of the trust scheme under which Mirvac Funds Limited as responsible entity of MPT acquired all of the units in WOT, the following stapled securities held by a Westpac entity are subject to voluntary escrow:

Number and class of securities the subject of voluntary escrow	22,248,914 stapled securities (held directly or through instalment receipts)
Date escrow period ends	4 August 2011

RANGE OF SECURITYHOLDERS

At 11 August 2010

Range	Number of securityholders	Number of stapled securities
100,001 and over	376	3,129,742,274
10,001 to 100,000	8,026	188,059,257
5,001 to 10,000	7,548	54,937,641
1,001 to 5,000	14,257	39,347,363
1 to 1,000	6,690	3,228,288
Total number of securityholders	**36,897**	**3,415,314,823**

RANGE OF INSTALMENT RECEIPT HOLDERS

As at 11 August 2010

Range	Number of instalment receipts holders	Number of instalment receipts
100,001 and over	184	80,372,464
10,001 to 100,000	1,513	45,138,549
5,001 to 10,000	531	3,753,784
1,001 to 5,000	492	1,387,421
1 to 1,000	66	40,202
Total number of instalment receipt holders	**2,786**	**130,692,420**

20 LARGEST SECURITYHOLDERS

The 20 largest securityholders on Mirvac's register at 11 August 2010 are:

Name	Number of stapled securities	Percentage of issued equity
HSBC Custody Nominees (Australia) Limited	911,964,796	26.70
National Nominees Limited	675,429,653	19.78
J P Morgan Nominees Australia Limited	622,472,632	18.23
Citicorp Nominees Pty Limited	155,349,643	4.55
Westpac Custodian Nominees Limited	122,416,440	3.58
Cogent Nominees Pty Limited	89,473,743	2.62
Citicorp Nominees Pty Limited	48,679,945	1.43
AMP Life Limited	47,797,714	1.40
ANZ Nominees Limited	46,518,736	1.36
Cogent Nominees Pty Limited	29,883,026	0.87
Citicorp Nominees Pty Limited	21,867,478	0.64
Bond Street Custodians Limited	21,012,032	0.62
Queensland Investment Corporation	20,045,006	0.59
RBC Dexia Investor Services Australia Nominees Pty Limited	19,316,462	0.57
RBC Dexia Investor Services Australia Nominees Pty Limited	19,219,303	0.56
Citicorp Nominees Pty Limited	15,609,277	0.46
UBS Wealth Management Australia Nominees Pty Limited	15,502,518	0.45
Bond Street Custodians Limited	13,426,860	0.39
Citicorp Nominees Pty Limited	13,230,000	0.38
Citicorp Nominees Pty Limited	9,575,628	0.28
Total for 20 largest securityholders	2,918,790,892	85.46
Total other investors	496,523,931	14.54
Total stapled securities on issue	**3,415,314,823**	**100**

Number of securityholders holding less than a marketable parcel: 2,784.

VOTING RIGHTS

Subject to the Constitutions of Mirvac Limited and of MPT and to any rights or restrictions for the time being attached to any class of shares or stapled securities:

- on a show of hands, each Member present in person and each other person present as a proxy, Attorney or Representative of a Member has one vote; and
- on a poll, each Member present in person has one vote for each fully paid stapled security held by the Member, and each person present as proxy, Attorney or Representative of a Member has one vote for each fully paid stapled security held by the Member that the person represents.

INSTALMENT RECEIPT VOTING RIGHTS

Instalment receipt holders have full beneficial ownership of stapled securities and their rights as owners of the stapled securities is evidenced by the issue to instalment receipt holders on the basis of one instalment receipt for each stapled security. The only change to holders' normal rights as an owner of stapled securities is that registration of their stapled securities is recorded in the name of Westpac Custodian Nominees Limited, the security trustee, until the final instalment is paid.

Instalment receipt holders are entitled to receive notices and attend meetings of Mirvac and exercise voting rights on securityholder resolutions put forward. Furthermore, on a show of hands, instalment receipt holders have one vote each. On a poll, instalment receipt holders have one vote per instalment receipt held.

DIRECTORY

Registered office/principal office
Level 26
60 Margaret Street
Sydney NSW 2000

Telephone +61 2 9080 8000
Facsimile +61 2 9080 8111

www.mirvac.com

Securities exchange listing
Australia (ASX Code: MGR)

Directors
James MacKenzie (Chairman)
Nicholas Collishaw (Managing Director)
Peter Hawkins
James Millar
Penny Morris
John Mulcahy

General Counsel and Company Secretary
Sonya Harris

Stapled security registry
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Telephone +61 2 8280 7107
Facsimile +61 2 9287 0303
Securityholder enquiries 1800 356 444

Auditor
PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

Annual general meeting
Mirvac's 2010 Annual General Meeting/General Meeting will be held at 10.00 am (Eastern Standard Time) on Thursday 11 November 2010 in the Presidential Ballroom, The Sebel Tower, The Sebel & Citigate King George Square Brisbane, Crn Ann & Roma Streets, Brisbane 4000

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Electronic version of Annual Report
An electronic version of this report is available on Mirvac's website www.mirvac.com.

Securityholders who do not require a printed Annual Report, or who receive more than one copy due to multiple holdings, can help reduce the number of copies printed by advising the registry in writing of changes to their report mailing preferences.

Securityholders who choose not to receive printed reports will continue to receive all other securityholder information, including Notices of Meetings.

DESIGNDAVEY : SOS PRINT + MEDIA

APPENDIX 7.2.1 PART III

MIRVAC FINANCIAL REPORT 2011

by mirvac

MIRVAC GROUP
ANNUAL REPORT 2011

MIRVAC GROUP

ANNUAL REPORT
For the year ended 30 June 2011

Mirvac Group comprises Mirvac Limited (ABN 92 003 280 699) and its controlled entities (including Mirvac Property Trust (ARSN 086 780 645) and its controlled entities).

COVER IMAGE: 10-20 BOND STREET, SYDNEY NSW

The Directors of Mirvac Limited present their report, together with the consolidated report of Mirvac Group ("Mirvac" or "Group") for the year ended 30 June 2011. Mirvac comprises Mirvac Limited ("parent entity") and its controlled entities, which includes Mirvac Property Trust ("MPT" or "Trust") and its controlled entities.

DIRECTORS

The following persons were Directors of Mirvac Limited during the whole of the year and up to the date of this report, unless otherwise stated:

- James MacKenzie
- Nicholas Collishaw
- Peter Hawkins
- James Millar
- Penny Morris
- John Mulcahy
- Elana Rubin (appointed as a Director on 11 November 2010).

PRINCIPAL ACTIVITIES

The principal continuing activities of Mirvac consist of real estate investment, development, hotel management and investment management.

Mirvac has two core divisions: Investment (comprising MPT) and Development (comprising residential and commercial development).

There are also two business units, Investment Management ("MIM") which includes Mirvac Asset Management ("MAM"). MIM facilitates capital interaction between the two core divisions and undertaking the management of external funds. Hotel Management is responsible for the management of hotels across Australia and New Zealand. Details are provided within the review of operations and activities. There has been no significant change in the principal activities of the Group during the year.

DIVIDENDS/DISTRIBUTIONS

Dividends/distributions paid to stapled securityholders during the year were as follows:

	2011 $m	2010 $m
June 2010 quarterly dividend/distribution paid on 30 July 2010 2.00 cents (2010: 0.20 cents) per stapled security	**65.3**	3.4
September 2010 quarterly dividend/distribution paid on 29 October 2010 2.00 cents (2010: 2.00 cents) per stapled security	**68.3**	56.1
December 2010 quarterly dividend/distribution paid on 28 January 2011 2.00 cents (2010: 2.00 cents) per stapled security	**68.3**	59.9
March 2011 quarterly dividend/distribution paid on 29 April 2011 2.00 cents (2010: 2.00 cents) per stapled security	**68.3**	60.0
Total dividends/distributions paid	**270.2**	179.4

The June 2011 quarterly dividend/distribution of 2.20 cents per stapled security totalling $75.2m declared on 30 June 2011 was paid on 29 July 2011.

Dividends and distributions paid and payable by Mirvac for the year ended 30 June 2011 totalled $280.1m, being 8.20 cents per stapled security (2010: $241.3m – 8.00 cents per stapled security). The payments for the year ended 30 June 2011 and previous year were distributions made by the Trust.

REVIEW OF OPERATIONS AND ACTIVITIES

The statutory profit after tax attributable to the stapled securityholders of Mirvac for the year ended 30 June 2011 was $182.3m (2010: $234.7m). Included in the statutory profit was a provision for loss on inventories totalling $295.8m (2010: $nil). The operating profit (profit before specific non-cash and significant items) was $358.5m which is in accordance with guidance provided previously.

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash items and significant items.

The following table summarises key reconciling items between statutory profit after tax attributable to the stapled securityholders of Mirvac and operating profit:

	2011 $m	2010 $m
Profit attributable to the stapled securityholders of Mirvac	**182.3**	234.7
Specific non-cash items		
Net (gain)/loss on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	**(110.4)**	6.9
Net loss on fair value of investment properties under construction ("IPUC")	**58.6**	112.8
Net gain on fair value of derivative financial instruments and associated foreign exchange movements	**(7.5)**	(15.8)
Security based payment expense	**6.2**	8.7
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	**8.1**	7.7
Straight-lining of lease revenue	**(16.4)**	(2.5)
Amortisation of lease fitout incentives	**10.4**	10.1
Net (gain)/loss on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates	**(11.0)**	33.3
Net (loss)/gain on fair value of investment properties, derivatives and other specific non-cash items included in non-controlling interest ("NCI")	**(0.4)**	1.1
Significant items		
Impairment of investments including associates and joint ventures	**–**	6.2
Impairment of loans	**–**	5.4
Provision for loss on inventories	**295.8**	–
Net loss/(gain) on sale of non-aligned assets	**0.2**	(9.0)
Discount on business combination	**–**	(119.8)
Net gain on remeasurement of equity interest	**–**	(30.9)
Business combination transaction costs	**31.8**	19.4
Tax effect		
Tax effect of non-cash and significant adjustments	**(89.2)**	7.0
Operating profit (profit before specific non-cash items and significant items)	**358.5**	275.3

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Key financial highlights for the year ended 30 June 2011 included:

- profit attributable to the stapled securityholders of Mirvac of $182.3m;
- operating profit of $358.5m[1], representing 10.5 cents per security;
- net tangible assets ("NTA") per security of $1.62[2];
- operating cash flow of $248.5m;
- total assets of $9,138.3m;
- net assets of $5,595.7m; and
- distributions of $280.1m, representing 8.2 cents per security.

Key operational highlights for the year ended 30 June 2011 included:

- achieved a 4.1 per cent like-for-like net operating income growth within the Investment Division;
- increased occupancy from 97.6 per cent to 98.1 per cent for MPT[3];
- disposed of 11 non-aligned assets within the Investment portfolio above book value, realising $236.8m (before costs)[4];
- exchanged contracts for $980.3m[5] in residential projects and achieved 1,724 residential lot settlements;
- continued the development of large-scale, masterplanned, generational residential projects in core markets and restocked the residential pipeline via the acquisition of a further 2,788 lots; and
- commenced construction of 8 Chifley Square, Sydney, NSW to develop into a premium office tower.

1) Excludes specific non-cash items, significant items and related taxation.
2) NTA per stapled security based on ordinary securities including Employee Incentive Scheme ("EIS") securities.
3) This figure excludes 10-20 Bond Street, Sydney NSW.
4) Includes two disposals that occurred post 30 June 2011 namely Ballina Central, Ballina NSW (which is conditionally exchanged) and Peninsula Lifestyle, Mornington VIC, which is unconditionally exchanged.
5) Total exchanged contracts, adjusted for Mirvac's share of Joint Venture interests and Mirvac managed funds.

CAPITAL MANAGEMENT AND FUNDING

Key capital management highlights for the year ended 30 June 2011 included:

- increased the weighted average debt maturity to 3.8 from 2.6 years [1] via a $1,850.0m debt refinance in January 2011;
- continued the diversification of debt sources with a $200.0m medium term note ("MTN") issuance in September 2010, a further $25.0m in March 2011 and $50.0m in April 2011;
- maintained the conservative balance sheet gearing of 26.3 per cent [2];
- maintained the BBB/A-2 credit rating from Standard & Poor's; and
- established a strategic relationship with K-REIT Asia via the sale of 50 per cent of 8 Chifley Square, Sydney NSW, with K-REIT Asia to fund 50 per cent of the development costs [3].

Outlook

Mirvac remains focused on managing its strong capital position to ensure it can continue to meet its strategic objectives without increasing its overall risk profile.

OPERATIONAL HIGHLIGHTS AND DIVISIONAL STRATEGY

Investment Division

The Investment Division has a total portfolio value of $5,898.0m, with investments in 68 direct property assets [4], covering the office, retail, industrial and hotel sectors, as well as investments in other funds managed by Mirvac.

For the year ended 30 June 2011, the Investment Division's statutory profit before tax was $451.6m and operating profit before tax was $389.4m.

Key highlights for the Trust for the year ended 30 June 2011 included:

- achieved a 4.1 per cent like-for-like net operating income growth;
- disposed of 11 non-aligned assets that no longer met MPT's investment criteria for a total realisation of $236.8m [5] (before costs);
- completed the acquisition of the $1,152.7m Westpac Office Portfolio ("WOP"), consistent with the Group's strategy of growing secure earnings from quality assets;
- commenced construction of the premium grade office tower development now known as 8 Chifley Square, Sydney NSW; and
- continued with the leasing campaign at 10-20 Bond Street, Sydney NSW, resulting in commitments to the building totalling 81.0 per cent comprising of:
  - 59.3 per cent executed leases; and
  - 21.7 per cent signed Heads of Agreement.

The Trust maintained its high portfolio occupancy of 98.1 per cent [4], with a weighted average lease expiry of approximately 6.2 years [4].

The Trust's earnings continue to be secure with 87.3 per cent of FY2012 rent reviews being fixed or linked to the Consumer Price Index ("CPI"), and 68.4 per cent [4] of revenue derived from multinational, Australian Securities Exchange ("ASX") listed and government tenants.

Outlook

The Investment Division remains focused on providing secure passive income to the Group, whilst improving the quality of the portfolio via non-aligned asset sales, acquisitions and development. The Division continues to be strategically overweight in the office sector and sub-regional shopping centres.

Hotel Management

Mirvac's Hotel Management business manages 46 hotels covering 5,840 rooms throughout Australia (43) and New Zealand (three) under a suite of four core brands comprising Sea Temple (five star resorts); Quay West Suites (five star all-suite hotels); Sebel (four and a half star hotels and resorts); and Citigate (four star hotels).

For the 12 months ended 30 June 2011, the business unit achieved a statutory profit before tax of $7.9m and an operating profit before tax of $11.0m.

The reporting period was characterised by a recovery in the hotel operating environment in the capital city markets of Australia, supported by an uplift in demand from the corporate and conferencing market segments, as well as minimal new supply in all major hotel markets, except Melbourne.

However, regional resort destinations did not have a similar uplift in trading, due to their reliance on the domestic leisure market segment. Tropical North Queensland was particularly impacted by a number of natural events during the third quarter, but Mirvac's four hotels in the region have recovered well due to targeted marketing campaigns and a recovery in the conferencing and incentive market segments.

Both portfolio occupancy and average room rate increased during the year to 76.5 per cent and $176 respectively. Revenue per available room was $135, an increase of 8.3 per cent on the prior year.

During the year, new hotel management agreements were signed for Q Station Sydney North Head and Sea Temple Surfers Paradise.

The Group won a number of awards during the year. The Quay Grand Suites Sydney was inducted into the AHA NSW Hall of Fame having been awarded NSW Apartment/Suite Hotel of the Year for the eighth consecutive year.

Outlook

The outlook for the next financial year for Hotel Management remains positive with the key gateway cities of Brisbane, Sydney, Melbourne, Adelaide and Perth (in which 65 per cent of the portfolio is located), all forecast to deliver further growth in revenue per available room.

This will be supported by continuing growth in the corporate market sector and a combination of factors that are constraining new room supply including limited access to debt funding for hotel development and market wide average room rates that still do not support the feasibility of new hotel development.

In June 2011, Mirvac announced it had commenced a strategic review of the Hotel Management business and associated investments. The Group will provide a further update once an outcome is known.

1) Excludes WOP associated commercial mortgage backed securities ("CMBS") which is fully collateralised.
2) Net debt (at FX hedged rate) excluding leases/(total tangible assets — cash).
3) Sale of 50 per cent of 8 Chifley Square, Sydney NSW, completed 28 July 2011.
4) Excludes 10-20 Bond Street, Sydney NSW.
5) Includes two disposals that occurred post 30 June 2010 namely Ballina Central, Ballina NSW (which is conditionally exchanged) and Peninsula Lifestyle, Mornington VIC,which is unconditionally exchanged.

OPERATIONAL HIGHLIGHTS AND DIVISIONAL STRATEGY

Investment Management

MIM provides capital for the Group's two core divisions – Investment and Development – through the establishment of investment partnerships with wholesale institutional investors.

For the year ended 30 June 2011, MIM recorded a statutory loss before tax of $9.8m[1] and an operating loss before tax of $12.2m.

During the year, MIM remained focused on its core area of operation, being investment partnerships with wholesale clients. At 30 June 2011, Mirvac managed three wholesale funds, being Mirvac Wholesale Hotel Fund, Mirvac Wholesale Residential Development Partnership and Travelodge Group, and continues with the management of the retail ASX listed Mirvac Industrial Trust.

MIM continued with the rationalisation of non-aligned and unscaleable funds as demonstrated by the divestment of forestry assets within the New Zealand Sustainable Forestry Investment Fund.

MAM manages 82 locations throughout metropolitan and regional areas of Australia.

Outlook

The focus for MIM is to continue to support and source capital for the Group's two core divisions – Investment and Development – through the establishment of strategic relationships with wholesale institutional investors.

Development Division

The Group's Development Division conducts residential and commercial development across New South Wales, Victoria, Queensland and Western Australia.

For the year ended 30 June 2011, the Division's statutory loss before tax was $262.2m due to provision for loss on inventories of $295.8m. The Division recorded an operating profit before tax of $34.0m for the year.

Residential

Mirvac's residential product offering includes house and land packages, masterplanned communities, small lot homes and apartments. In the Group's core metropolitan markets, the Division continued to deliver quality residential product, with key projects like Era, Chatswood in Sydney and Yarra's Edge and Harcrest in Melbourne achieving strong results to 30 June 2011. The Division secured future income with $980.3m[2] of exchanged residential pre-sales contracts, a 22.2 per cent increase on the previous year.

For the year ended 30 June 2011, the Division settled 1,724 residential lots. State based settlements for the year ended 30 June 2011 were as follows:

State	Lots
NSW	**839**
WA	**467**
VIC	**237**
QLD	**181**
Total	**1,724**

State based settlements by product for the year ended 30 June 2011 were as follows:

State	House/land %	Apartments %	Total %
NSW	43.4	5.3	48.7
WA	23.0	–	27.1
VIC	13.7	4.1	13.7
QLD	6.6	3.9	10.5
Total	**86.7**	**13.3**	**100.0**

The division also restocked the residential pipeline via the acquisition of a further 2,788 lots which included the acquisition of Harold Park Paceway in Sydney, representing a 10.6 hectare parcel of land to be developed into a 1,200 lot masterplanned community.

Commercial

Mirvac's commercial development pipeline covers the office, retail, industrial and hotel sectors. Completed projects may be incorporated into MPT's property portfolio or sold to third parties.

Mirvac is in various stages of commencing four strategic development projects within its commercial development pipeline which totals $1,401m[3]. Key highlights for the year ended 30 June 2011 included:

- substantial completion of the 43,500 square metre Dick Smith distribution centre and ahead of schedule for the completion of the 90,000 square metre Big W distribution centre at Hoxton Distribution Park NSW, expected in December 2011;
- sale of residual undeveloped industrial land totalling 5.9 hectares at Hoxton Distribution Park;
- commencement of construction at 8 Chifley Square, Sydney NSW, a 19,000 square metre premium office grade development in the financial core of Sydney's central business district;
- substantial completion of the refurbishment at 10-20 Bond Street, Sydney NSW; and
- receipt of Stage 1 Development Application approval for a 38,000 square metre office development at 190-200 George Street, Sydney NSW and Stage 2 Development Application being prepared.

Outlook

The Division remains focused on developing large-scale, masterplanned, generational projects in core markets.

MARKET AND GROUP OUTLOOK

In the absence of material weakness in Chinese demand for Australia's resource products, the outlook for the Australian economy remains favourable for the remainder of the year. However, activity is expected to be biased towards investment, particularly in the resource sector.

The improvement in the labour market and white collar employment in particular has increased the demand for office space. The vacancy rate for office space has fallen, albeit erratically, since the middle of 2009, with the preference towards prime office space. Notwithstanding a likely moderation in labour demand over the ensuing six months, the low level of construction should underpin a further decline in vacancy rates.

1) Includes MAM.
2) Total exchanged pre-sales contracts as at 30 June 2011, adjusted for Mirvac's share of JV, associates and Mirvac's managed funds.
3) Mirvac share of forecast total project cost to complete as at 30 June 2011.

MARKET AND GROUP OUTLOOK / CONTINUED

The outlook for the retail sector remains mixed. The possibility of higher interest rates and a recent softening in employment growth, together with an increase in the saving ratio has constrained consumer spending. The saving ratio will, at some stage, stop increasing, while personal income should continue to grow; all of which should stimulate spending. Against this backdrop, there is expected to be little change in the average vacancy rate in the retail sector over the next six months.

Conditions in the Australian industrial market have weakened recently and are expected to begin a gradual recovery going forward. Consequently, national industrial vacancy rates are expected to tighten over the next six months.

Even though the residential market remains susceptible to the possibility of higher interest rates, there are structural factors that underpin its long term prospects. By historical standards, the unemployment rate remains low, whilst population growth, although off its peak, remains strong. The ongoing gap between construction and population growth suggests a significant amount of dwelling shortfall.

Mirvac will continue to focus on its core strengths of managing Australian investment grade assets and developing large-scale, pre-eminent residential and commercial developments in core locations across Australia. Within the Development Division, the focus is to redeploy capital into core markets to maximise commercial and residential development returns.

ENVIRONMENTAL REGULATIONS

A key initiative to reduce greenhouse gas emissions is a commitment to achieve an average 4 Star National Australian Built Environment Rating System ("NABERS") Energy rating on applicable office buildings by December 2012. This will result in improved environmental performance, demonstrating excellent energy or water performance due to design and management practices, and high efficiency systems and equipment.

Mirvac and its business operations are subject to compliance with both Federal and State environment protection legislation.

At the Federal level, Mirvac has triggered the *Energy Efficiency Opportunities Act 2006* ("EEO") threshold and is required to participate. An EEO Assessment and Reporting Schedule ("ARS") has been approved under section 16 of the EEO and Mirvac is progressing assessments in accordance with the ARS, with all Round 1 assessments completed by 30 June 2011. Mirvac has also triggered the participation threshold of the *National Greenhouse and Energy Reporting Act 2007* ("NGER"). The NGER requires large energy-using companies to report annually on greenhouse gas emissions, reductions, removals and offsets, and energy consumption and production figures. Mirvac must report annually by 31 October.

Mirvac is also subject to the commercial *Building Energy Efficiency Disclosure Act 2010*. This involves the disclosure of energy efficiency-related information at the point of sale or lease of commercial office space greater than 2,000 square metres.

Within Mirvac's health, safety and environment performance reporting systems, including internal and external audits and inspections, no incidents of significant harm to the environment occurred in the year ended 30 June 2011. Mirvac's development projects across Australia were issued a total of seven environmental infringement notices throughout the year with a total value of $12,500. The notices related to minor incidents of potential environmental impact at development sites and were rectified immediately. The seven instances related to the potential for uncontrolled sediment run off.

The Federal Government will introduce a price on carbon pollution in 2012; Mirvac is not a liable entity under the draft legislation and will be marginally affected. However, the draft bill provides for increases in the total carbon cap and therefore does not preclude expansion of the number of directly liable entities before the scheme transitions to a cap and trade system in 2015.

INFORMATION ON DIRECTORS

Directors' experience and areas of special responsibilities

The members of the Board, their qualifications, experience and responsibilities are set out below:

James MacKenzie, BBus, FCA, FAICD — Chairman — Independent Non-Executive

Chair of the nomination committee
Member of the audit, risk and compliance committee
Member of the human resources committee

James MacKenzie was appointed to the Mirvac Board in January 2005 and assumed the role of Chairman in November 2005.

James led the transformation of the Victorian Government's Personal Injury Schemes as Chairman of the Transport Accident Commission ("TAC") and Victorian WorkCover Authority from 2000 to 2007. He has previously held senior executive positions with Australia and New Zealand Banking Group Limited ("ANZ"), Norwich Union and Standard Chartered Bank, and was Chief Executive Officer of the TAC. A Chartered Accountant by profession, James was a partner in both the Melbourne and Hong Kong offices of an international accounting firm, now part of Deloitte.

Nicholas Collishaw, SAFin, AAPI, FRICS — Managing Director — Dependent

Nicholas Collishaw was appointed Managing Director on 26 August 2008. Prior to this appointment, he was the Executive Director — Investment responsible for Mirvac's Investment operations including MPT, Investment Management and Hotel Management, having been appointed to the Mirvac Board on 19 January 2006.

Nicholas has been involved in property and property investment management for over 25 years and has extensive experience in development and investment management of real estate in all major sectors and geographies throughout Australia. Prior to joining Mirvac in 2005 following its merger with James Fielding Group, Nicholas was an Executive Director and Head of Property at James Fielding Group. He has also held senior positions with Deutsche Asset Management, Paladin Australia Limited and Schroders Australia.

INFORMATION ON DIRECTORS / CONTINUED

Peter Hawkins, BCA (Hons), FAICD, SFFin, FAIM, ACA (NZ) — Independent Non-Executive

Chair of the human resources committee
Member of the audit, risk and compliance committee
Member of the nomination committee

Peter Hawkins was appointed a Non-Executive Director of Mirvac on 19 January 2006, following his retirement from the ANZ after a career of 34 years. Prior to his retirement, Peter was Group Managing Director, Group Strategic Development, responsible for the expansion and shaping of ANZ's businesses, mergers, acquisitions and divestments and for overseeing its strategic cost agenda.

Peter was a member of ANZ's Group Leadership Team and sat on the Boards of Esanda Limited, ING Australia Limited and ING (NZ) Limited, the funds management and life insurance joint ventures between ANZ and ING Group. He was previously Group Managing Director, Personal Financial Services, as well as holding a number of other senior positions during his career with ANZ.

James Millar, BCom, FCA, FAICD — Independent Non-Executive

Chair of the audit, risk and compliance committee
Member of the human resources committee

James Millar was appointed a Non-Executive Director of Mirvac on 19 November 2009 and is the former Area Managing Partner and Australian Chief Executive Officer of Ernst & Young, one of the world's leading professional services firms. He was a member of the global Board of Ernst & Young.

James commenced his career in the reconstruction practice, conducting some of the largest corporate workouts of the early 1990s. James has qualifications in business and accounting, and is a Fellow of The Institute of Chartered Accountants of Australia.

Penny Morris, AM, BArch (Hons), MEnvSci, DipCD, FRAIA, FAICD — Independent Non-Executive

Member of the human resources committee

Penny Morris was appointed a Non-Executive Director of Mirvac on 19 January 2006 and has extensive experience in property development and management, having formerly been Group Executive Lend Lease Property Services, General Manager and Director, Lend Lease Commercial and Director of Commonwealth Property within the Federal Department of Administrative Services.

An experienced Director for more than 18 years, Penny has also been a Director of Aristocrat Leisure Limited, Colonial State Bank, Howard Smith Limited, Country Road Limited, Jupiters Limited and Strathfield Group Limited.

John Mulcahy, PhD (Civil Engineering), FIEAust — Independent Non-Executive

Member of the audit, risk and compliance committee
Member of the human resources committee
Member of the nomination committee

John Mulcahy was appointed a Non-Executive Director of Mirvac on 19 November 2009 and is the former Managing Director and Chief Executive Officer of Suncorp-Metway Limited ("Suncorp"). Prior to Suncorp, John held a number of senior executive roles at Commonwealth Bank, including Group Executive, Investment and Insurance Services. He also held a number of senior roles during his 14 years at Lend Lease Corporation, including Chief Executive Officer, Lend Lease Property Investment and Chief Executive Officer, Civil and Civic.

John has more than 27 years of management experience in financial services and property investment.

Elana Rubin, BA (Hons), MA, FFin, FAICD, FAIM, FAIST — Independent Non-Executive

Member of the audit, risk and compliance committee
Member of the nomination committee

Elana Rubin was appointed a Non-Executive Director of Mirvac on 11 November 2010 and has extensive experience in property and financial services.

Elana is the former Executive Director — Investments of the Australian Retirement Fund, one of Australia's leading superannuation funds.

General Counsel and Company Secretary

Sonya Harris, BEcon, LLB (First Class Honours), MLM, MAICD

Sonya Harris was appointed General Counsel and Company Secretary in August 2009. Sonya has had over 19 years experience in the legal industry and was appointed a partner at Minter Ellison in Sydney in 1999. Sonya brings her breadth of knowledge in the property industry, and her broad property and commercial legal experience to her role at Mirvac. Immediately prior to joining Mirvac, Sonya was Deputy General Counsel at Brookfield Multiplex from 2005.

MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors and of each Board standing committee of which the relevant Director was a member held during the year ended 30 June 2011 and the number of meetings attended by each Director are detailed below:

Director	Board A	Board B	Board committee[1] A	Board committee[1] B	Audit, risk and compliance committee ("ARCC") A	Audit, risk and compliance committee ("ARCC") B	Human resources committee ("HRC") A	Human resources committee ("HRC") B	Health, safety, environment and sustainability committee ("HSE&SC") A	Health, safety, environment and sustainability committee ("HSE&SC") B	Nomination committee A	Nomination committee B	ARCC committee[2] A	ARCC committee[2] B
James MacKenzie	17	17	2	2	10	10	10	10	–	–	1	1	–	–
Nicholas Collishaw	17	17	4	4	–	–	–	–	–	–	–	–	1	1
Peter Hawkins	17	17	1	1	10	10	10	10	–	–	1	1	–	–
James Millar	17	17	1	1	10	10	10	10	–	–	–	–	2	2
Penny Morris	17	17	1	1	–	–	10	10	6	6	–	–	–	–
John Mulcahy	17	17	1	1	10	10	1	1	6	6	1	1	–	–
Elana Rubin[3]	11	11	–	–	2	2	–	–	–	–	–	–	–	–

1) Committees of the Board established to deal with particular major transactions during the year.
2) Committee created by ARCC for particular purposes through the year.
3) Appointed as a Director on 11 November 2010.

A) Indicates number of meetings attended during the period the Director was a member of the Board or Committee.
B) Indicates the number of meetings held during the period the Director was a member of the Board or Committee.

REMUNERATION REPORT

We have structured the report into the following sections:

Highlights for the year ended 30 June 2011

1 Who this report covers
2 Actual payments received by Executives
3 Remuneration governance
4 Remuneration strategy
5 Remuneration structure
6 How reward was linked to performance this year
7 Non-Executive Directors' remuneration
8 Remuneration disclosures for 2011
9 Service agreements
10 Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Highlights for the year ended 30 June 2011

The purpose of remuneration at Mirvac is to attract, motivate and retain the individuals who are best equipped to successfully execute the business strategy and in so doing create value for securityholders.

Review of remuneration strategy	To ensure that remuneration at Mirvac continues to support the business strategy and drive value for stakeholders, during the year, the HRC commissioned a comprehensive review of the remuneration strategy that involved independent external input. A key outcome of that review was the development of remuneration principles that will now form the framework for all remuneration decisions at Mirvac.
Changes to Managing Director's remuneration	Mirvac entered into a new service agreement with Managing Director Nicholas Collishaw that has an indefinite term and revised remuneration arrangements. His old agreement was due to expire on 26 August 2012. The new agreement came into effect on 1 April 2011, at which point Nicholas Collishaw's fixed remuneration was reduced from \$2.0m to \$1.5m a year. To recognise Nicholas Collishaw's acceptance of reduced fixed remuneration for the period 1 April 2011 to 26 August 2012, a one-off cash payment linked to Group performance may be payable in April 2015. A threshold to any payment will be Mirvac delivering annual total securityholder return ("TSR") growth of 12 per cent over the period April 2011 to December 2014. If the TSR hurdle is met, an award will be made based on the Mirvac security price at the end of the performance period. If a minimum target security price of \$1.60 is achieved, the award payment will be \$702,000 (less applicable tax). A maximum entitlement of \$1.23 million (less applicable tax) will be payable if the closing security price is \$1.95, with a sliding scale applying between these minimum and maximum targets. If this minimum target security price of \$1.60 is not met in December 2014, no payment will be made.

REMUNERATION REPORT / CONTINUED

Fixed remuneration	The Board has approved a salary review for 2011. The average increase in fixed remuneration for the Executives disclosed in this remuneration report will be less than one per cent.
Short term incentives ("STI")	Mirvac introduced a balanced scorecard of measures for determining the STI pool for the year ended 30 June 2011. This change was designed to ensure that the STI pool was appropriately aligned to Mirvac's strategic drivers. The HRC also reviewed Mirvac's approach to STI as part of the broader review of the remuneration strategy. An outcome of that is that STI awards will continue to be paid in cash, not securities, with no deferral applying. This is because the HRC believes that LTI awards are the most appropriate means to ensure that executives maintain a long-term focus in their decision making, and that there is appropriate alignment of interests between executives and securityholders. It also reflects the HRC's belief that the introduction of deferrals would add further complexity to remuneration arrangements.
Long term incentives ("LTI")	The performance period for the LTI grants made during the year ended 30 June 2009 finished on 30 June 2011. None of the performance rights and options from these grants vested as the Relative TSR performance hurdle was not met. Consistent with what was presented to securityholders at the 2010 Annual General Meeting ("AGM"), the LTI grant for the year ended 30 June 2011 used Relative TSR as the sole performance measure. For the LTI grants that will be made in the year ending 30 June 2012, the intention is to use return on equity ("ROE") as a second performance measure. That is, for the 2012 grant, 50 per cent of the LTI allocation will be tested against Relative TSR and 50 per cent against ROE.
Termination payments	All of the Executives disclosed in this remuneration report had a change to their remuneration after the introduction of the revised termination payments legislation on 24 November 2009. As a consequence, any termination payment entitlement they may be entitled to will now be capped at 12 months fixed remuneration. Mirvac will continue to honour any existing contractual entitlements on termination for other employees that would exceed the cap of 12 months fixed remuneration, provided there has been no substantial variation to their contract.

1 WHO THIS REPORT COVERS

This report covers the key management personnel ("KMP") and other executives who are among the top five highest paid employees of Mirvac.

KMP are those people with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. For Mirvac, the KMP are defined to be:

- members of the Executive Leadership Team ("ELT"); and
- Non-Executive Directors.

For the year ended 30 June 2011, the ELT comprised:

- Managing Director — Nicholas Collishaw;
- Chief Executive Officer — Investment — Andrew Butler;
- Chief Executive Officer — Development — Brett Draffen;
- Chief Operating Officer — Gary Flowers; and
- Chief Financial Officer — Justin Mitchell.

Remuneration details are also included for John Carfi — Chief Executive Officer Development, NSW and Victoria and Matthew Wallace — Chief Executive Officer Development, Queensland as they are among the five highest remunerated Group Executives and disclosure is required under the *Corporations Act 2001*.

2 ACTUAL PAYMENTS RECEIVED BY EXECUTIVES

The value of the cash and other benefits actually receivable by Executives during the year differs from the accounting values.

The following table sets out the actual value of the remuneration receivable by the disclosed Executives during the year. The figures are different from those on page 17 which show the accounting value for LTI. The accounting value will include amounts for grants that have not vested, and may not vest because of the presence of performance conditions. The fixed remuneration figures reflect decisions made during August 2010 as part of the remuneration review process.

Executive	Year	Fixed remuneration $	STI[1] $	LTI[2] $	Employee loans[3] $	Termination benefits $	Other $	Total $
Nicholas Collishaw	**2011**	**1,875,000**	**735,000**	**–**	**600,523**	**–**	**27,465**	**3,237,988**
	2010	2,000,000	1,750,000	38,253	404,546	–	32,979	4,225,778
Andrew Butler[4]	**2011**	**604,815**	**205,800**	**–**	**511,980**	**–**	**11,414**	**1,334,009**
	2010	–	–	–	–	–	–	–
John Carfi	**2011**	**695,000**	**286,700**	**–**	**511,980**	**–**	**11,291**	**1,504,971**
	2010	649,272	403,000	8,965	530,402	–	10,940	1,602,579
Brett Draffen	**2011**	**1,000,000**	**269,500**	**–**	**638,693**	**–**	**17,129**	**1,925,322**
	2010	855,285	634,000	23,910	451,406	–	13,858	1,978,459
Gary Flowers	**2011**	**630,000**	**216,100**	**–**	**216,652**	**–**	**10,211**	**1,072,963**
	2010	600,000	318,000	–	68,737	–	9,736	996,473
Justin Mitchell	**2011**	**700,001**	**240,100**	**–**	**511,980**	**–**	**11,374**	**1,463,455**
	2010	650,000	345,000	12,752	317,519	–	10,394	1,335,665
Matthew Wallace[5]	**2011**	**671,538**	**219,500**	**–**	**489,862**	**–**	**9,698**	**1,390,598**
	2010	–	–	–	–	–	–	–

1) STI values reflect payments to be made in September 2011 in recognition of performance during the year ended 30 June 2011.
2) LTI amounts represent the value to the participant during the year ended 30 June 2011 arising from performance rights whose performance period ended 30 June 2011, the exercising of options, or the net proceeds following the sale of securities granted under a loan based plan.
3) Amount reported includes amounts forgiven during the year, imputed interest and related fringe benefits tax ("FBT").
4) Andrew Butler has been disclosed as a KMP as a result of his appointment to the ELT during the year ended 30 June 2011.
5) Matthew Wallace was not a disclosed Executive for the year ended 30 June 2010.

3 REMUNERATION GOVERNANCE

Our remuneration governance processes are designed to enable Mirvac to derive maximum value from its remuneration spend, while also ensuring that remuneration decisions are made in a fair and transparent manner.

a) The HRC's role
The HRC, consisting of five independent Non-Executive directors, is responsible for reviewing the remuneration strategy annually and advises the Board on remuneration policies and practices generally. It also makes specific recommendations on remuneration packages, incentives and other terms of employment for Non-Executive and Executive Directors, including the Managing Director, and approves the remuneration packages, incentives and other terms of employment for other KMP.

To enable it to make appropriate recommendations, the HRC regularly reviews the 'at risk' components of executive remuneration (the STI and LTI schemes) to ensure there continues to be appropriate alignment with securityholders' interests, while also serving to attract, motivate and retain suitably qualified people. The HRC also reviews and approves the performance targets set for the STI and LTI schemes, as well as the assessment of Mirvac's performance against those targets that ultimately determines the size of the STI and LTI pools.

b) Use of external consultants
In addition to seeking advice and input from Mirvac's Group General Manager, Human Resources, the HRC has appointed Ernst & Young as external remuneration adviser. Ernst & Young's role in this regard is to provide both information on current market practice and independent input into key remuneration decisions.

4 REMUNERATION STRATEGY

The purpose of remuneration at Mirvac is to attract, motivate and retain the individuals who are best equipped to successfully execute the business strategy and in so doing create value for securityholders.

a) Review of remuneration strategy
During the year ended 30 June 2011, the HRC commissioned a comprehensive review of Mirvac's remuneration strategy that involved independent external input. This was done to ensure remuneration continues to support the business strategy and to drive value for securityholders through all stages of the business cycle. A key outcome of the review was the development of six remuneration principles. These principles will underpin future remuneration decision making at Mirvac and provide a consistent framework to ensure maximum value is derived from remuneration decisions.

b) Remuneration principles
Remuneration at Mirvac should:

- align and contribute to Mirvac's key strategic business objectives and desired business outcomes;
- align the interests of employees with those of securityholders;
- assist Mirvac in attracting and retaining the employees required to execute the business strategy;
- support Mirvac's desired performance based culture;
- encompass the concept of pay parity and be fair and equitable; and
- be simple and easily understood.

4 REMUNERATION STRATEGY / CONTINUED

c) Executive remuneration: three components

Mirvac's remuneration structures strive to fairly and responsibly reward employees, while complying with all relevant regulatory requirements.

Executive remuneration consists of three components as set out in the following diagram:

TOTAL REMUNERATION		
Fixed remuneration	**Short term incentive**	**Long term incentive**
Acts as a base level reward for a competent level of contribution in the role.	Used to motivate and reward employees for contributing to the delivery of annual business performance as assessed against a balanced scorecard of measures.	Facilitates executive security ownership for those employees who have the largest strategic impact on the long term success of Mirvac.

d) Market positioning

The review of Mirvac's remuneration strategy reaffirmed our current approach to market positioning.

i) Definition of market

When determining the relevant market for each role, Mirvac considers the companies from which we source talent, and to whom we could potentially lose talent. A distinction is made between the market for business roles and that used for corporate roles.

For business roles:

- the primary comparison group is the Australian Real Estate Investment Trust ("A-REIT") sector, plus Lend Lease, FKP Property Group and Australand Property Group; and
- the secondary comparison group is a general industry peer group with a similar market capitalisation (50-200 per cent of Mirvac's 12 month average market capitalisation).

For corporate roles:

- the primary comparison group is a general industry peer group with a similar market capitalisation (50-200 per cent of Mirvac's 12 month average market capitalisation) to reflect the greater transferability of skills.

Where disclosed data is unavailable, Mirvac relies on published remuneration surveys covering relevant industries and the broader market.

ii) Targeted market positioning

Fixed remuneration at Mirvac is positioned at the median (50th percentile), with the ability to work within a range around the median based on criteria such as:

- the criticality of the role to successful execution of the business strategy;
- assessment of employee performance/potential; and
- the employee's experience level.

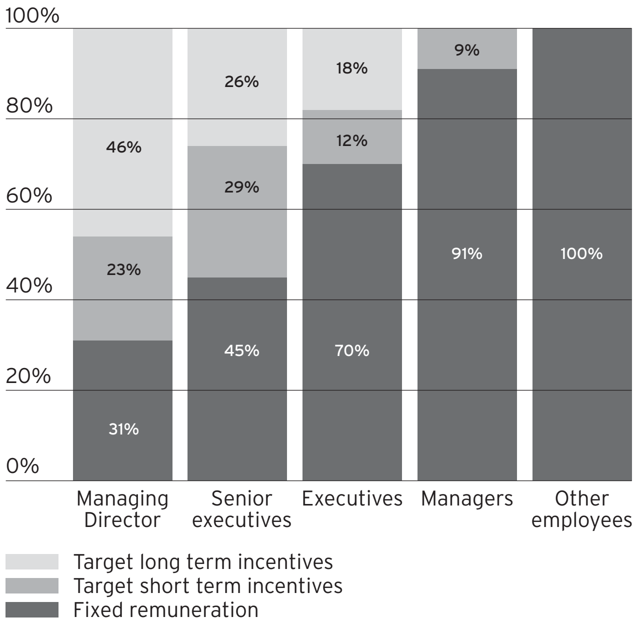
Target total remuneration at Mirvac is to be positioned at the median (50th percentile) with the opportunity to receive total remuneration up to the upper quartile (75th percentile) in the event that both the individual and the business achieve stretch targets.

5 REMUNERATION STRUCTURE

Remuneration structures vary between employee levels to recognise the relative impact on Mirvac's performance and the differences in market remuneration practices.

a) Remuneration mix

The Group holds a significant portion of total remuneration for executives as variable and "at risk" if performance criteria are not met or exceeded each year. The proportion of variable at risk remuneration increases significantly in line with seniority. For LTI participants, the weighting to LTI over STI also increases with seniority. The average remuneration mix at target for different levels of employees for the year ended 30 June 2011 was as follows:



5 REMUNERATION STRUCTURE / CONTINUED

b) Fixed remuneration

Fixed remuneration acts as a base-level reward for a competent level of contribution in the role. It includes cash, compulsory superannuation and any salary sacrifice items (including FBT). The following factors are taken into account when setting fixed remuneration levels at Mirvac:

- the size and complexity of the role;
- role accountabilities;
- skills and experience of the individual; and
- market pay levels for comparable roles.

c) STI

The purpose of STI is to motivate and reward employees for contributing to the delivery of annual business performance as assessed against a balanced scorecard of measures.

- STI is an annual cash incentive based on Group, divisional and individual performance.
- Executives and managers at Mirvac are eligible to participate in the STI plan based on their responsibility for achieving annual objectives.
- Other employees are eligible for a discretionary bonus where management recognises that exceptional individual performance has been achieved.
- An individual's STI target is the amount earned for 'on target' Group, divisional and individual performance.
- STI outcomes for individuals can range from zero to double their STI target, depending on results.

STI performance measures

STI payments are conditional upon Group, divisional and individual performance and subject to a gateway requirement of Group operating earnings being at least 90 per cent of target.

The measures included in the Group and divisional balanced scorecards were selected because they align with Mirvac's five strategic drivers. More detailed rationale behind the inclusion of each measure is presented in the following table:

Measure	Rationale
Operating earnings	Reflects the underlying performance of Mirvac's normal core business operations and represents a key driver of securityholder value.
Return on assets	Reflects how efficiently Mirvac is using its assets to generate earnings.
Customer/ investor satisfaction	Represents how well Mirvac is meeting the expectations of key external stakeholders.
Employee engagement	There is a strong correlation between high levels of employee engagement and total securityholder return.
Health, safety and environment	Mirvac is committed to providing a safe workplace for all of its employees and to ensuring its activities do not have an adverse impact on the environment.

Performance measures are cascaded from the Group to the individual as shown in the following diagram:

GROUP PERFORMANCE

Assessment of Group performance against balanced scorecard:
Operating earnings
Return on assets
Customer satisfaction
Employee engagement
Health, safety and environment

DIVISIONAL PERFORMANCE

Assessment of divisional performance against divisional balanced scorecard

INDIVIDUAL PERFORMANCE

Assessment of individual performance against agreed objectives that are linked to the Group balanced scorecard and whether the individual has demonstrated behaviours in line with Mirvac's values

Following an assessment of Group, divisional and individual performance against the relevant measures, each of these components is assigned a score ranging from nil to 150 per cent of target. Weightings between Group, divisional and individual components vary between different levels of employees.

Annual performance management process

The Group's annual performance management process is a core component of its remuneration review. It is used to review past performance and set future objectives and development plans for employees at all levels.

At the beginning of each year, clear objectives are set for all employees to provide clarity and focus to both the individual and the organisation as to what is expected in the ensuing period. For the year ended 30 June 2011, the Managing Director's objectives were set by the Board around the following five key goals:

Goal	Objective
Customer and investor satisfaction	Improving the Group's performance in the Corporate Confidence Index.
Capital efficiency and financial performance	Achievement of operating earnings and return on assets targets.
Employee engagement	Achievement of targeted Group engagement score and level of employee participation in the engagement survey.
Health, safety and environment	Achievement of goals in the area of sustainability and the health and safety of employees.
Operational excellence	Improvement of the Group's operational processes.
Values	Define the values required for sustainable business success, and implement across the Group.

5 REMUNERATION STRUCTURE / CONTINUED

d) LTI

LTI facilitates executive security ownership for those employees who have the largest strategic impact on the long term success of Mirvac.

The purpose of LTI at Mirvac is to:

- assist in attracting and retaining the required executive talent;
- focus executive attention on driving sustainable long term growth; and
- align the interests of executives with those of securityholders.

Mirvac's LTI plans have changed over time to align with market practice. A summary of previous plans is in section 5(f).

Mirvac's current LTI plan (Long term Performance plan or LTP plan)

The LTP plan was originally introduced in the year ended 30 June 2008 following approval by securityholders at the 2007 AGM. Securityholders approved an update to the LTP plan at the 2010 AGM. The purpose of the LTP plan is to drive performance, retain executives and facilitate executive security ownership.

How the LTP plan works

Eligibility	LTP grants are generally restricted to the senior executives who are most able to influence securityholder value. Executives are eligible, at the discretion of the HRC, to participate in the LTP plan. Non-Executive Directors are not eligible to participate in the LTP plan.
Instrument	Awards under this plan are made in the form of performance rights. Awards of options have also been made under this plan in previous years. A performance right is a right to acquire one fully paid stapled security in Mirvac provided a specified performance hurdle is met. No loans are made to participants under this plan.
Performance hurdles	The HRC reviews the performance conditions annually to determine the appropriate hurdles based on Mirvac's strategy and prevailing market practice. This year, the HRC determined that the sole performance condition to apply to the vesting of the grants made during the year ended 30 June 2011 would be Relative TSR. TSR was chosen given that it is an objective measure of securityholder value creation, and given its wide level of understanding and acceptance by the various key stakeholders. The entities against which Mirvac's TSR performance is compared are shown on the next page. For the proposed 2012 grant, the Board intends to use ROE and Relative TSR as the two performance conditions, with each applying to separate tranches of performance rights. ROE measures how well management has used securityholder funds and reinvested earnings to generate additional earnings for securityholders. The HRC chose ROE as the second performance condition because it is aligned to Mirvac's strategic drivers, and to take into account investor feedback on the LTP plan.
TSR measurement	At the end of the three year performance period, the HRC receives data from an independent external consultant to determine Mirvac's TSR performance relative to the comparison group. An independent consultant is used to ensure that performance is measured objectively. The HRC then determines the number of performance rights that will vest, if any, by applying the TSR data to the vesting schedule.
Vesting/delivery	The rights offered under the scheme can only be exercised if and when the performance conditions are achieved over a three year period. If the performance rights vest and are exercised, entitlements will be satisfied by either an allotment of new securities or by purchase on market of existing securities, at the Board's discretion. At the end of the three year performance period, all performance rights that vest are automatically converted to Mirvac securities. However, if the performance rights do not vest at the end of the three year performance period, they will lapse. There are no further tests. Participants are prohibited from hedging both their unvested performance rights and options. Directors have also indicated that there is no intention to retest the performance conditions in the future.
Termination/forfeiture	If an employee resigns or is dismissed, all their unvested rights are forfeited. If an employee leaves due to retirement, redundancy, total and permanent disablement or death, the HRC determines the number of rights which will lapse or are retained, subject to both the original performance period and hurdles. If a change of control event occurs, the HRC determines the number of performance rights that vest, if any, taking into account the performance from the date of grant to the event.

5 REMUNERATION STRUCTURE / CONTINUED

How TSR is measured

For the grant made during the year ended 30 June 2011, the vesting outcome at the end of the three year performance period will be based on the following schedule:

Performance level	Relative TSR (percentile)	Percentage of securities to vest
<Threshold	<50th	Nil
Threshold	50th	50
Threshold – maximum	50th to 75th	Pro-rata between 50 and 100
Maximum	75th and above	100

TSR comparision group

The comparison group for assessing Relative TSR performance consists of:

- the constituents of the S&P/ASX 200 A-REIT Index;
- Lend Lease Corporation Limited;
- Australand Property Group; and
- FKP Property Group.

This comparison group represents those organisations with which Mirvac competes most directly. For the grant made during the year ended 30 June 2011, the entities comprising the comparison group are:

No.	ASX code	Entity
1	AAD	Ardent Leisure Group
2	ABP	Abacus Property Group
3	ALZ	Australand Property Group
4	BWP	Bunnings Warehouse Property Trust
5	CFX	CFS Retail Property Trust
6	CHC	Charter Hall Group
7	CQO	Charter Hall Office REIT
8	CQR	Charter Hall Retail REIT
9	CPA	Commonwealth Property Office Fund
10	DXS	Dexus Property Group
11	FKP	FKP Property Group
12	GMG	Goodman Group
13	GPTDA	GPT Group
14	IIF	ING Industrial Fund
15	IOF	ING Office Fund
16	LLC	Lend Lease Corporation Limited
17	MGR	Mirvac Group
18	SGP	Stockland
19	WDC	Westfield Group

Inputs to valuation of rights

In valuing rights linked to the Relative TSR measure, the key inputs for the LTP grant made during the year ended 30 June 2011 were as follows:

	Performance rights
Grant date	17 December 2010
Performance hurdle	Relative TSR
Performance period start	1 July 2010
Performance testing date	1 July 2013
Security price at grant date	$1.22
Exercise price	$nil
Expected life	2.5 years
Volatility	50%
Risk-free interest rate (per annum)	5.12%
Dividend/distribution yield (per annum)	6.4%

Number of issued rights and options

At 30 June 2011, 29,071,796 (2010: 22,238,221) performance rights and 5,618,645 (2010: 7,995,367) options had been issued to participants under the LTP plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. A total of 504,534 performance rights (2010: 1,304,300) and 741,362 options (2010: nil) vested during the year to 30 June 2011.

Performance hurdles for the three most recent LTP grants

The Board reviews the performance conditions annually to determine the appropriate hurdles based on Mirvac's strategy and prevailing market practice. This year the Board determined, on the recommendation of the HRC, that the sole performance condition to apply to the vesting of the grants made during the year ended 30 June 2011 would be Relative TSR. The performance hurdles for the three LTP grants that were unvested as at 30 June 2011 are presented in the following table:

Year granted	Measure 1	Measure 2
FY2009	Relative TSR	–
FY2010	Relative TSR	ROE
FY2011	Relative TSR	–

e) Employee Exemption Plan ("EEP")

The EEP is designed to encourage security ownership across the broader employee population. It provides eligible employees with $1,000 worth of Mirvac securities at nil cost. The plan is open to Australian based employees with more than 12 months of continuous service, who do not participate in other Mirvac equity plans. Securities acquired under this plan are subject to a restriction on disposal until the earlier of three years after acquisition, or cessation of employment with the Group. Otherwise, holders enjoy the same rights and benefits as other holders of Mirvac's stapled securities. On termination, employees retain any securities granted to them. At 30 June 2011, 3,737,414 stapled securities (2010: 2,634,713) had been issued to employees under the EEP.

5 REMUNERATION STRUCTURE / CONTINUED

f) Previous LTI plans closed for new grants

Mirvac's LTI plans have changed over time to align with market practice. A summary of old plans now closed for new grants (that is, excluding the LTP plan) is below:

Plan	Purpose	Detail
i) Executive Retention Plan ("ERP")	Interest-free loan program designed to assist in retaining employees critical to Mirvac's ongoing success.	No further awards will be made under this program, consistent with Mirvac's intention to eliminate the use of loan plans as part of employee reward.
ii) EIS	Designed to share the benefits of the Group's performance through the provision of loans to purchase Mirvac stapled securities.	Closed to new participants as no longer considered to be consistent with market practice.
iii) Long Term Incentive Plan ("LTIP")	Loan which was applied to fund the acquisition of Mirvac's stapled securities at market value.	Closed to new participants. Two performance conditions for vesting — Relative TSR and absolute earnings per security ("EPS") growth.
iv) Executive Incentive Program ("EIP")	Interest-free loan program designed to assist in retaining employees critical to Mirvac's ongoing success.	Closed to new participants as no longer considered to be consistent with market practice.

Further detail of these plans follows.

i) ERP

A small number of senior executives were invited to participate in the ERP. While the loans under this program were offered during the year ended 30 June 2009, some of the loan amounts were drawn down in the year ended 30 June 2010. The amounts of the loans range from $500,000 to $2,000,000 and must be secured against property or an unconditional bank guarantee. A progressively increasing forgiveness schedule allows for no more than 50 per cent of the total loan balance in total to be forgiven. The forgiveness schedule for the Managing Director and other Executives is set out below:

	Percentage of loan forgiven	
Anniversary	Managing Director %	Other Executives %
1st	5	5
2nd	10	7.5
3rd	15	10
4th	20	12.5
5th	N/A	15
Maximum amount to be forgiven	**50**	**50**

The repayment date of the loan is the earlier of one of the following:

- 12 months after the participant ceases to be employed by Mirvac;
- 12 months after the fourth anniversary of the loan for the Managing Director; or
- 12 months after the fifth anniversary of the loan for other participants.

The annual retention value to the individual includes amounts forgiven during the year, imputed interest and related FBT. This value is offset against the value of the individual's LTP grant in each year until the retention program is complete. As such, any retention grant replaces a portion of the LTP award, consistent with participants having already been identified as crucial to long term securityholder value. On termination, no further amounts are forgiven.

The following table presents the amounts forgiven during the year ended 30 June 2011 for the Managing Director and other Executives, together with the outstanding balance at the end of the year:

Executive	Loan balance 1 July 2010 $	Amount forgiven during year $	Loan balance 30 June 2011 $	Annual retention value $
Nicholas Collishaw	1,900,000	200,000	1,700,000	600,523
Andrew Butler	1,900,000	150,000	1,750,000	511,980
John Carfi	1,900,000	150,000	1,750,000	511,980
Brett Draffen	1,900,000	150,000	1,750,000	404,283
Gary Flowers[1]	1,000,000	50,000	950,000	216,652
Justin Mitchell	1,900,000	150,000	1,750,000	511,980
Matthew Wallace	1,900,000	150,000	1,750,000	476,896

1) Forgiveness date for Gary Flowers is 1 July. Therefore, his loan balance reduced from $1,000,000 to $950,000 on this date.

5 REMUNERATION STRUCTURE / CONTINUED

ii) EIS

Until 2006, Mirvac's long term variable remuneration scheme for employees was the EIS. Open to all permanent employees, allocations were made annually, were unrestricted and fully vested on allotment. Existing arrangements remain in place until all current loans are repaid.

The loans were repayable via distributions received on the securities or upon their sale. If an employee resigns or is dismissed, the outstanding loan balance must be paid when employment ceases. In the event of redundancy, retirement, total and permanent disablement or death, the employee has 12 months after employment ceases in which to repay the loan. If the loan value is greater than the value of the securities when the loan balance is due, the remaining balance is written off and the securities are forfeited.

iii) LTIP

The LTIP was introduced in 2006 and approved by securityholders at the Group's 2006 AGM. At this time, loan-funded incentive plans were common for entities with stapled securities due to the prevailing tax rules. Participation in the plan was open to the Managing Director, other Executive Directors, other Executives and eligible employees. Participants were offered an interest-free loan which was applied to fund the acquisition of Mirvac's stapled securities at market value.

The term of the loan is eight years. Any loan balance outstanding at the end of the eighth year must be repaid at that time. The loan is reduced annually by applying the post-tax amounts of any distributions paid by Mirvac to the outstanding principal. The loans are interest free and non-recourse over their term.

Two performance conditions had to be met before the securities vested in full: Relative TSR and EPS growth. The satisfaction of each condition was given an equal weighting in terms of the total number of securities that may vest (that is, 50 per cent of the total securities held by a participant was subject to each performance condition).

On vesting, 53.5 per cent of the original loan to fund the purchase of the vested securities was waived. The remaining balance of the loan will continue to be reduced by post-tax distributions until either the loan has been fully repaid or the eight year term expires, whichever occurs first. If a participant terminates their employment, any outstanding loans must be repaid in full immediately or the underlying securities will be forfeited.

The EIS and its replacement, the LTIP introduced in 2006, are both closed to new participants and will be run down until all loans made under each arrangement are extinguished. Trading windows and hedging rules apply to securities under both plans. At 30 June 2011, 498,074 (2010: 562,908) securities remain on issue under the 2006 plan.

iv) EIP

The final loans amounts under the EIP were drawn down during the year ended 30 June 2008. The amounts of the loans range from $50,000 to $800,000 with Mirvac holding security over the assets purchased with the loan proceeds. A progressively increasing forgiveness schedule applied which allowed the total loan balance to be forgiven if the employee remained employed on the final forgiveness date.

The Chief Executive Officer Development is the sole remaining participant in the scheme with amounts yet to be forgiven. The Chief Executive Officer Development had $100,000 forgiven during the year, leaving an outstanding balance of $350,000 at 30 June 2011. Subject to continued employment, a further $150,000 is due to be forgiven during the year ending 30 June 2012, with the remaining $200,000 to be forgiven the following year.

6 HOW REWARD WAS LINKED TO PERFORMANCE THIS YEAR

a) Company performance

The table below provides summary information on the Group's earnings and securityholders' wealth for the five years to 30 June 2011:

	2011	2010	2009	2008	2007
Operating profit ($m)	**358.5**	275.3	200.8	352.2	319.1
Profit attributable to the stapled securityholders of Mirvac ($m)	**182.3**	234.7	(1,078.1)	171.8	556.1
Distributions paid ($m)	**270.2**	179.4	194.8	339.2	300.7
Security price at 30 June ($)	**1.25**	1.32	1.08	2.96	5.70
Operating EPS — diluted (cents)	**10.5**	9.3	13.4	33.4	33.0
Statutory EPS — basic (cents)	**5.4**	8.0	(65.2)	14.9	58.7

b) STI outcomes

i) 2011 STI pool formation

The 2011 STI pool will be less than the STI pool in 2010 due to performance on two of the five measures on the balanced scorecard being below the threshold required for payment. The table below summarises Mirvac's performance against each of the measures on the balanced scorecard for the year ended 30 June 2011:

STI measure	**FY2011 performance assessment**
Operating earnings	At target.
Return on assets	Below threshold required for payment.
Customer satisfaction	Below threshold required for payment.
Employee engagement	Slightly above target.
Health, safety and environment	Slightly below target.

In light of Mirvac's performance against these five measures for the year ended 30 June 2011, the Board approved an STI pool equivalent to 70 per cent of target, compared to a maximum potential pool of 150 per cent of target.

6 HOW REWARD WAS LINKED TO PERFORMANCE THIS YEAR / CONTINUED

ii) STI calculation – Managing Director

The Managing Director's STI payment is awarded on the basis of his performance against a series of key performance indicators ("KPIs"). The following table provides a summary of the Managing Director's performance against each of the key measures:

KPI	Performance summary
Customer and investor satisfaction	Minimum required improvement in Corporate Confidence Index not achieved.
Capital efficiency and financial performance	Group operating earnings target met. ROA targets not achieved as a result of the impairments announced to the market during FY2011.
Employee engagement	Group engagement slightly above target, and survey participation targets exceeded.
Health, safety and environment	Lost time injury frequency rate targets achieved across organisation.
Operational excellence	Implemented revised reporting and scorecard methodology across the Group.
Values	The 'Mirvac way' values program implemented to plan across the Group.

In light of the Board's assessment of the Managing Director's performance during the year ended 30 June 2011, he was awarded an STI of $735,000. This amount was calculated as 49 per cent of $1,500,000, being his fixed remuneration at the time of the review.

iii) Summary of FY2011 STI awards

The following table shows the STI outcomes for each of the disclosed Executives for the year ended 30 June 2011. Note that the STI maximum for an individual represents double their STI target.

	STI max % fixed	Actual STI $	Actual % max	STI forfeited % max
Nicholas Collishaw	150	735,000	33	67
Andrew Butler	140	205,800	25	75
John Carfi	120	286,700	34	66
Brett Draffen	140	269,500	19	81
Gary Flowers	140	216,100	25	75
Justin Mitchell	140	240,100	25	75
Matthew Wallace	120	219,500	28	72

c) LTI vesting

The LTP grant with performance period ended 30 June 2011 did not vest due to Mirvac's Relative TSR performance over the last three years.

A summary of vesting under Mirvac's performance-hurdled equity grants for the last three years is shown in the following table:

Grant year	Performance hurdle	Test date	Vested %	Lapsed %
FY2007 LTIP	TSR and EPS	30 June 2009	37	63
FY2008 LTP	TSR and EPS	30 June 2010	25	75
FY2009 LTP	TSR	30 June 2011	–	100

7 NON-EXECUTIVE DIRECTORS' REMUNERATION

Mirvac Limited's Constitution provides that Non-Executive Directors may determine their own remuneration but the total amount provided to all Directors (excluding the Managing Director and any other Executive Directors) must not exceed the sum agreed by securityholders at a general meeting. The maximum aggregate remuneration of $1,950,000 per annum was approved by securityholders at the 2009 AGM.

Non-Executive Directors have not received any fees other than those described below, and do not receive bonuses or any other incentive payments or retirement benefits. They are reimbursed for expenses properly incurred in performing their duties as a Director of Mirvac.

The fees paid to Non-Executive Directors are set out in the table below and are annual fees unless otherwise stated:

Board/Committee	Fee $
Mirvac Limited and Mirvac Funds Limited Board Chairman	465,000
Mirvac Limited and Mirvac Funds Limited Board member	185,000
ARCC Chair	30,000
ARCC member	15,000
HSE&S Chair[1]	30,000
HRC Chair	15,000
Due diligence committee (per diem fee)	4,000

1) No longer payable, see corporate governance statement for details.

8 REMUNERATION DISCLOSURES FOR 2011

Details of the remuneration of each Director and the KMP (as defined in Australian Accounting Standards Board ("AASB") 124 *Related Party Disclosures*) of Mirvac, together with the Chief Executive Officer, Development NSW and Victoria and Chief Executive Officer Queensland who are not part of the KMP but form part of the five highest remunerated Group Executives, are set out in the following section.

		Short term benefits				Post-employment	Security based payment			Other long term benefits	Termination benefits [7]	Total
	Year	Cash salary and fees [1] $	STI [2] $	Non-cash benefits [3] $	Employee loan [4] $	Super contributions $	Value of options [5] $	Value of rights [5] $	Cash settled payments $	Long service leave ("LSL") [6] $	$	$
Non-Executive Directors												
James MacKenzie	**2011**	**464,801**	**–**	**–**	**–**	**15,199**	**–**	**–**	**–**	**–**	**–**	**480,000**
	2010	465,539	–	–	–	14,461	–	–	–	–	–	480,000
Peter Hawkins	**2011**	**199,801**	**–**	**–**	**–**	**15,199**	**–**	**–**	**–**	**–**	**–**	**215,000**
	2010	200,539	–	–	–	14,461	–	–	–	–	–	215,000
James Millar	**2011**	**176,681**	**–**	**–**	**–**	**38,773**	**–**	**–**	**–**	**–**	**–**	**215,454**
	2010	114,121	–	–	–	9,152	–	–	–	–	–	123,273
Penny Morris	**2011**	**167,847**	**–**	**–**	**–**	**38,566**	**–**	**–**	**–**	**–**	**–**	**206,413**
	2010	204,740	–	–	–	17,760	–	–	–	–	–	222,500
John Mulcahy	**2011**	**184,801**	**–**	**–**	**–**	**15,199**	**–**	**–**	**–**	**–**	**–**	**200,000**
	2010	114,121	–	–	–	9,152	–	–	–	–	–	123,273
Elana Rubin [8]	**2011**	**111,210**	**–**	**–**	**–**	**9,684**	**–**	**–**	**–**	**–**	**–**	**120,894**
Executive Director												
Nicholas Collishaw	**2011**	**1,825,000**	**735,000**	**2,804**	**600,523**	**50,000**	**262,824**	**933,012**	**46,800** [9]	**24,662**	**–**	**4,480,625**
	2010	1,985,539	1,750,000	148,002	404,546	14,461	347,194	987,027	–	32,979	–	5,669,748
Executives												
Andrew Butler [10]	**2011**	**528,670**	**205,800**	**63,749**	**511,980**	**15,199**	**–**	**51,129**	**–**	**8,610**	**–**	**1,385,137**
	2010	–	–	–	–	–	–	–	–	–	–	–
John Carfi	**2011**	**679,801**	**286,700**	**–**	**511,980**	**15,199**	**50,375**	**88,715**	**–**	**11,291**	**–**	**1,644,061**
	2010	634,811	403,000	55,502	530,402	14,461	50,375	165,299	–	10,940	–	1,864,790
Brett Draffen	**2011**	**928,738**	**269,500**	**58,867**	**638,693**	**15,199**	**73,595**	**192,473**	**–**	**14,325**	**–**	**2,191,390**
	2010	840,824	634,000	111,001	451,406	14,461	126,327	306,982	–	13,858	–	2,498,859
Gary Flowers	**2011**	**610,801**	**216,100**	**–**	**216,652**	**19,199**	**26,281**	**129,280**	**–**	**10,211**	**–**	**1,228,524**
	2010	553,539	318,000	–	68,737	46,461	26,281	97,557	–	9,736	–	1,120,311
Justin Mitchell	**2011**	**662,067**	**240,100**	**22,734**	**511,980**	**15,199**	**45,551**	**81,825**	**–**	**11,374**	**–**	**1,590,830**
	2010	635,539	345,000	62,161	317,519	14,461	73,675	164,249	–	10,394	–	1,622,998
Matthew Wallace [11]	**2011**	**585,444**	**219,500**	**70,894**	**489,862**	**15,199**	**45,988**	**76,194**	**–**	**9,698**	**–**	**1,512,779**
	2010	–	–	–	–	–	–	–	–	–	–	–
Total	**2011**	**7,125,662**	**2,172,700**	**219,048**	**3,481,670**	**277,814**	**504,614**	**1,552,628**	**46,800**	**90,171**	**–**	**15,471,107**
	2010	5,749,312	3,450,000	376,666	1,772,610	169,291	623,852	1,721,114	–	77,907	–	13,940,752

1) Cash salary and fees includes accrued annual leave paid out as part of salary and salary sacrifice amounts where applicable.

2) STI payments relate to amounts accrued for the relevant year.

3) Non-cash benefits include debt waiver benefits and include related FBT where applicable.

4) Employee loans are interest-free and provided for personal use (excludes EIS loans). Disclosed value includes amounts forgiven during the year, imputed interest and related FBT.

5) Valuation of options and rights is conducted by an external accounting firm. Negative amounts (if any) relate to forfeiture of some or all participation in equity plans due to terminations. Refer to note 34(f) to the financial statements for details.

6) LSL relates to amounts accrued during the year.

7) Termination benefits include annual leave and LSL paid on termination.

8) Elana Rubin was appointed a Non-Executive Director to the Mirvac Board during the year ended 30 June 2011.

9) Represents security based payment expense during the year ended 30 June 2011 in relation to the potential future one-off cash payment linked to Mirvac's TSR performance offered to the Managing Director following his acceptance of a reduction in fixed remuneration. Further details on this payment are provided in the section headed 'Highlights for the year ended 30 June 2011' at the front of this remuneration report.

10) Andrew Butler has been disclosed as a KMP as a result of his appointment to the ELT during the year ended 30 June 2011.

11) Matthew Wallace was not a disclosed Executive during the year ended 30 June 2010.

8 REMUNERATION DISCLOSURES FOR 2011 / CONTINUED

The table below presents the 2010 remuneration details of individuals not included in the preceding table, but who were disclosed in the 2010 report:

	Short term benefits				Post-employment	Security based payment			Other long term benefits	Termination benefits[8]	Total
2010	Cash salary and fees[1] $	STI[2] $	Non-cash benefits[3] $	Employee loan[4] $	Super contributions $	Value of options[5] $	Value of rights[5] $	Cash settled payments[6] $	LSL[7] $	$	$
Non-Executive Directors											
Paul Biancardi	310,000	–	–	–	50,000	–	–	–	–	–	360,000
Adrian Fini	194,751	–	148,002[9]	–	15,253	–	–	–	–	–	358,006
Richard Turner	37,232	–	–	–	6,585	–	–	–	–	–	43,817
Executives											
Chris Freeman	400,635	–	143,906	24,157	60,179	–	855,621	–	–	254,227	1,738,725
Grant Hodgetts	421,855	–	118,647	318,087	44,077	–	–	–	–	897,930[10]	1,800,596
Total	**1,364,473**	**–**	**410,555**	**342,244**	**176,094**	**–**	**855,621**	**–**	**–**	**1,152,157**	**4,301,144**

1) Cash salary and fees includes accrued annual leave paid out as part of salary and salary sacrifice amounts, where applicable.
2) STI payments relate to amounts accrued for the relevant year.
3) Non-cash benefits include outplacement fees and debt waiver benefits and include related FBT where applicable.
4) Employee loans are interest-free and provided for personal use (excludes EIS loans). Disclosed value includes amounts forgiven during the year, imputed interest and related FBT.
5) Valuation of options and rights is conducted by an external accounting firm. Negative amounts (if any) relate to forfeiture of some or all participation in equity plans due to terminations. Refer to note 34(f) for details.
6) The value of issued securities was disclosed in this column for the 2010 remuneration report. Given that no values were disclosed in this column for the 2010 report, this column has been restated as cash settled payments to allow for more meaningful comparison with the 2011 disclosures.
7) LSL relates to amounts accrued during the relevant year.
8) Termination benefits include annual leave and LSL paid on termination.
9) This benefit relates to an LTIP grant made in 2006, before Adrian Fini became a Non-Executive Director.
10) The termination payment for Grant Hodgetts was based on contractual entitlements. These entitlements were in place before the introduction of the new termination payments legislation, and his contract was not changed following the legislation. As a result, consistent with the provisions of the new legislation, a payment in excess of one year's salary was contractually required.

Remuneration related to performance

		Remuneration related to performance					
2011	Total remuneration $	STI $	Value of options $	Value of rights $	Cash settled payments $	Performance related remuneration % of total	Value of options granted as % of total
Non-Executive Directors							
James MacKenzie	480,000	–	–	–	–	–	–
Peter Hawkins	215,000	–	–	–	–	–	–
James Millar	215,454	–	–	–	–	–	–
Penny Morris	206,413	–	–	–	–	–	–
John Mulcahy	200,000	–	–	–	–	–	–
Elana Rubin	120,894	–	–	–	–	–	–
Executive Director							
Nicholas Collishaw	4,480,625	735,000	262,824	933,012	46,800	44	6
Executives							
Andrew Butler	1,385,137	205,800	–	51,129	–	19	–
John Carfi	1,644,061	286,700	50,375	88,715	–	26	3
Brett Draffen	2,191,390	269,500	73,595	192,473	–	24	3
Gary Flowers	1,228,524	216,100	26,281	129,280	–	30	2
Justin Mitchell	1,590,830	240,100	45,551	81,825	–	23	3
Matthew Wallace	1,512,779	219,500	45,988	76,194	–	23	3
Total	**15,471,107**	**2,172,700**	**504,614**	**1,552,628**	**46,800**	**28**	**3**

8 REMUNERATION DISCLOSURES FOR 2011 / CONTINUED

Performance rights granted during the year

Details of the performance rights granted to Executives as the LTI component of their remuneration during the year ended 30 June 2011 are set out in the table below:

Executive	Performance measure	Number of performance rights granted	Vesting date	Fair value per performance right ($)	Minimum value of grant	Maximum value of grant[1]
Nicholas Collishaw	TSR	2,189,600	1 July 2013	0.64	–	1,401,344
Andrew Butler	TSR	88,500	1 July 2013	0.64	–	56,640
John Carfi	TSR	174,900	1 July 2013	0.64	–	111,936
Brett Draffen	TSR	452,200	1 July 2013	0.64	–	289,408
Gary Flowers	TSR	380,400	1 July 2013	0.64	–	243,456
Justin Mitchell	TSR	179,500	1 July 2013	0.64	–	114,880
Matthew Wallace	TSR	147,600	1 July 2013	0.64	–	94,464

1) The maximum value of the grant has been estimated based on the fair value as calculated at the time of grant.

Movements in performance rights and options holdings

Details of the movement in the number and value of performance rights during the year are set out below:

Executive	Grant date	Number of rights granted	Value at grant date ($)	Vesting date	Number of rights vested	Value of rights vested ($)	Number of rights lapsed[1]	Value of rights lapsed ($)[2]
Nicholas Collishaw	14 November 2008	869,600	1,165,264	1 July 2011	–	–	869,600	1,165,264
	29 June 2010	2,213,600	1,472,044	1 July 2012	–	–	–	–
	17 December 2010	2,189,600	1,401,344	1 July 2013	–	–	–	–
Total		**5,272,800**	**4,038,652**		**–**	**–**	**869,600**	**1,165,264**
Andrew Butler	14 November 2008	72,200	96,748	1 July 2011	–	–	72,200	96,748
	17 December 2010	88,500	56,640	1 July 2013	–	–	–	–
Total		**160,700**	**153,388**		**–**	**–**	**72,200**	**96,748**
John Carfi	14 November 2008	166,700	223,378	1 July 2011	–	–	166,700	223,378
	29 June 2010	204,800	136,192	1 July 2012	–	–	90,900	60,449
	17 December 2010	174,900	111,936	1 July 2013	–	–	–	–
Total		**546,400**	**471,506**		**–**	**–**	**257,600**	**283,827**
Brett Draffen	14 November 2008	243,500	326,290	1 July 2011	–	–	243,500	326,290
	29 June 2010	499,000	331,835	1 July 2012	–	–	90,900	60,449
	17 December 2010	452,200	289,408	1 July 2013	–	–	–	–
Total		**1,194,700**	**947,533**		**–**	**–**	**334,400**	**386,739**
Gary Flowers	14 November 2008	87,000	116,580	1 July 2011	–	–	87,000	116,580
	29 June 2010	264,800	176,092	1 July 2012	–	–	–	–
	17 December 2010	380,400	243,456	1 July 2013	–	–	–	–
Total		**732,200**	**536,128**		**–**	**–**	**87,000**	**116,580**
Justin Mitchell	14 November 2008	150,700	201,938	1 July 2011	–	–	150,700	201,938
	29 June 2010	184,100	122,427	1 July 2012	–	–	90,900	60,449
	17 December 2010	179,500	114,880	1 July 2013	–	–	–	–
Total		**514,300**	**439,245**		**–**	**–**	**241,600**	**262,387**
Matthew Wallace	14 November 2008	152,200	203,948	1 July 2011	–	–	152,200	203,948
	29 June 2010	198,500	132,003	1 July 2012	–	–	90,900	60,449
	17 December 2010	147,600	94,464	1 July 2013	–	–	–	–
Total		**498,300**	**430,415**		**–**	**–**	**243,100**	**264,397**

1) Includes performance rights granted on 14 November 2008 that lapsed in August 2011 due to a failure to fully satisfy performance conditions, and unvested performance rights granted on 29 June 2010 that were cancelled to ensure that the correct annual retention value of the (now closed) ERP was deducted from the FY2010 LTP grants as advised in the ASX Appendix 3B on 17 December 2010.

2) The calculation of the value of performance rights lapsed used the fair value as determined at the time of grant.

8 REMUNERATION DISCLOSURES FOR 2011 / CONTINUED

Details of the movement in the number and value of options during the year are set out below.

Executive [1]	Grant date	Number of options granted	Value at grant date ($)	Vesting date	Number of options vested	Value of options vested ($)	Number of options lapsed [2]	Value of options lapsed ($) [3]
Nicholas Collishaw	14 November 2008	1,923,100	788,471	1 July 2011	–	–	1,923,100	788,471
John Carfi	14 November 2008	368,600	151,126	1 July 2011	–	–	368,600	151,126
Brett Draffen	14 November 2008	538,500	220,785	1 July 2011	–	–	538,500	220,785
Gary Flowers	14 November 2008	192,300	78,843	1 July 2011	–	–	192,300	78,843
Justin Mitchell	14 November 2008	333,300	136,653	1 July 2011	–	–	333,300	136,653
Matthew Wallace	14 November 2008	336,500	137,965	1 July 2011	–	–	336,500	137,965

1) Andrew Butler did not hold any options during the year ended 30 June 2011 and has therefore been excluded from this table.
2) Includes options granted on 14 November 2008 that lapsed in August 2011 due to a failure to fully satisfy performance conditions.
3) The calculation of the value of options lapsed used the fair value as determined at the time of grant.

9 SERVICE AGREEMENTS

KMP terms of employment are detailed in formal service agreements.
Each KMP has a formal contract, known as a service agreement. These agreements are of a continuing nature and have no set term of service (subject to the termination provisions). Each agreement covers:

- general duties;
- remuneration and other benefits; and
- termination of employment and termination benefits.

In cases of serious and wilful misconduct, or in certain other circumstances, Mirvac can terminate a KMP's employment without notice or payment in lieu of notice.

Termination entitlements
The termination entitlements for each of the disclosed Executives are limited to 12 months fixed remuneration, consistent with the maximum amount permissible without requiring securityholder approval. The terms of the service agreements for the Managing Director and other disclosed Executives are summarised below.

a) Managing Director: summary of key terms

Condition	Contractual arrangement
Length of contract	No fixed term
Notice period	Six months
STI eligibility	Yes
LTI eligibility	Yes
Treatment on termination	If Mirvac terminates employment with notice, for reasons other than unsatisfactory performance, termination payment is six months' fixed remuneration. In the event of redundancy, retirement, or total and permanent disablement, the HRC will exercise discretion to determine the portion of LTP grants to be retained after termination, subject to the original performance period and hurdles. Outstanding balance for ERP loan is payable within 12 months of ceasing employment.

b) Other disclosed Executives: summary of key terms

Condition	Contractual arrangement
Length of contract	No fixed term
Notice period	Three months
STI eligibility	Yes
LTI eligibility	Yes
Treatment on termination	If Mirvac terminates employment with notice, for reasons other than unsatisfactory performance, termination payment is nine months' fixed remuneration. In the event of redundancy, retirement, or total and permanent disablement, the HRC will exercise discretion to determine the portion of LTP grants to be retained after termination, subject to the original performance period and hurdles. Outstanding balance for ERP loan is payable within 12 months of ceasing employment.

10 ADDITIONAL INFORMATION

a) Equity instruments held by Directors

Particulars of Directors' interests in the stapled securities of Mirvac or a related body corporate, are as follows:

Director	Mirvac stapled securities	Interests in securities of related entities or related body corporate
James MacKenzie (direct)	129,914	
Mirvac Industrial Trust – units (direct)		122,643
Mirvac Development Fund – Seascapes – units (indirect)		300,000
Nicholas Collishaw (direct and indirect)	2,036,512	
Mirvac Development Fund – Seascapes – units (indirect)		25,000
Options	2,026,410	
Performance rights	5,272,800	
Peter Hawkins (direct and indirect)	596,117	
James Millar (indirect)	40,714	
Penny Morris (direct and indirect)	241,136	
John Mulcahy (indirect)	25,000	
Elana Rubin (direct)	10,000	

During the year ended 30 June 2009, Mirvac introduced a security acquisition plan for Non-Executive Directors whereby they could sacrifice a portion of their Directors' fees each month and use them to acquire additional Mirvac stapled securities. No Non-Executive Directors did this in the year ended 30 June 2011 due to changes to the tax treatment of securities acquired under the plan. However, securities purchased in previous years continue to be held in the plan.

b) Equity instruments held by Executives

The relevant interests held in stapled securities of Mirvac by the Executives are detailed in note 33 to the financial statements.

c) Other directorships

Details of all directorships of other listed companies held by each Director in the three years immediately before 30 June 2011 are as follows:

Director	Company	Date appointed	Date ceased
James MacKenzie	Bravura Solutions Limited	April 2006	November 2008
	Circadian Technologies Limited	July 2002	July 2008
	Gloucester Coal Limited	June 2009	Current
	Melco Crown Entertainment Limited	April 2008	Current
	Pacific Brands Limited	May 2008	Current
Peter Hawkins	St George Bank Limited	April 2007	Delisted December 2008
	Visa Inc	October 2007	January 2011
	Westpac Banking Corporation	December 2008	Current
James Millar	Jetset Travelworld Limited	September 2010	Current
Penny Morris	Aristocrat Leisure Limited	August 2003	April 2010
	Clarius Group Limited	August 2005	Current
John Mulcahy	Coffey International Limited	September 2009	Current
	GWA Limited	November 2010	Current
	Suncorp-Metway Limited	January 2003	March 2009
Elana Rubin	Bravura Solutions Limited	April 2007	November 2008
	TAL Limited (formerly Tower Australia Group Limited)	November 2007	Delisted May 2011

10 ADDITIONAL INFORMATION / CONTINUED

d) Options over unissued securities
During the year ended 30 June 2011, no options over Mirvac stapled securities were issued to executives under the LTIP. Options over 152,617 (2010: 108,332) Mirvac stapled securities were forfeited during the year as a result of employees leaving the Group. No securities in the Group or any of its controlled entities were issued during or since the year ended 30 June 2011 as a result of the exercise of an option over unissued securities.

e) Other benefits
Fees paid by Mirvac for Directors' and Officers' liability insurance are not itemised for each Director and, as their disclosure would breach the terms of the policy, are not set out in this report.

Executives and Directors (including Non-Executive Directors) are entitled to participate in arrangements available to directly purchase Mirvac developed residential property, on the same terms and conditions as for other employees within the Group.

f) Loans to KMP
Information on loans to Executive Directors and other KMP is disclosed in note 33 to the financial statements. Loans are not provided to Non-Executive Directors.

Non-audit services
Mirvac may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are relevant. Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in note 37 to the financial statements.

The Board has considered its position and, in accordance with the advice received from the ARCC, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set in note 37 to the financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the ARCC to ensure they do not affect the impartiality and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

Significant changes in the state of affairs
Details of the state of affairs of the Group are disclosed within the review of operations and activities.

Matters subsequent to the end of the year
On 28 July 2011 the Trust settled on the sale of 50 per cent of the units in Mirvac 8 Chifley Trust to The Trust Company (Australia) Limited (in its capacity as the trustee of K-REIT (Australia) Sub-Trust 2). Mirvac 8 Chifley Trust is the owner of 8 Chifley Square; a Sydney based commercial office development. On that date, Mirvac Projects Pty Limited entered into a Development Agreement with Mirvac 8 Chifley Pty Limited (in its capacity as trustee of Mirvac 8 Chifley Trust). Under the terms of the agreement, Mirvac Projects Pty Limited will deliver a fully constructed and fully leased premium grade commercial office building. Mirvac Projects Pty Limited will provide Mirvac 8 Chifley Pty Limited with a five year rental guarantee.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- the Group's operations in future years; or
- the results of those operations in future years; or
- the Group's state of affairs in future years.

Insurance of officers
During the year, Mirvac paid a premium for an insurance policy insuring any past, present or future Director, Secretary, executive officer or employee of the Group against certain liabilities. In accordance with commercial practice, the insurance policy prohibits disclosure of the nature of the liabilities insured against and the amount of the premium.

Auditor's independence declaration
A copy of the auditor's independence declaration required under section 307C of the *Corporations Act 2001* is set out on page 23.

Rounding of amounts
Mirvac is an entity of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investment Commission ("ASIC"), relating to the rounding off of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest tenth of a million ("m") dollars in accordance with that class order.

This statement is made in accordance with a resolution of the Directors.

Nicholas Collishaw
Director

Sydney
23 August 2011

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mirvac Limited and the entities it controlled during the period.

Matthew Lunn
Partner

PricewaterhouseCoopers

Sydney
23 August 2011

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1 INTRODUCTION

This section of the Annual Report outlines Mirvac's governance framework.

Mirvac is committed to ensuring that its systems, procedures and practices reflect a high standard of corporate governance. The Directors believe that Mirvac's corporate governance framework is critical in maintaining high standards of corporate governance and fostering a culture that values ethical behaviour, integrity and respect to protect securityholders' and other stakeholders' interests at all times.

During the year ended 30 June 2011, Mirvac's corporate governance framework was consistent with the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council in August 2007 ("Recommendations") which were updated in 2010. The table on pages 32 and 33 indicates where specific Recommendations are dealt with in this corporate governance statement. In accordance with the Recommendations, copies of the Group policies referred to in this corporate governance statement are posted to Mirvac's website: www.mirvac.com/corporate-governance.

2 PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

a) Responsibilities of the Board and management

i) Primary objective of Board

The primary objective of the Board is to build long term securityholder value with due regard to other stakeholder interests. The Board does this by setting strategic direction and context, such as Mirvac's mission, vision and values, and focusing on issues critical for its successful execution such as personnel, performance and the management of risk. The Board is also responsible for overseeing Mirvac's corporate governance framework.

ii) Board Charter

In order to promote high standards of corporate governance and to clarify the role and responsibilities of the Board, the Board has formalised its roles and responsibilities into a Board Charter. The Board Charter sets out the Board's accountabilities and responsibilities, including strategy and planning, personnel, remuneration, capital management and financial reporting, performance monitoring, risk management, audit and compliance and Board processes and policies. The Board Charter was reviewed and updated during 2011.

Non-Executive Directors would spend approximately 25-30 days each year on Board activities and business, including attendance at Board meetings, Board committee meetings, strategy and budget meetings with management, visits to interstate sites and meetings with Mirvac stakeholders. During the year ended 30 June 2011, the Board visited Mirvac offices and sites in Brisbane, Melbourne, Perth and Sydney.

The Non-Executive Directors meet regularly without the presence of management, to discuss the operation of the Board and a range of other matters. Relevant matters arising from these meetings are shared with the full Board.

The Managing Director provides open and detailed reports on Mirvac's performance and related matters to each Board meeting. The Chief Financial Officer also provides open and comprehensive reports on Mirvac's financial performance and other relevant matters such as Mirvac's debt position and the status of Mirvac's financing facilities. The Board monitors the decisions and actions of the Managing Director and the performance of the Group to gain assurance that progress is being made towards attainment of the approved strategies and plans. The Board also monitors the performance of the Group through its Board committees.

A copy of the Board Charter is available on the Group's website: www.mirvac.com/corporate-governance.

iii) Delegation to Managing Director and senior executives

The Board Charter delegates responsibility for the day to day management and administration of the Group to the Managing Director, assisted by the ELT. The Managing Director and senior executives of the Group operate in accordance with Board-approved policies and limits of delegated authority.

iv) ELT

The ELT was formed by the Board and is governed by the ELT Charter. The ELT Charter sets out the responsibilities and accountabilities of the ELT and the delegated authority of the Board which may be exercised by the ELT. The terms of the ELT Charter specify the membership of the ELT, which at 30 June 2011 comprised the Managing Director, the Chief Financial Officer, the Chief Operating Officer, the Chief Executive Officer — Investment, and the Chief Executive Officer — Development.

All senior executives have their position descriptions, roles and responsibilities set out in writing, either in their employment contract or as part of the performance management system.

v) Evaluation of performance of senior executives

The performance of senior executives is reviewed on an annual cycle, with an interim six monthly review. This is part of Mirvac's performance management system, which is in place for all Mirvac employees. The performance management system comprises a series of KPIs which are aligned to Mirvac's strategic objectives. Performance is measured against the agreed KPIs and against consistency of senior executives' behaviour against the agreed Mirvac corporate values.

On an annual basis, the Chairman of the Board formally reviews the performance of the Managing Director. The Managing Director is assessed against qualitative and quantitative criteria, including profit performance of Mirvac and achievement of other measures, including safety performance and alignment of Group performance to strategic objectives. In turn, the Managing Director reviews the performance of his direct reports against their agreed KPIs, and reports the outcome of these reviews to the HRC.

A performance evaluation of all senior executives and the Managing Director took place during the year ended 30 June 2011 in accordance with the process referred to above. Further information on performance evaluation and remuneration (including assessment criteria) is set out in the remuneration report.

3 PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

a) Structure of the Board

Together, the Board members have a broad range of financial and other skills, expertise and experience required to effectively oversee Mirvac's business. The Board comprises six Non-Executive Directors and one Executive Director (being the Managing Director). The Chairman of the Board, James MacKenzie, is an independent Non-Executive Director. The skills, experience and expertise of each Director are set out on pages 05 and 06 in the Directors' report. The Board determines its size and composition subject to the limits imposed by Mirvac's Constitutions, which provide that there be a minimum of three and a maximum of 10 Directors.

The Board Charter provides that the Board should comprise:

- a majority of independent Non-Executive Directors;
- Directors with an appropriate range of skills, experience and expertise;
- Directors who have a proper understanding of, and competence to deal with, current and emerging issues of the business; and
- Directors who can effectively review and challenge the performance of management and exercise independent judgement.

3 PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE / CONTINUED

At each AGM of Mirvac Limited, one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest one third (but not more than one-third) must retire from office. A Director (other than the Managing Director) must retire at the conclusion of the third annual general meeting after the Director was last elected or re-elected even if his or her retirement results in more than one-third of all directors retiring. The Managing Director and a Director appointed to fill a casual vacancy or as an additional Director are not subject to retirement by rotation and are not to be taken into account in determining the rotation of Directors. A Director appointed to fill a casual vacancy or as an additional Director only holds office until the next AGM, where they must retire and seek re-election by securityholders at the meeting.

The period of office held by each current Director is as follows:

Director	Appointed	Last elected at an AGM
James MacKenzie (Chairman)	January 2005	11 November 2010
Nicholas Collishaw (Managing Director)	January 2006	N/A
Peter Hawkins	January 2006	14 November 2008
James Millar	November 2009	11 November 2010
Penny Morris	January 2006	14 November 2008
John Mulcahy	November 2009	11 November 2010
Elana Rubin[1]	November 2010	Will stand for election at the 2011 AGM

1) Elana Rubin was appointed to the Board on 11 November 2010.

b) Chairman's responsibilities and independence

The Board Charter provides that the Chairman of the Board:

- is appointed by the Directors;
- must be an independent Non-Executive Director; and
- must not be the Managing Director of the Group.

The Group's Chairman is James MacKenzie, an independent Non-Executive Director. The Board Charter sets out the roles and responsibilities of the Chairman. These include:

- providing leadership to the Board and to the Group;
- ensuring the efficient organisation and conduct of the Board;
- monitoring Board performance annually;
- facilitating Board discussions to ensure core issues facing the Group are addressed;
- briefing all Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution and ongoing development of all Directors;
- promoting consultative and respectful relations between Board members and between the Board and management; and
- chairing securityholder meetings.

c) Board independence

The Board Charter contains guidelines for assessing the independence of the Directors which are consistent with the Recommendations. The guidelines for assessing the independence of Mirvac's Directors and Mirvac's materiality thresholds are contained in the Board Charter, which is published on Mirvac's website: www.mirvac.com/corporate-governance.

The ARCC is responsible for reviewing the independence of Directors each year. It is Mirvac's view that the status of its Directors at 30 June 2011 is as follows:

Executive Director

Nicholas Collishaw (Managing Director)

Independent Non-Executive Directors

James MacKenzie (Chairman)
Peter Hawkins
James Millar
Penny Morris
John Mulcahy
Elana Rubin

It is Mirvac's view that all of its Directors have exercised judgement and discharged their responsibilities in an unrestricted and independent manner throughout the year.

d) Board committees

To assist the Board in carrying out its functions, the Board has established:

- an ARCC (see section 5(a) of this statement);
- a Nomination committee (see section 3(e) of this statement); and
- a HRC (see section 9(a) of this statement).

Previously, the Board had also established a HSE&SC. The responsibilities of this committee were re-allocated during 2011 to the Board and other Board committees. For further detail on this change please see section 3(l) of this statement.

The Board also established special purpose committees as required during the year. Membership and terms of reference of these committees are determined for each particular purpose. Attendances at special purpose committee meetings are included in the Director attendance table on page 07 of the Directors' Report.

All Directors are entitled to attend meetings of the Board committees. Minutes of all Board committee and ELT meetings are provided to Directors in each Board pack. Proceedings of each Board committee meeting are reported by the committee Chair at the subsequent Board meeting. Each committee is entitled to the resources and information it requires to discharge its responsibilities, including direct access to senior executives, employees and advisers as needed.

e) Nomination committee

The Nomination committee was formed by resolution of the Board, in accordance with the Board Charter. The Nomination committee is governed by the Nomination committee charter, which is available on Mirvac's website: www.mirvac.com/corporate-governance. The objective of this committee is to assist the Board in ensuring that Mirvac has Boards and committees of effective composition, size, expertise and commitment to adequately discharge their responsibilities and duties, having regard to the law and the highest standards of governance, with the specific responsibilities as set out in its charter. The Nomination committee charter was reviewed and updated during 2011.

3 PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE / CONTINUED

The Nomination committee consists of four members. Members are appointed by the Board from the independent, Non-Executive Directors. The current members of the Nomination committee are James MacKenzie (Chair), Peter Hawkins, John Mulcahy and Elana Rubin, each an independent Non-Executive Director. Details of meeting attendance of the Non-Executive Director members of the Nomination committee are contained in the following table:

Director	Number of nomination committee meetings held whilst a member	Number of nomination committee meetings attended whilst a member
James MacKenzie (Chair)	1	1
Peter Hawkins	1	1
John Mulcahy	1	1
Elana Rubin[1]	–	–

1) Elana Rubin appointed to the committee on 15 April 2011.

The accountabilities and responsibilities of the Nomination committee are set out in the Nomination committee charter. The responsibilities include reviewing Non-Executive Director remuneration, assessing the skills and necessary industry, technical or functional experience required on the Board, conducting searches for new Board members, ensuring succession plans are in place for Board members and assisting the Chairman to evaluate the performance of the Board as a whole, as well as individual Non-Executive Directors.

f) Director selection process and Board renewal

The Nomination committee manages the process of recommending preferred director candidates to the Board. The committee reviews the skills and necessary industry, technical or functional experience required on the Board and then assesses the extent to which these are represented on the existing Board. If the need for a new candidate is identified, the committee will conduct a search, using professional assistance if required, and recommend a candidate to the Board. This process ensures a diverse range of candidates is considered.

The Board seeks to have a mix of skills and diversity across its members. The mix of skills and diversity the Board is looking to achieve in its membership is 50 per cent female membership by 2020 to reflect the communities and customers Mirvac serves, financial expertise, industry experience, technical expertise related to Mirvac's current and future business and independence. The skills mix required will change from time to time as Mirvac's business and environment changes.

A key component of the Board renewal and selection process is ensuring succession plans are in place for Directors. The committee ensures that succession plans are in place to maintain an appropriate mix of skills, experience, expertise and diversity on the Board.

g) Board and Director performance evaluation

The performance of the Board, the Board committees and each individual Director is reviewed annually. The Board performance review is conducted by way of initial questionnaires completed by each Director to review:

- the performance of the Board and each Board committee against the requirements of their respective charters;
- the individual performance of the Chairman and each other Director; and
- the processes and procedures of the Board, to identify areas for improvement.

The Chairman provides open and transparent performance feedback to the Board, the Board committees and each individual Director, based on the information in the questionnaire. The Chairman also seeks feedback on the performance of the Board and Directors from the Managing Director and other members of the ELT.

The Board performance review process conducted during the year ended 30 June 2011 indicated no major issues or concerns in relation to the Board, Board committees or individual Director performance which required further attention.

h) Induction

Management and the Board provide new Directors with an induction program. This includes meetings with senior executives, briefings on Mirvac's strategy, independent meetings with Mirvac's external auditors, provision of all relevant corporate governance material and policies and discussions with the Chairman and other Directors.

i) Continuing education

Directors are provided with continuing education opportunities to update and enhance their skills and knowledge, including office and site visits to understand Mirvac's operations and briefings on any key changes to the industry and environment in which Mirvac operates. Directors are also encouraged to access external education including director related courses and industry conferences.

j) Access to information, indemnification and independent advice

The General Counsel and Company Secretary provides assistance to the Board and Directors also have access to senior executives at any time to request any relevant information.

Under the relevant Constitutions and relevant Deeds with Directors (and only to the extent permitted by law), Mirvac indemnifies Directors against certain liabilities incurred in their capacity as Directors of Mirvac and against certain legal costs incurred in defending any action for those liabilities.

The Board Charter provides that Directors may obtain independent professional advice, at the expense of Mirvac, with the consent of the Chairman, which consent will not be unreasonably withheld or delayed.

k) Conflicts of interest

The Board Charter sets out the obligations of Directors in dealing with any conflicts of interest. Pursuant to the Board Charter, Directors are obliged to:

- disclose to the Board any actual or potential conflicts of interest which may exist as soon as they become aware of the issue;
- take any necessary and reasonable measures to resolve the conflict; and
- comply with all law in relation to disclosure of interests and restrictions on voting.

Unless the Board determines otherwise, a Director with any actual or potential conflict of interest in relation to a matter before the Board, does not:

- receive any Board papers in relation to that matter; and
- participate in any discussion or decision making in relation to that matter.

Mirvac's code of conduct also sets down guidelines for dealing with conflicts of interest that may arise particularly for executives and other employees.

3 PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE / CONTINUED

l) HSE&SC

As stated above, previously the Board had established the HSE&SC. The responsibilities of this committee were re-allocated during 2011 to the Board and other Board committees to ensure the effective operation of this area of the Board's role.

i) HSE&SC composition

Prior to the re-allocation, the membership of the HSE&SC was determined by the HSE&SC charter. During 2010, the HSE&SC consisted of Penny Morris (Chair), John Mulcahy and a number of senior executives. Each member of this committee had the technical expertise to enable the committee to effectively discharge its mandate. The Chair of the committee, Penny Morris, had extensive experience in HSE&S matters particularly in the property development and construction industries.

Details of attendance of the Non-Executive Director members of the HSE&SC (prior to the re-allocation of responsibilities) are contained in the following table:

Director	Number of HSE&SC meetings held whilst a member	Number of HSE&SC meetings attended whilst a member
Penny Morris (Chair)	6	6
John Mulcahy	6	6

4 PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

a) Responsibilities of the Board and management

i) Conduct and ethics — code of conduct

Integrity is one of the Group's core values. In the Group's 39 year history, it has built a reputation for integrity and in dealing fairly, honestly and transparently with all stakeholders. Mirvac has adopted a code of conduct which espouses its core values and reflects the Recommendations in terms of the matters addressed. All senior executives certify to the ARCC their adherence to the requirements of the code on a quarterly basis. The code of conduct applies to the Board, executives and all other employees. A copy of the code is posted to Mirvac's website: www.mirvac.com/corporate-governance. In addition, Mirvac is committed to maintaining a high standard of ethical business behaviour at all times and requires Mirvac employees to:

- treat other Mirvac employees with fairness, honesty and respect;
- comply with all laws and regulations;
- comply with Mirvac policies and procedures in force from time to time; and
- not engage in any improper conduct.

The Board has implemented the Whistleblower and Open Line Policy, which assists in creating an ethical environment where employees may, in good faith, make a disclosure, reporting what they believe to be improper conduct without any adverse action being taken against the discloser. The Policy applies to all employees and outlines the processes for reporting alleged improper conduct (including anonymous disclosures and outlines the ways in which Mirvac will protect disclosers).

ii) Dealings in Mirvac securities

Mirvac has implemented a Security Trading Policy which covers dealings in Mirvac securities by Directors, executives and other designated employees, as well as their respective associates. Designated persons may only deal in Mirvac securities (with prior approval to do so), or in securities of other public, listed entities that are related to Mirvac, outside certain periods as identified in the Policy. Notwithstanding this, no Director, executive or other employee may deal in Mirvac securities if they are in possession of price sensitive information. Any securities dealing in the Group by Directors is notified to the ASX within five business days of the dealing. Mirvac does not stipulate any minimum securityholding requirements by its Directors.

As noted in the remuneration report, performance rights or options relating to Mirvac securities are granted to employees in accordance with the Mirvac remuneration strategy. The Security Trading Policy prohibits senior executives and other employees from hedging any unvested awards relating to Mirvac securities.

The Security Trading Policy was updated on 21 December 2010 to comply with ASX Listing Rule 12.9 which was introduced on 1 January 2011.

A copy of the Security Trading Policy is available at Mirvac's website: www.mirvac.com/corporate-governance.

iii) Political donations

The *Election Funding, Expenditure and Disclosures Act 1981* (amended in 2009) prohibits property developers from making political donations. Mirvac has in place a Political Donations Policy, which prohibits the Group and any Mirvac employee from making any political donation on behalf of the Group. During the year ended 30 June 2011, Mirvac made no political donations.

iv) Charitable donations

The Mirvac Foundation is the focus of Mirvac's charitable support on both a national and state basis. Mirvac staff make donations to the Foundation and donate their time to support the Foundation.

b) Diversity

Mirvac has a diversity policy which has recently been approved by the Board. The HRC is responsible for reviewing diversity related objectives, programs and progress on behalf of the Board. This responsibility is reflected in the HRC charter.

Mirvac respects and values the competitive advantage of diversity, and the benefit its integration provides throughout the Group. Mirvac believes that the organisation's construct should reflect the communities it supports and the customers it serves. Management will develop strategies, initiatives and programs to promote diversity. Management will monitor, review and report to the HRC regularly on progress. The Board has set measurable targets for achieving its objectives and will report on progress each year. The HRC will assess regularly the programs put in place and the achievements of Mirvac against the objectives being set to improve gender diversity.

The Board has appointed the Chairman of the Board, James MacKenzie, as the sponsor of the diversity program and the Managing Director, Nicholas Collishaw, has been appointed as the diversity program's Executive Sponsor. A Diversity Council is being established, chaired by Nicholas Collishaw, to meet quarterly and review progress against the objectives and performance targets.

4 PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING / CONTINUED

The key initiatives being implemented by Mirvac and the measureable objectives are set out in the table below:

Initiative	Measureable objective	Progress to date
Establish a Women's Network	Establishing a Leadership Network and Development program for female leaders by November 2011	Women's network leadership group Sponsor and Chair agreed. Scheduled to commence meeting in September 2011 to oversee female leadership programs
Establish an organisation wide graduate program to provide a pipeline of gender diverse talent for future leadership roles	Implement Mirvac Graduate program with 50 per cent female graduates by February 2012	Responsibility assigned
Update recruitment guidelines to encourage, where possible, a gender balance on shortlisted candidates	Implement recruitment policy that all executive recruitment briefs to include guideline for 50 per cent of shortlisted candidates to be female	Responsibility assigned
Flexible work arrangements/job design policy	Implement flexible work policy	On schedule
Conduct a pay parity review and implement measures to achieve equity and parity in gender pay construct	Complete annual pay parity review and report against internal and external benchmarks	First analysis planned for September 2011
Implement a talent management program for female leaders	Implement a Women in Mirvac talent management program by October 2011	Responsibility assigned

These initiatives form part of the broader strategy focusing on educating employees and managers on diversity, as well as identifying barriers to diversity.

A copy of the diversity policy is available at Mirvac's website: www.mirvac.com/corporate-governance.

Proportion of female employees
Mirvac has set diversity performance targets in the areas of female representation and female talent turnover. The achievements of Mirvac in relation to its targets for female representation are set out below:

Women in Mirvac (Full time equivalent ("FTE"))			Women in senior executive positions (FTE)			Women on Mirvac Board		
Target by 2015 %	Target by 2020 %	Actual (As at 30/6/11) %	Target by 2015 %	Target by 2020 %	Actual (As at 30/6/11) %	Target by 2015 %	Target by 2020 %	Actual (As at 30/6/11) %
50	50	48	35	50	20	35	50	33

5 PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

a) ARCC

i) ARCC charter
The ARCC was formed by resolution of the Board, in accordance with the Board Charter. The ARCC is governed by the ARCC charter, which is available on Mirvac's website: www.mirvac.com/corporate-governance.

ii) ARCC role
The objective of the ARCC is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Group's financial reporting, systems of internal controls and management of risk, internal and external audit functions, compliance obligations and processes for monitoring compliance with relevant laws and regulations and the Group code of conduct. It is the ARCC role to ensure that the Group's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable law. The ARCC is also responsible for making recommendations to the Board regarding the selection and appointment of the external auditor and the rotation of external audit engagement partners, as outlined in the committee charter and section 8(b) below.

iii) ARCC composition
The ARCC consists of seven members. Members are appointed by the Board and all members are independent. The members of the ARCC as at 30 June 2011 were James Millar (Chair), Paul Barker, James MacKenzie, Peter Hawkins, John Mulcahy, Elana Rubin and Richard Turner. Each member of the ARCC has the technical expertise to enable the committee to effectively discharge its mandate. The Chair of the ARCC, James Millar, is the former Chief Executive Officer of Ernst & Young. Further details of the members' qualifications can be found at pages 05 and 06 in the Directors' report. Paul Barker is not a member of the Board; however, he is the Chair of Mirvac Funds Management Limited and he has been appointed a member of the committee due to this role. Paul Barker is independent and is a Chartered Accountant. He has extensive experience in accounting and financial services both in Australia and overseas. Richard Turner is also not a member of the Board. Richard Turner was previously an independent member of the Mirvac Board, retiring in August 2009. He is a Chartered Accountant by profession and is the former Chief Executive Officer of Ernst & Young with over 35 years with the firm. He has significant experience in accounting.

5 PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING / CONTINUED

The Managing Director, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer as well as representatives of the external and internal auditors attend all meetings by invitation. The ARCC regularly meets with the external auditors without management present. Details of meeting attendance of the Non-Executive Director members of the ARCC are contained in the following table:

Director	Number of ARCC meetings held whilst a member	Number of ARCC meetings attended whilst a member
James Millar (Chair)	10	10
Peter Hawkins	10	10
James MacKenzie	10	10
John Mulcahy	10	10
Elana Rubin[1]	2	2

1) Elana Rubin appointed to the committee on 15 April 2011.

iv) ARCC responsibilities

The ARCC charter sets out the responsibilities of the ARCC. The ARCC responsibilities include the review of external financial accounting, internal control and risk management, external audit, internal audit, compliance, special investigations and managed investment schemes.

v) Compliance

Previously, Mirvac had established a compliance committee reporting to the ARCC. The ARCC has now taken direct responsibility for monitoring and reviewing the Compliance Plans of Mirvac's registered managed investment schemes and wholly-owned controlled entities holding Australian financial services ("AFS") licences, as well as overseeing their adherence to all applicable laws and regulations.

6 PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

a) Commitment to disclosure

Mirvac is committed to ensuring:

- compliance with ASX Listing Rules disclosure requirements;
- accountability at a senior executive level for that compliance;
- facilitation of an efficient and informed market in Mirvac securities by keeping the market appraised through ASX announcements of all material information; and
- compliance with the requirements of the *Corporations Act 2001*, ASX Listing Rules and the Recommendations.

b) Continuous disclosure policy

The Group's continuous disclosure policy is designed to support its commitment to a fully informed market in its securities by ensuring that the Group announcements are:

- made to the market (via the ASX Company Announcements platform) in a timely manner, are factual and contain all relevant material information; and
- expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

A copy of Mirvac's continuous disclosure policy is available at Mirvac's website: www.mirvac.com/corporate-governance.

7 PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

a) Communications policy

All Mirvac ASX announcements are posted to Mirvac's website including half year and annual reports, results releases, market briefings, notices of meetings and the Mirvac property compendium. Teleconferencing and webcasting facilities are provided for market briefings to encourage participation from all stakeholders, regardless of location. Mirvac is committed to rotating the location of its Annual General Meeting/General Meeting, to allow securityholders in locations other than Sydney to participate in person. The 2009 meetings were held in Sydney, the 2010 meetings were held in Brisbane and the 2011 meetings will be held in Perth. Mirvac encourages securityholders to attend the Annual General/General Meeting. At those meetings, securityholders are entitled to ask questions about the management of Mirvac and questions of Mirvac's external auditor.

Notices of meeting for general meetings are accompanied by explanatory notes to provide securityholders with information to enable them to decide whether to attend the meeting. Full copies of notices of meetings and explanatory notes are posted on Mirvac's website. Securityholders who are unable to attend the meeting may vote by appointing a proxy, using the form attached to the notice of meeting or an online facility. Securityholders are also invited to submit questions in advance of the meeting so that Mirvac can ensure those issues are addressed at the meeting.

A partner of Mirvac's external auditor, PricewaterhouseCoopers, attends Annual General/General Meetings of Mirvac and is available to answer questions from securityholders on the conduct of the audit of the Group. Securityholders are also provided with a reasonable opportunity to ask questions of the external auditor at the meetings. The external auditor is also allowed a reasonable opportunity to answer written questions submitted by securityholders to the meetings. No questions were directed to the auditors in regard to the conduct of the audit of the Group's 2010 financial statements and no questions were directed to the auditors at the Group's 2010 meetings. The meetings are also webcast each year, with access details posted to Mirvac's website in advance of the date of the meetings.

Mirvac's communications policy is available at Mirvac's website: www.mirvac.com/corporate-governance.

8 PRINCIPLE 7: RECOGNISE AND MANAGE RISK

a) Risk management policies

i) Risks
Mirvac is a leading ASX listed, integrated real estate group with activities involving real estate investment, residential and commercial development, hotel management and investment management. These activities involve risks of varying types and to varying extents. Risk can relate to both threats to existing activities, as well as a failure to take advantage of opportunities that may arise. Mirvac's objective is to ensure those risks are identified and appropriate measures are implemented to mitigate or otherwise manage the impact those risks may have on the Group's activities.

ii) Risk management policy
In recognition that risk management is a key element of an organisation's effective corporate governance processes, the Board has adopted a risk management policy statement and associated procedures for identifying, assessing and managing Mirvac's strategic, operational, financial and reputational risks.

The objectives of the policy are to:

- provide a systematic approach to risk management aligned to the Group's strategic objectives;
- define the mechanisms by which the Group determines its risk appetite and considers and manages risks; and
- articulate the roles and accountabilities for the management, oversight and governance of risk.

The approach defined within this policy is consistent with the Australian and New Zealand standard on risk management (ISO 31000: 2010). The policy applies to all legal entities within the Group to enable an enterprise wide approach to managing risk to be applied.

Supporting this policy is a framework which has been prepared to guide the various business units in addressing their particular risk exposures through a structured implementation of risk management processes. Although structured, the framework maintains a sufficient degree of flexibility to allow the respective business units to adopt appropriate strategies to address their risk exposures, as risks and their management by designated controls are the responsibility of the business.

A copy of the Mirvac risk policy is available at Mirvac's website: www.mirvac.com/corporate-governance.

iii) Risk management responsibility
The Board determines the overall risk appetite for the Group and has approved the strategies, policies and practices to ensure that risks are identified and managed within the context of this risk appetite. The application of the Group's policies and procedures to manage risk is ultimately the responsibility of the Board, which has in turn delegated specific authority to the ARCC (as more fully detailed in the ARCC charter).

The ARCC advises the Board on risk management and is responsible for reviewing policies for approval by the Board and for reviewing the effectiveness of the Group's approach to risk management. Risk management is specifically reviewed at least quarterly by the ARCC.

iv) Risk management function
The Board has charged management with the responsibility for managing risk within the Group and the implementation of mitigation measures, under the direction of the Managing Director supported by senior executives. A Group risk management function, led by the Chief Risk Officer, has been established to facilitate the process by providing a centralised role in advising the various business units on executing risk management and mitigation strategies, as well as consolidating risk reporting to the senior executives, the ARCC and ultimately the Board.

Management has advised the Board of the effectiveness of the management of material business risks.

v) Role of internal audit
Internal audit's role is to assess risks and controls, enhance processes and monitor controls to provide assurance to the ARCC and the Board that material risks and compliance obligations are being effectively managed. The Head of Internal Audit has open access to the ARCC and its Chairman at all times. Mirvac's approach to risk management is to establish an effective control environment to manage material risks to its business. A material risk is defined as having a high probability that an action, inaction or natural event may hinder or prevent the achievement of key business objectives.

The Group's risk management and internal control systems are designed to provide reasonable assurance that:

- risk exposures are identified and adequately monitored and managed through appropriate risk mitigation measures;
- financial, management and operational information is accurate, relevant, timely and reliable; and
- there is adequate compliance with policies, standards, procedures and applicable laws, regulations and licences.

vi) Operational risks
The Managing Director supported by senior executives is responsible for implementing and maintaining effective risk management and internal control systems for operational risks that arise from the Group's activities. To ensure consistent and effective practices are employed, each business unit has developed risk registers, detailing the key risks facing the particular business unit.

vii) Financial risks
The Board has approved principles and policies to manage financial risks arising from the Group's operations, including its financing and treasury management activities. The ARCC reports to the Board in relation to the integrity of the Group's financial reporting, internal control structure, risk management systems as well as the internal and external audit functions. Mirvac management also provide assurance to the Board and the ARCC as to the effectiveness of the Group's risk management and internal control systems in relation to financial reporting risks.

The ARCC also oversees, and reports to various Boards within the Group on, the specific risks and compliance requirements arising from the activities of the Group's AFS licensed entities and respective registered managed investment schemes.

b) External auditor relationship

i) Role of ARCC
Mirvac's ARCC is responsible for overseeing the relationship with the Group's external auditor, PricewaterhouseCoopers, including the terms of engagement of the external auditor and the scope of the external audit program each year. The ARCC is also responsible for monitoring and evaluating the performance, and independence, of the external auditor and the provision of non-audit services.

ii) Auditor independence
The Board has adopted a policy and practice protocol for auditor independence which forms part of the ARCC charter published on Mirvac's website. It is the Group's policy to engage the best available professional advisers at the most competitive price. This policy must, however, be applied within the context of maintaining the independence of the Group's external auditors. It is the Group's policy to rotate audit engagement partners on listed companies at least every five years, and in accordance with that policy a new audit engagement partner was introduced for the year ended 30 June 2011.

8 PRINCIPLE 7: RECOGNISE AND MANAGE RISK / CONTINUED

The ARCC policy endorses the fundamental principles of auditor independence that, in order to be eligible to undertake any non-audit related services, the external auditor must not, as a result of that assignment:

- create a mutual or conflicting interest with that of the Group;
- audit their own work;
- act in a management capacity or as an employee; or
- act as an advocate for the Group.

The policy also details the services that the external auditor is prohibited from performing.

iii) Certificate of independence
PricewaterhouseCoopers has provided the ARCC with a half yearly and annual certification of its continued independence, in accordance with the requirements of the *Corporations Act 2001*, and in particular confirmed that it did not carry out any services or assignments during the year ended 30 June 2011 that were not compatible with auditor independence.

iv) Non-audit services
In addition to the audit partner rotation and appointment requirements set out in the Group's policy and in the *Corporations Act 2001*, the ARCC also reviews and approves, or declines, as considered appropriate before the engagement commences, any individual engagement for non-audit services involving fees exceeding $100,000. Below this amount, approval, or otherwise as considered appropriate, is delegated to the Chief Financial Officer. No work will be awarded to the external auditor if the ARCC (or the Chief Financial Officer as applicable) believes such work would give rise to a "self review threat" (as defined in APES 110 *Code of Ethics for Professional Accountants*) or would create a conflict, or perceived conflict, of interest for the external auditor or any member of the audit team, or would otherwise compromise the auditor's independence requirements under the *Corporations Act 2001*.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in note 37 to the financial statements.

c) Assurances

The Managing Director and Chief Financial Officer have provided the following assurance to the Board in connection with the Group's full year financial statements and reports, namely that in their opinion:

- the financial records of the Group for the year ended 30 June 2011 have been properly maintained in accordance with section 286 of the *Corporations Act 2001;*
- the Group's financial statements, and the notes to those statements, for the year ended 30 June 2011 comply with the relevant accounting standards;
- the Group's financial statements, and the notes to those statements, for the year ended 30 June 2011 give a true and fair view of the financial position, operational results and performance of the Group;
- the statements referred to in the points above with respect to the integrity of the Group's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- Mirvac's risk management and internal compliance and control system is operating effectively in all material respects in relation to financial reporting risks.

The effective control environment established by the Board supports this assurance provided by the Managing Director and Chief Financial Officer. However, it should be noted that associates and joint ventures, which are not controlled by Mirvac, are not covered for the purpose of this assurance or the declaration given under section 295A of the *Corporations Act 2001*.

9 PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

a) HRC

i) HRC charter
The HRC was formed by resolution of the Board, in accordance with the Board Charter. The HRC is governed by the HRC charter, which is available on the Group's website: www.mirvac.com/corporate-governance.

ii) HRC role
The objectives of this committee are to assist the Board in ensuring the Group:

- has coherent remuneration policies and practices which are consistent with the Group's strategic goals and human resource objectives by attracting and retaining individuals who will create value for securityholders;
- fairly and responsibly remunerates Directors and executives, having regard to the performance of the Group, the performance of the individuals and the general remuneration environment;
- has effective policies and procedures to attract, motivate and retain appropriately skilled persons to meet the Group's needs;
- has an effective diversity policy and regularly reviews progress towards achieving measurable objectives and strategies aimed at improving diversity; and
- integrates human capital and organisational issues to the overall business strategy.

iii) HRC composition
The HRC consists of five members. Members are appointed by the Board from the Non-Executive Directors, all of whom are also independent. The members of the HRC as at 30 June 2011 were Peter Hawkins (Chair), James MacKenzie, James Millar, Penny Morris and John Mulcahy.

Details of meeting attendance of the Non-Executive Director members of the HRC are contained in the following table:

Director	Number of HRC meetings held whilst a member	Number of HRC meetings attended whilst a member
Peter Hawkins (Chair)	10	10
James MacKenzie	10	10
James Millar	10	10
Penny Morris	10	10
John Mulcahy[1]	1	1

1) John Mulcahy appointed to the committee on 15 April 2011.

9 PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY / CONTINUED

iv) HRC responsibilities

The accountabilities and responsibilities of the HRC are set out in the HRC charter. The HRC's responsibilities include reviewing remuneration programs and performance targets for the Managing Director and other Executive Directors and approving these for the senior executives; reviewing and approving the Group's recruitment, retention and termination policies and procedures for executives and senior management, approving the strategy and principles for people management including remuneration programs, performance management processes and career and skills development initiatives and reviewing the diversity policy, objectives and strategies and progress towards achieving greater diversity, including reviewing the proportion of women in the workforce at all levels.

v) Remuneration policy

Information on the Group's remuneration policies and practices is set out in the remuneration report starting on page 07 in the Directors' report.

b) Distinguish Non-Executive Director remuneration

The remuneration of Non-Executive Directors is fixed and is paid according to the role of the Non-Executive Director and the Board committees on which they serve and their role on the Board committees. Non-Executive Directors do not participate in other remuneration components such as performance related short term or long term incentives, options or variable remuneration. Information relating to the remuneration of Non-Executive Directors is disclosed in the remuneration report on pages 07 to 22.

10 CONCLUSION

The Board is satisfied with its level of compliance and corporate governance requirements. However, the Board recognises that processes and procedures require continual monitoring and improvement. Mirvac's corporate governance framework will be updated as changes occur in the regulatory environment, to ensure that it remains effective and compliant.

ASX Corporate Governance Council's Principles and Recommendations
Mirvac's corporate governance statement 2011

Principles and recommendations	Page	Mirvac compliance
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1: Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	24	✔
Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	24	✔
Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.	24	✔
Principle 2: Structure the board to add value		
Recommendation 2.1: A majority of the board should be independent directors.	24	✔
Recommendation 2.2: The chair should be an independent director.	25	✔
Recommendation 2.3: The roles of the chair and the chief executive officer should not be exercised by the same individual.	25	✔
Recommendation 2.4: The board should establish a nomination committee.	25	✔
Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	26	✔
Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.	24	✔
Principle 3: Promote ethical and responsible decision making		
Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to: – the practices necessary to maintain confidence in the company's integrity; – the practices necessary to take into account their legal obligations and the reasonable expectations of stakeholders; and – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	27	✔
Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	27	✔

10 CONCLUSION / CONTINUED

Principles and recommendations	Page	Mirvac compliance
Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	27	✔
Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	28	✔
Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.	27	✔
Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1: The board should establish an audit committee.	28	✔
Recommendation 4.2: The audit committee should be structured so that it: – consists only of non-executive directors; – consists of a majority of independent directors; – is chaired by an independent chair, who is not chair of the board; and – has at least three members.	28	✔
Recommendation 4.3: The audit committee should have a formal charter.	28	✔
Recommendation 4.4: Provide the information indicated in Guide to reporting on Principle 4.	28	✔
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1: Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	29	✔
Recommendation 5.2: Provide the information indicated in Guide to reporting on Principle 5.	29	✔
Principle 6: Respect the rights of shareholders		
Recommendation 6.1: Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy of a summary of that policy.	29	✔
Recommendation 6.2: Provide the information indicated in Guide to reporting on Principle 6.	29	✔
Principle 7: Recognise and manage risk		
Recommendation 7.1: Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	30	✔
Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of the material business risks.	30	✔
Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	31	✔
Recommendation 7.4: Provide the information indicated in Guide to reporting on Principle 7.	30	✔
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1: The board should establish a remuneration committee.	31	✔
Recommendation 8.2: The remuneration committee should be structured so that it: – consists of a majority of independent directors; – is chaired by an independent director; and – has at least three members.	31	✔
Recommendation 8.3: Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	32	✔
Recommendation 8.4: Provide the information indicated in Guide to reporting on Principle 8.	31	✔

FINANCIAL STATEMENTS

These financial statements cover the financial statements for the consolidated entity consisting of Mirvac Limited and its controlled entities. The financial statements are presented in Australian currency.

Mirvac Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Mirvac Limited
Level 26
60 Margaret Street
Sydney NSW 2000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on pages 01 to 22, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 23 August 2011. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, Mirvac has ensured that its corporate reporting is timely and complete. All press releases, financial reports and other information are available in the Investor Information section on the Group's website: www.mirvac.com.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Note	2011 $m	2010 $m
Revenue from continuing operations			
Investment properties rental revenue		**545.7**	403.2
Hotel operating revenue		**159.5**	146.8
Investment management fee revenue		**18.2**	30.8
Development and construction revenue	4	**958.1**	862.2
Development management fee revenue		**22.9**	31.1
Interest revenue	4	**45.3**	40.4
Dividend and distribution revenue		**0.3**	0.5
Other revenue		**19.2**	11.8
Total revenue from continuing operations		**1,769.2**	1,526.8
Other income			
Net gain on fair value of investment properties and owner-occupied hotel management lots and freehold hotels		**110.4**	–
Share of net profit of associates and joint ventures accounted for using the equity method	13	**41.3**	1.9
Gain on financial instruments	4	**13.2**	3.7
Foreign exchange gain		**110.6**	25.6
Net gain on sale of investments		**2.5**	10.4
Discount on business combination		**–**	119.8
Net gain on remeasurement of equity interest		**–**	30.9
Total other income		**278.0**	192.3
Total revenue from continuing operations and other income		**2,047.2**	1,719.1
Net loss on fair value of investment properties and owner-occupied hotel management lots and freehold hotels		**–**	(6.9)
Net loss on fair value of IPUC		**(58.6)**	(112.8)
Net loss on sale of investment properties		**(1.2)**	(0.2)
Net loss on sale of property, plant and equipment		**(1.0)**	(1.1)
Investment properties expenses		**(124.5)**	(102.2)
Hotel operating expenses		**(48.8)**	(46.3)
Cost of property development and construction		**(846.6)**	(789.7)
Employee benefits expenses		**(173.2)**	(190.7)
Depreciation and amortisation expenses	5	**(31.2)**	(31.2)
Impairment of investments including associates and joint ventures	5	**–**	(6.2)
Impairment of loans	5	**(7.8)**	(5.6)
Finance costs	5	**(126.2)**	(58.8)
Loss on financial instruments	5	**(116.3)**	(13.6)
Selling and marketing expenses		**(36.5)**	(23.9)
Provision for loss on inventories	5	**(295.8)**	–
Business combination transaction costs	39(a)	**(31.8)**	(19.4)
Other expenses		**(68.7)**	(80.9)
Profit before income tax		**79.0**	229.6
Income tax benefit	6	**103.6**	7.8
Profit for the year		**182.6**	237.4
Other comprehensive income			
Increment/(decrement) on revaluation of property, plant and equipment, net of tax	25(b)	**35.4**	(0.3)
Exchange differences on translation of foreign operations	25(b)	**(14.1)**	(0.9)
Other comprehensive income for the year, net of tax		**21.3**	(1.2)
Total comprehensive income for the year		**203.9**	236.2
Profit for the year is attributable to:			
– Stapled securityholders of Mirvac		**182.3**	234.7
– NCI		**0.3**	2.7
		182.6	237.4
Total comprehensive income for the year is attributable to:			
– Stapled securityholders of Mirvac		**203.6**	233.5
– NCI		**0.3**	2.7
		203.9	236.2
Earnings per stapled security for profit from continuing operations attributable to the stapled securityholders of Mirvac		**Cents**	Cents
Basic earnings per security	7	**5.38**	7.95
Diluted earnings per security	7	**5.36**	7.90

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	**2011 $m**	2010 $m
Current assets			
Cash and cash equivalents	38(a)	**673.1**	582.0
Receivables	8	**197.3**	203.8
Derivative financial assets	14	**0.2**	2.0
Current tax assets	6	**0.7**	2.1
Inventories	9	**549.5**	573.3
Other financial assets at fair value through profit or loss	10	**15.5**	15.3
Assets classified as held for sale	11	**3.4**	53.7
Other assets	12	**23.4**	26.0
Total current assets		**1,463.1**	1,458.2
Non-current assets			
Receivables	8	**125.6**	182.2
Inventories	9	**988.6**	1,060.9
Investments accounted for using the equity method	13	**439.8**	410.6
Derivative financial assets	14	**3.3**	14.0
Investment properties	16	**5,442.0**	4,226.5
Property, plant and equipment	17	**359.3**	355.2
Intangible assets	18	**74.7**	54.9
Deferred tax assets	6	**241.9**	125.0
Total non-current assets		**7,675.2**	6,429.3
Total assets		**9,138.3**	7,887.5
Current liabilities			
Payables	19	**469.2**	340.0
Borrowings	20	**583.1**	327.7
Derivative financial liabilities	23	**1.7**	0.5
Provisions	21	**83.0**	71.9
Other liabilities	22	**2.5**	10.6
Total current liabilities		**1,139.5**	750.7
Non-current liabilities			
Payables	19	**5.9**	10.4
Borrowings	20	**2,153.2**	1,516.6
Derivative financial liabilities	23	**142.1**	52.4
Deferred tax liabilities	6	**97.2**	95.9
Provisions	21	**4.7**	6.1
Total non-current liabilities		**2,403.1**	1,681.4
Total liabilities		**3,542.6**	2,432.1
Net assets		**5,595.7**	5,455.4
Equity			
Contributed equity	24	**6,327.4**	6,098.8
Reserves	25	**125.9**	114.3
Retained earnings	26	**(870.1)**	(768.7)
Equity, reserves and retained earnings attributable to the stapled securityholders of Mirvac		**5,583.2**	5,444.4
NCI	27	**12.5**	11.0
Total equity		**5,595.7**	5,455.4

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Note	Attributable to the stapled securityholders of Mirvac Contributed equity $m	Reserves $m	Retained earnings $m	NCI $m	Total $m
Balance 30 June 2009		5,447.4	110.5	(755.1)	64.8	4,867.6
Adjustment on change of accounting policy (net of tax)		–	–	(7.1)	–	(7.1)
Total restated equity 1 July 2009		5,447.4	110.5	(762.2)	64.8	4,860.5
Profit for the year		–	–	234.7	2.7	237.4
Other comprehensive income		–	(1.2)	–	–	(1.2)
Total comprehensive income for the year		–	(1.2)	234.7	2.7	236.2
Security based payment transactions	25	–	(1.2)	–	–	(1.2)
Security based compensation	26	–	–	0.1	–	0.1
LTI and EIS securities converted, sold or forfeited	24	20.7	–	–	–	20.7
Contributions of equity, net of transaction costs	24	630.7	–	–	0.2	630.9
Dividends/distributions provided for or paid	26	–	–	(241.3)	(1.8)	(243.1)
Discount on acquisition of NCI		–	6.2	–	–	6.2
NCI eliminated on acquisition		–	–	–	(54.9)	(54.9)
Total transactions with owners in their capacity as owners		651.4	5.0	(241.2)	(56.5)	358.7
Balance 30 June 2010		6,098.8	114.3	(768.7)	11.0	5,455.4
Profit for the year		–	–	182.3	0.3	182.6
Other comprehensive income		–	21.3	–	–	21.3
Total comprehensive income for the year		–	21.3	182.3	0.3	203.9
Security based payment transactions	25	–	(9.7)	–	–	(9.7)
Security based compensation	26	–	–	(3.6)	–	(3.6)
EEP securities issued	24	6.8	–	–	–	6.8
LTI and EIS securities converted, sold or forfeited	24	17.8	–	–	–	17.8
Contributions of equity, net of transaction costs	24	204.0	–	–	1.8	205.8
Dividends/distributions provided for or paid	26	–	–	(280.1)	(0.6)	(280.7)
Total transactions with owners in their capacity as owners		228.6	(9.7)	(283.7)	1.2	(63.6)
Balance 30 June 2011		**6,327.4**	**125.9**	**(870.1)**	**12.5**	**5,595.7**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	Note	**2011 $m**	2010 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,842.8**	1,623.8
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,443.3)**	(1,193.7)
		399.5	430.1
Interest received		**32.1**	28.7
Associates and joint ventures dividends/distributions received		**18.5**	19.7
Dividends/distributions received		**0.3**	0.5
Borrowing costs paid		**(203.5)**	(148.1)
Income tax refund		**1.6**	9.1
Net cash inflows from operating activities	38(b)	**248.5**	340.0
Cash flows from investing activities			
Payments for property, plant and equipment		**(7.8)**	(7.2)
Proceeds from sale of property, plant and equipment		**0.3**	0.3
Payments for investment properties		**(116.4)**	(273.0)
Proceeds from sale of investment properties and assets classified as held for sale		**159.7**	146.7
Payments for loans to related entities		**(0.7)**	–
Proceeds from loans to related entities		**–**	4.0
Payments for loans to unrelated entities		**(10.1)**	(17.4)
Proceeds from loans to unrelated entities		**12.6**	34.2
Contributions to associates and joint ventures		**(24.1)**	(105.6)
Proceeds from associates and joint ventures		**70.1**	17.2
Acquisition of controlled entities, net of cash acquired		**(232.3)**	(23.2)
Proceeds from sale of investments		**17.3**	8.8
Payments for other intangible assets		**(2.1)**	–
Net cash outflows from investing activities		**(133.5)**	(215.2)
Cash flows from financing activities			
Proceeds from borrowings		**2,862.6**	368.9
Repayments of borrowings		**(2,607.6)**	(1,109.3)
Payment for NCI		**–**	(13.7)
Proceeds from issue of stapled securities		**–**	513.3
Contributed equity raising costs		**–**	(12.8)
Dividends/distributions paid as part of business combination		**(8.0)**	(6.3)
Dividends/distributions paid		**(270.8)**	(179.4)
Net cash outflows from financing activities		**(23.8)**	(439.3)
Net increase/(decrease) in cash and cash equivalents		**91.2**	(314.5)
Cash and cash equivalents at the beginning of the year		**582.0**	896.5
Effects of exchange rate changes on cash and cash equivalents		**(0.1)**	–
Cash and cash equivalents at the end of the year	38(a)	**673.1**	582.0

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements of Mirvac consist of the consolidated financial statements of Mirvac Limited and its controlled entities including MPT and its controlled entities.

a) Mirvac — stapled securities

A Mirvac stapled security comprises one Mirvac Limited share "stapled" to one MPT unit to create a single listed security traded on the ASX. The stapled securities cannot be traded or dealt with separately. With the establishment of the Group and its common investors, Mirvac Limited and Mirvac Funds Limited (as responsible entity for MPT) have common directors and common business objectives, and operate as Mirvac Group with two core divisions: Investment and Development. The entities forming the stapled group entered into a Deed of Cooperation which provided that the members consider the interests of Mirvac as a whole, when entering into any agreement or arrangement, or carrying out any act. This Deed of Cooperation means that members of the stapled group, where permitted by law, will carry out activities with other members on a cost recovery basis, thereby maintaining the best interests of Mirvac as a whole.

The two Mirvac entities comprising the stapled group, remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of AAS and the *Corporations Act 2001*. In accordance with AAS, Mirvac Limited has been deemed the parent entity of MPT. The stapled security structure will cease to operate on the first to occur of:

- Mirvac Limited or MPT resolving by special resolution in general meeting and in accordance with its constitution to terminate the stapling provisions; or
- the commencement of the winding up of Mirvac Limited or MPT.

The ASX reserves the right (but without limiting its absolute discretion) to remove one or more entities with stapled securities from the official list if any of their securities cease to be stapled together, or any equity securities of the same class are issued by one entity which are not stapled to equivalent securities in the other entity or entities.

b) Basis of preparation

These general purpose financial statements have been prepared in accordance with AAS, other authoritative pronouncements of the AASB, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

i) Compliance with International Financial Reporting Standards ("IFRS")

The consolidated financial statements of the Group also comply with IFRS as issued by the International Accounting Standards Board ("IASB").

ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment properties.

iii) Critical accounting estimates

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Mirvac's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

iv) Comparative information

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current year amounts and other disclosures.

v) Rounding of amounts

Mirvac is an entity of the kind referred to in Class Order 98/0100 issued by ASIC, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest tenth of a million dollars in accordance with that class order.

vi) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority, are presented as operating cash flow.

c) Principles of consolidation

i) Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Mirvac at 30 June 2011 and the results of all controlled entities for the year then ended. Controlled entities are all those entities (including special purpose entities) over which Mirvac has the power to govern the financial and operating policies, generally accompanying an interest of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Mirvac controls another entity. Controlled entities are fully consolidated from the date on which control is transferred to Mirvac. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the business combinations undertaken by Mirvac (refer to note 1(i)). Intercompany transactions and balances between Mirvac entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group. NCI in the results and equity of controlled entities are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity.

ii) Associates

Associates are all entities over which Mirvac has significant influence but not control or joint control, generally accompanying a holding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Mirvac's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends/distributions receivable from associates reduce the carrying amount of the investments. When Mirvac's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, Mirvac does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Unrealised gains on transactions between Mirvac and its associates are eliminated to the extent of Mirvac's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Mirvac.

As permitted by AASB 128 *Investment in Associates*, investments in associates within certain asset classes, including infrastructure investments, have been measured at fair value. Changes in fair value are recognised as income or expenses in the statement of comprehensive income in the year in which the change occurred.

iii) Joint ventures
Interests in joint venture entities and partnerships ("joint ventures") are accounted for in the consolidated financial statements using the equity method, after initially being recognised at cost. Under the equity method, the share of the profits or losses of the joint ventures are recognised in profit or loss, and the share of movements in reserves is recognised in other comprehensive income.

Profits or losses on transactions establishing joint ventures and transactions with the joint ventures are eliminated to the extent of Mirvac's ownership interest until such time as they are realised by the joint venture on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value ("NRV") of current assets, or an impairment loss.

iv) Changes in ownership interests
The Group treats transactions with NCI that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interests and NCI to reflect their relative interests in the controlled entity. Any difference between the amount of the adjustment to NCI and any consideration paid or received is recognised in a separate reserve within equity attributable to the stapled securityholders of Mirvac.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if Mirvac had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate or joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

d) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the ELT.

e) Foreign currency translation

i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Australian currency, which is Mirvac Limited's functional and presentation currency.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or they are attributable to part of the net investment in a foreign operation. Translation differences on non-monetary financial assets and liabilities held at fair value are reported as part of the fair value gain or loss using the exchange rate applicable at the date fair value is determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in a fair value reserve in equity.

iii) Foreign controlled entities
The results and financial position of entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at the end of the reporting period are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign controlled entity is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

f) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Mirvac recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Revenue is recognised for the major business activities as follows:

i) Development projects and land sales
Revenue from the sale of development projects and land is recognised upon settlement, which has been determined to be when the significant risks and rewards of ownership are transferred to the purchaser. Other revenue from development projects such as project management fees is recognised as services are performed.

ii) Construction contracts
Agreements to develop real estate are only defined as construction contracts when the purchaser is able to specify the main elements of the design of the project. Where this is not the case, the project is treated as a development project. Revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. The stage of completion is determined by costs incurred to date as a percentage of total expected cost. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately. When the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

iii) Hotel revenue
Revenue is recognised when goods and services have been provided to the customer.

iv) Rental income
Rental revenue for operating leases is recognised on a straight line basis over the term of the lease, except when an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises. Lease incentives offered under operating leases are amortised on a straight line basis in profit or loss.

v) Recoverable outgoings
Recovery of outgoings as specified in lease agreements is accrued on an estimated basis and adjusted when the actual amounts are invoiced to the respective tenants.

vi) Fees
Revenues from the rendering of property funds management, property advisory and facilities management services are recognised upon the delivery of the service to the customers or where there is a signed unconditional contract for the sale or purchase of assets.

vii) Interest
Interest revenue is brought to account when earned, taking into account the effective yield on the financial asset.

viii) Dividends/distributions
Dividends/distributions are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

ix) Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

g) Income tax
The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the controlled entities, associates and joint ventures generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Mirvac and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are recorded in the consolidated financial statements. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

i) Investment allowances
Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

h) Leases

Leases of property, plant and equipment where Mirvac has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term or long term payables. Each lease payment is allocated between the liability and finance costs. The finance costs are charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease. Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term.

i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a controlled entity comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the controlled entity. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any NCI in the acquiree either at fair value or at the NCI's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the controlled entity acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a discount on business combination. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the post-tax discount rate that reflects current market assessments of both the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised for the amount by which the asset's (or cash generating unit ("CGU")) carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). The lowest level at which Mirvac allocates and monitors goodwill is at the primary reporting segments level (refer to note 3).

k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that Mirvac will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss. When a trade receivable for which an impairment provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

m) Mezzanine loans

Mezzanine loans are loans to unrelated parties for predominately real estate property development. These loans are secured by a second ranking mortgage, behind that of the senior lender. Mezzanine loans are recognised initially at fair value. Collectability of loans is reviewed on an ongoing basis and those which are considered uncollectible are written off to profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

n) Inventories

Inventories comprise development projects, construction contracts and hotel stock.

i) Development projects

Development projects are valued at the lower of cost and NRV. Cost includes the costs of acquisition, development, borrowings and all other costs directly related to specific projects, including an allocation of direct overhead expenses. Upon completion of the contract of sale, borrowing costs and other holding charges are expensed as incurred. Profits on development projects are not brought to account until settlement of the contract of sale.

ii) Construction contracts

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under payables. Contract costs include all costs directly related to specific contracts and costs that are specifically chargeable to the customer under the terms of the contract. The stage of completion is measured using the percentage of completion method unless the outcome of the contract cannot be reliably measured.

iii) Hotel stock

Hotel stock is stated at lower of cost and NRV.

o) Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, financial assets and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

p) Investments and other financial assets

i) Classification

Mirvac classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this designation at the end of each reporting period.

— Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current.

— Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Mirvac provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

— Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Mirvac's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those maturities less than 12 months from the end of the reporting period, which are classified as current assets.

— Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

ii) Financial assets — reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

iii) Recognition and derecognition

Regular way purchases and sales of investments are recognised on trade date, being the date on which Mirvac commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Mirvac has transferred substantially all the risks and rewards of ownership. When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

iv) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established. Interest income from these financial assets is included in the net gain/(loss). Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income

v) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

— Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables is described in note 1(l).

— Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period. If the fair value of a debt instrument classified as available for sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

q) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Mirvac designates certain derivatives as either (1) hedges of the fair value of recognised assets, liabilities or firm commitments ("fair value hedges"); or (2) hedges of highly probable forecast transactions ("cash flow hedges"). Mirvac documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Mirvac also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item will affect profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

r) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of each reporting period. The quoted market price used for financial assets held by Mirvac is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Mirvac uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flow ("DCF"), are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Mirvac for similar financial instruments. Transaction costs are included in the initial carrying amounts of the financial instruments, which are not carried at fair value through profit or loss.

s) Property, plant and equipment

Property, plant and equipment comprises land and buildings, plant and equipment (including hotel plant and equipment), owner-occupied hotel management lots, owner-occupied freehold hotels and owner-occupied administration properties. Increases in the carrying amounts arising on the revaluation of certain classes of property, plant and equipment are credited, net of tax, in other comprehensive income and accumulated in reserves in equity.

To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

i) Plant and equipment (including hotel plant and equipment)

Plant and equipment (including hotel plant and equipment) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

ii) Owner-occupied hotel management lots

Hotel management lots are classified as owner-occupied where the lot is owned and managed by Mirvac. The management lots, land and buildings are shown at fair value, less subsequent depreciation for buildings. Fair values are derived internally by management. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

iii) Owner-occupied freehold hotels

Owner-occupied freehold hotels are shown at fair value, less subsequent depreciation for buildings. Fair values are determined by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Those assets which are not subject to an external valuation at the end of each reporting period are fair valued internally by management. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

iv) Owner-occupied administration properties

Administration properties are classified as owner-occupied where Mirvac occupies more than 10 per cent of the total lettable area of the individual property. Owner-occupied administration properties are shown at fair value, less subsequent depreciation for buildings. Fair values are determined by external valuers on a rotation basis with one-half of the portfolio being valued annually. Those assets which are not subject to an external valuation at the end of the reporting period are fair valued internally by management. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	3-15 years
Office leasehold improvements	1-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to note 1(j)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss on a net basis when the risks and rewards pass to the purchaser.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

t) Investment properties

i) Investment properties

Investment properties are properties held for long term rental yields and for capital appreciation. Investment properties are carried at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases, with any gain or loss arising from a change in fair value recognised in profit or loss. Investment properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the end of the reporting period are fair valued internally by management. The carrying amount of the investment properties recorded in the statement of financial position includes components relating to lease incentives.

Investment properties also include properties that are under construction for future use as investment properties. These are carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete. The fair value of IPUC is determined by using estimation models including DCF and residual valuations. The estimated value of future assets is based on the expected future income from the project, using current yields of similar completed properties. The remaining expected costs of completion plus risk adjusted development margin are deducted from the estimated future asset value.

ii) Investment properties under redevelopment

Existing investment properties being redeveloped for continued future use are carried at fair value.

iii) Lease incentives

Lease incentives provided under an operating lease by the Group as lessor are recognised on a straight line basis against rental income. As these incentives are repaid out of future lease payments, they are recognised as an asset in the statement of financial position as a component of the carrying amount of investment properties and amortised over the lease period. Where the investment property is supported by a valuation that incorporates the value of lease incentives, the investment property is revalued back to the valuation amount after the lease incentive amortisation has been charged as an expense.

u) Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Mirvac's share of the net identifiable assets of the acquired controlled entity, associate or joint venture at the date of acquisition. Goodwill on acquisition of controlled entities is included in intangible assets. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures respectively. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (refer to note 3).

ii) Management rights

Management rights which have an indefinite useful life are not amortised but tested annually for impairment.

v) Trade and other payables

These amounts represent liabilities for goods and services provided to Mirvac prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

w) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual drawdown of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility. Borrowings are classified as current liabilities unless Mirvac has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

x) Employee benefits

i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period in which the employees render the related service, are recognised in other creditors and accruals in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii) LSL

The liability for LSL vesting within 12 months of the end of the reporting period is recognised and is measured in accordance with (i) above and included in provisions. The liability for LSL vesting more than 12 months from the end of the reporting period is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, at the end of the reporting period, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

iii) Security based payments
Security based payments are recognised for the following plans:

— Current LTI
The fair value at grant date is independently determined using a Monte-Carlo simulation that takes into account the exercise price, the vesting and performance criteria, the impact of dilution, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield and the risk-free interest rate for the term of the equity instrument. The fair value is then expensed on a straight line basis over the vesting period of equity instruments.

— EEP
Security based charges relating to the securities issued under the EEP are included in profit or loss in the year in which the securities are granted with a corresponding increase to Mirvac's contributed equity.

— Superseded plans
The fair value of equity instruments granted under the superseded LTI plan and EIS is recognised in employee benefits expenses with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period.

iv) STI
A liability for STI payable is recognised in accruals where there is a present obligation to settle the liability and at least one of the following conditions is met:

- there are formal terms for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial statements; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for STI are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

v) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Mirvac recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

vi) Retirement benefit obligations
Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

y) Provisions
Provisions for legal claims, contracts and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

z) Contributed equity
Ordinary securities are classified as equity. Incremental costs directly attributable to the issue of new securities or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new securities or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration. In accordance with AASB 2 *Share-based Payment,* securities issued as part of the LTI plan and EIS are not classified as ordinary securities, until such time as the employee loans are fully repaid or the employee leaves Mirvac. If Mirvac reacquires its own equity instruments, for example, as the result of a security buy-back, those instruments are deducted from equity and the associated securities are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

aa) Distributions
Provision is made for the amount of any distribution declared at or before the end of the year but not distributed at the end of the reporting period.

bb) Earnings per security
i) Basic earnings per security
Basic earnings per security are calculated by dividing the profit attributable to securityholders of the Group by the weighted average number of ordinary securities outstanding during the year. In calculating basic earnings per security, securities issued under the EIS have been excluded from the weighted average number of securities.

ii) Diluted earnings per security
Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities (including those securities issued under the EIS) and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

cc) Parent entity financial information

The financial information for the parent entity, Mirvac Limited, disclosed in note 41 has been prepared on the same basis as the consolidated financial statements, except as set out below:

i) Investments in controlled entities, associates and joint ventures

Investments in controlled entities, associates and joint ventures are accounted for at cost in the financial statements of Mirvac Limited. Dividends/distributions received from associates and joint ventures are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

ii) Tax consolidation legislation

Mirvac Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Mirvac Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Mirvac Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under tax funding agreements within the tax consolidated group are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 6(d). Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement is recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities. Under the current income tax legislation, MPT is not liable for income tax, provided its taxable income is fully distributed to unitholders each year.

iii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of controlled entities or associates and joint ventures for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

dd) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below:

i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to AAS arising from AASB 9* and AASB 2010-7 *Amendments to AAS arising from AASB 9 (December 2010)* (effective from 1 January 2013) AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The Group has not yet determined the impact of the change but does not believe the impact will be material. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

ii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to AAS* (effective from 1 January 2011) In December 2009, the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, the Group will need to disclose any transactions between its controlled entities, associates and joint ventures. However, there will be no impact on any of the amounts recognised in the financial statements.

iii) AASB 1053 *Application of Tiers of AAS* and AASB 2010-2 *Amendments to AAS arising from Reduced Disclosure Requirements* (effective from 1 July 2013). On 30 June 2010, the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Mirvac is listed on the ASX and is not eligible to adopt the new AAS — Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements.

iv) AASB 2010-6 *Amendments to AAS — Disclosures on Transfers of Financial Assets* (effective from 1 July 2011) Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the Group's disclosures. The Group intends to apply the amendment from 1 July 2011.

v) AASB 2010-8 *Amendments to AAS — Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012) In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The Group will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

vi) The following pronouncements have been issued by the IASB; however, an equivalent pronouncement has not yet been issued by the AASB. The Group is currently assessing the impact of these pronouncements:

- IFRS 10 *Consolidated Financial Statements;*
- IFRS 11 *Joint Arrangements;*
- IFRS 12 *Disclosure of Involvement with Other Entities;*
- IFRS 13 *Fair Value Measurements;*
- IAS 27 *Separate Financial Statements;* and
- IAS 28 *Investments in Associates and Joint Ventures.*

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements and estimates are continually evaluated, based on historical experience and other factors, including expectations of future events that may have a financial impact and are believed to be reasonable under the circumstances.

a) Critical judgements in applying Mirvac's accounting policies

The following are the critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i) Revenue recognition

The measurement of development revenue, which is recognised when the significant risks and rewards of ownership are transferred to the purchaser, requires management to exercise its judgement in setting selling prices, given due consideration to cost inputs and market conditions. The measurement of construction revenue, which is recognised upon construction contracts on a percentage of completion basis, requires an estimate of expenses incurred to date as a percentage of total estimated costs.

ii) Cost of goods sold

Inventories are expensed as cost of goods sold upon sale. Management uses its judgement in determining the apportionment of cost of goods sold, through either unit entitlement or percentage of revenue, the quantum of cost of goods sold, which includes both costs incurred to date and forecast final costs, and the nature of cost of goods sold, which may include acquisition costs, borrowing costs and those costs incurred in bringing the inventories to a saleable state.

iii) Provision for loss on inventories

Mirvac is required to carry inventories at the lower of cost and NRV. Through the use of project feasibility assessments, which are based on the most reliable evidence available at the time, and incorporate both quantitative and qualitative factors, such as estimated selling rates and costs to complete, judgement is made concerning estimated NRV, which, in some cases, has resulted in the establishment of a provision.

iv) Investment properties and owner-occupied administration properties

Mirvac is required to make a judgement to determine whether a property qualifies as an investment property or property, plant and equipment in the cases where part of the building is occupied by the Group. Each property is considered individually. Where more than 10 per cent of the lettable space is occupied by the Group, the property is normally treated as owner-occupied and accounted for as part of property, plant and equipment.

v) Fair value estimation

Where financial assets and liabilities are carried at fair value, the fair value is based on assumptions of future events and involves significant estimates. The basis of valuation is set out in note 1(r); however, the fair values of derivatives reported at the end of the reporting period may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

vi) Security based payment transactions

The Group measures the cost of equity settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. As explained in note 34(f), the fair value is determined by an external valuer using the bionomial simulation pricing method; this method includes a number of judgements and assumptions. These judgements and assumptions relating to security based payments would have no impact on the carrying amounts of assets and liabilities in the statement of financial position but may impact the security based payment expense taken to profit or loss and equity.

b) Key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimations and assumptions. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next year:

i) Inventories

The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. Such estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the reporting period. The key assumptions require the use of management judgement and are reviewed quarterly. During the year, Mirvac expensed $295.8m (2010: $nil) in relation to inventories that were carried in excess of the NRV.

ii) Impairment of goodwill

Mirvac annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each CGU and a suitable discount rate in order to calculate the net present value ("NPV"). The carrying amount of goodwill at the end of the reporting period was $69.4m (2010: $44.4m). There was no impairment loss recognised during the year (2010: $nil). Details on the assumptions used are provided in note 18.

iii) Estimated impairment of investments accounted for using the equity method

The investments are tested for impairment, by comparing recoverable amounts (higher of value in use, and fair value less costs to sell) with the carrying amounts, whenever there is an indication that the investment may be impaired. In determining the value in use of the investment, Mirvac estimates the present value of the estimated future cash flows expected to arise from distributions to be received from the investment and from its ultimate disposal. Details of the assumptions used by management in assessing the impairment are provided in notes 29 and 30.

iv) Fair value of investments not traded in active markets

The fair value of investments not traded in an active market is determined by the unit price as advised by the fund manager. The unit price is determined by NPV calculations using future cash flows and an appropriate post-tax discount rate. The carrying value of investments not traded in an active market determined using the above techniques and assumptions is $15.5m (2010: $15.3m) and is disclosed as other financial assets at fair value through profit or loss (refer to note 10).

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES / CONTINUED

v) Valuation of investment properties and owner-occupied properties

Mirvac uses judgement in respect of the fair values of investment properties and owner-occupied properties. Investment properties and owner-occupied properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the end of the reporting period are fair valued internally by management. The assumptions used in the estimations of fair values include expected future market rentals, discount rates, market prices and economic conditions. The reported fair values of investment properties and owner-occupied properties reflect the market conditions at the end of the reporting period. While this represents the best estimation of fair value at the reporting date, actual sale prices achieved (should the investment properties and owner-occupied properties be sold) may be higher or lower than the most recent valuation. This is particularly relevant in periods of market illiquidity or uncertainty. The carrying value at the end of the reporting period for investment properties is $5,442.0m (2010: $4,226.5m) and owner-occupied properties $278.3m (2010: $272.7m). Details on investment properties are provided in note 16 and owner-occupied properties in note 17.

vi) Valuation of IPUC

IPUC are valued at fair value. There are generally no active markets for IPUC and fair value is considered to be the estimated market price that would be paid for the partially completed property, reflecting the expectations of market participants of the value of the property when complete less deductions for the estimated costs to complete with appropriate adjustments for risk and profit. The fair value is determined on the basis of either DCF or residual methods. Both methods require consideration of the project risks which are relevant to the development process, including but not limited to construction and letting risks. The estimated value of future assets is based on the expected future income from the project, using current yields of similar completed properties. The net loss on fair value of IPUC was $58.6m (2010: $112.8m). The carrying value of $108.0m at the end of the reporting period is included in investment properties (refer to note 16).

vii) Valuation of assets acquired in business combinations

During the year, Mirvac completed the acquisition of WOP (refer to note 39). On recognising this acquisition, management used estimations and assumptions on the fair value of the assets and liabilities assumed at the date of control.

viii) Valuation of security based payment transactions

Valuation of security based payment transactions is performed using judgements around the fair value of the equity instruments on the date at which they are granted. The fair value is determined using a Monte-Carlo simulation. Mirvac recognises a security based payment over the vesting period which is based on the estimation of the number of equity instruments likely to vest. At the end of the vesting period, Mirvac will assess the total expense recognised in comparison to the number of equity instruments that ultimately vested.

ix) Valuation of derivatives and other financial instruments

Mirvac uses judgement in selecting the appropriate valuation technique for financial instruments not quoted in an active market. Valuation of derivative financial instruments involves assumptions based on quoted market rates adjusted for specific features of the instrument. The valuations of any financial instrument may change in the event of market volatility.

3 SEGMENTAL INFORMATION

a) Description of business segments

Management has determined the segments based on the reports reviewed by the ELT that are used to make strategic decisions. The ELT considers the business from both a product, and within Australia a geographic perspective. Each division prepares an executive finance report on a monthly basis; this is a detailed report that summarises the following:

- historic results of the division, using both statutory profit and operating profit;
- future forecast of the division for the remainder of the year; and
- key risks and opportunities facing the division.

The ELT assesses the performance of the segments based on a number of measures, both financial and non-financial, which include a measure of operating profit; the use of capital; and success in delivering against KPIs. The ELT has identified two core divisions, Investment and Development. Applying the requirements of AASB 8 *Operating Segments,* Mirvac has four reportable segments, as the two business units; Investment Management (including MAM) and Hotels, do not meet the requirements for aggregation and therefore can not be included within Investments:

i) Investment

The division is made up solely of MPT which holds investments in properties covering the retail, office, industrial and hotel sectors throughout Australia, held for the purpose of producing rental income, predominately through the Trust, its controlled trusts and corporate entities holding investment properties. Income is also derived from investments in associates including Mirvac Industrial Trust and Mirvac Wholesale Hotel Fund.

ii) Hotel Management

Hotel Management is responsible for management of hotels across Australia and New Zealand.

iii) Investment Management

MIM manages listed and unlisted property funds on behalf of retail and institutional investors. MIM has been disposing of non-aligned funds over the past two years in line with the Group's strategy to focus on wholesale investor partnerships, providing capital for the Group's two core divisions, Investment and Development. MIM also includes MAM. MAM manages assets on behalf of MPT and external property owners across the real estate spectrum.

iv) Development

The division's primary operations are property development and construction of residential, office, industrial and retail development projects throughout Australia. In addition, project management fees are received from the management of development and construction projects on behalf of associates, joint ventures and residential development funds.

b) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are on an arm's length basis and eliminated on consolidation.

c) Elimination

The elimination segment includes adjustment to eliminate trading between segments and to transfer balances to reflect correct disclosure of items on a consolidated basis.

d) Comparative information

When necessary, comparative information has been reclassified to achieve consistency in disclosure in current year amounts and other disclosures.

3 SEGMENTAL INFORMATION / CONTINUED

e) Operating profit

Operating profit is a financial measure which is not prescribed by AAS and represents the profit under AAS adjusted for specific non-cash items and significant items which management considers to reflect the core earnings of the Group.

f) Segment liabilities

The amounts provided to the ELT with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. The Group's borrowings and derivative financial instruments are not considered to be segment liabilities but rather are managed by the Group treasury function.

g) Geographical and customer analysis

Mirvac operates predominately in Australia with investments in New Zealand, the United States of America and the United Kingdom. Materially, all revenue is derived in Australia and all assets are in Australia. No single customer in the current or prior year provided more than 10 per cent of the Group's revenue.

2011	Investment MPT $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	**Total $m**
Revenue from continuing operations							
Investment properties rental revenue	544.5	–	4.6	–	–	(3.4)	**545.7**
Hotel operating revenue	–	159.7	–	–	–	(0.2)	**159.5**
Investment management fee revenue	–	–	19.9	–	–	(1.7)	**18.2**
Development and construction revenue	–	–	–	955.1	–	3.0	**958.1**
Development management fee revenue	–	–	–	23.6	–	(0.7)	**22.9**
Interest revenue	27.7	0.2	4.7	6.5	6.6	(0.4)	**45.3**
Dividend and distribution revenue	0.7	–	–	–	–	(0.4)	**0.3**
Other revenue	2.7	0.8	3.6	11.6	3.2	(2.7)	**19.2**
Inter-segment sales	51.8	0.2	16.0	57.6	0.3	(125.9)	**–**
Total revenue from continuing operations	627.4	160.9	48.8	1,054.4	10.1	(132.4)	**1,769.2**
Net gain/(loss) on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	119.5	(1.2)	–	–	–	(7.9)	**110.4**
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	33.8	–	4.1	3.1	0.6	(0.3)	**41.3**
Gain on financial instruments	3.2	–	–	–	10.0	–	**13.2**
Foreign exchange gain/(loss)	3.6	(0.2)	(0.4)	–	107.6	–	**110.6**
Net gain/(loss) on sale of investments	–	–	4.1	–	(1.6)	–	**2.5**
Total other income	160.1	(1.4)	7.8	3.1	116.6	(8.2)	**278.0**
Total revenue from continuing operations and other income	787.5	159.5	56.6	1,057.5	126.7	(140.6)	**2,047.2**
Net loss on fair value of IPUC	58.6	–	–	–	–	–	**58.6**
Net loss on sale of investment properties	1.2	–	–	–	–	–	**1.2**
Net loss on sale of property, plant and equipment	–	0.7	–	–	0.3	–	**1.0**
Investment properties expenses	133.4	–	3.3	–	–	(12.2)	**124.5**
Hotel operating expenses	–	50.0	–	0.8	–	(2.0)	**48.8**
Cost of property development and construction	–	–	–	902.0	–	(55.4)	**846.6**
Employee benefits expenses	–	76.8	22.6	18.7	54.1	1.0	**173.2**
Depreciation and amortisation expenses	17.3	4.8	0.2	2.8	2.0	4.1	**31.2**
Impairment of loans	–	–	7.8	–	–	–	**7.8**
Finance costs	96.6	0.7	18.0	52.8	11.2	(53.1)	**126.2**
Loss on financial instruments	–	–	–	–	116.3	–	**116.3**
Selling and marketing expenses	–	10.1	0.9	25.1	0.4	–	**36.5**
Provision for loss on inventories	–	–	–	295.8	–	–	**295.8**
Business combination transaction costs	16.8	–	–	–	15.0	–	**31.8**
Other expenses	12.0	8.5	13.6	21.7	25.9	(13.0)	**68.7**
Profit/(loss) before income tax	**451.6**	**7.9**	**(9.8)**	**(262.2)**	**(98.5)**	**(10.0)**	**79.0**
Income tax benefit							**103.6**
Profit for the year							**182.6**
Profit attributable to NCI							**(0.3)**
Profit attributable to the stapled securityholders of Mirvac							**182.3**

3 SEGMENTAL INFORMATION / CONTINUED

2011	Investment MPT $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	Tax $m	**Total $m**
Profit/(loss) after tax before NCI	451.6	7.9	(9.8)	(262.2)	(98.5)	(10.0)	103.6	**182.6**
Less: NCI	–	–	–	–	–	(0.3)	–	**(0.3)**
Profit/(loss) attributable to the stapled securityholders of Mirvac	451.6	7.9	(9.8)	(262.2)	(98.5)	(10.3)	103.6	**182.3**
Specific non-cash items								
Net (gain)/loss on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	(119.5)	1.2	–	–	–	7.9	–	**(110.4)**
Net loss on fair value of IPUC	58.6	–	–	–	–	–	–	**58.6**
Net (gain)/loss on fair value of derivative financial instruments and associated foreign exchange movements	(6.8)	0.2	0.4	–	(1.3)	–	–	**(7.5)**
Security based payment expense	–	–	–	–	6.2	–	–	**6.2**
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	–	1.7	–	0.5	–	5.9	–	**8.1**
Straight-lining of lease revenue	(16.4)	–	–	–	–	–	–	**(16.4)**
Amortisation of lease fitout incentives	12.2	–	–	–	–	(1.8)	–	**10.4**
Net gain on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates	(8.3)	–	(1.8)	(0.1)	(0.4)	(0.4)	–	**(11.0)**
Net loss on fair value of investment properties, derivatives and other specific non-cash items included in NCI	–	–	–	–	–	(0.4)	–	**(0.4)**
Significant items								
Provision for loss on inventories	–	–	–	295.8	–	–	–	**295.8**
Net loss/(gain) on sale of non-aligned assets	1.2	–	(1.0)	–	–	–	–	**0.2**
Business combination transaction costs	16.8	–	–	–	15.0	–	–	**31.8**
Tax effect								
Tax effect of non-cash and significant adjustments	–	–	–	–	–	–	(89.2)	**(89.2)**
Operating profit/(loss) (profit before specific non-cash and significant items)	**389.4**	**11.0**	**(12.2)**	**34.0**	**(79.0)**	**0.9**	**14.4**	**358.5**

3 SEGMENTAL INFORMATION / CONTINUED

2010	Investment MPT $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	Total $m
Revenue from continuing operations							
Investment properties rental revenue	400.2	–	7.0	1.0	–	(5.0)	403.2
Hotel operating revenue	–	146.9	–	–	–	(0.1)	146.8
Investment management fee revenue	–	–	37.8	–	–	(7.0)	30.8
Development and construction revenue	–	–	–	861.5	–	0.7	862.2
Development management fee revenue	–	–	–	32.2	–	(1.1)	31.1
Interest revenue	19.9	0.2	5.8	7.1	8.6	(1.2)	40.4
Dividend and distribution revenue	1.0	–	–	–	–	(0.5)	0.5
Other revenue	2.2	0.8	3.7	4.0	2.8	(1.7)	11.8
Inter-segment sales	56.7	0.2	10.6	34.4	(2.2)	(99.7)	–
Total revenue from continuing operations	480.0	148.1	64.9	940.2	9.2	(115.6)	1,526.8
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	1.5	–	(9.1)	15.9	0.1	(6.5)	1.9
Gain on financial instruments	–	–	–	–	3.7	–	3.7
Foreign exchange (loss)/gain	(0.7)	0.1	3.4	–	22.8	–	25.6
Net gain/(loss) on sale of investments	0.5	–	10.3	0.1	–	(0.5)	10.4
Discount on business combination	119.8	–	–	–	–	–	119.8
Net gain/(loss) on remeasurement of equity interest	25.3	–	(1.1)	–	–	6.7	30.9
Total other income	146.4	0.1	3.5	16.0	26.6	(0.3)	192.3
Total revenue from continuing operations and other income	626.4	148.2	68.4	956.2	35.8	(115.9)	1,719.1
Net (gain)/loss on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	(8.0)	21.0	–	0.1	–	(6.2)	6.9
Net loss on fair value of IPUC	112.8	–	–	–	–	–	112.8
Net loss on sale of investment properties	0.1	–	–	0.1	–	–	0.2
Net loss on sale of property, plant and equipment	–	–	0.3	0.8	–	–	1.1
Investment properties expenses	112.1	–	–	–	–	(9.9)	102.2
Hotel operating expenses	–	47.5	–	0.8	–	(2.0)	46.3
Cost of property development and construction	–	–	–	822.9	–	(33.2)	789.7
Employee benefits expenses	–	70.6	33.3	30.7	55.5	0.6	190.7
Depreciation and amortisation expenses	15.9	5.0	0.6	3.2	2.5	4.0	31.2
Impairment of investments including associates and joint ventures	–	–	6.0	0.2	–	–	6.2
Impairment of loans	–	–	0.2	–	5.4	–	5.6
Finance costs	48.2	–	17.4	32.3	14.9	(54.0)	58.8
Loss/(profit) on financial instruments	10.9	–	(0.1)	–	2.4	0.4	13.6
Selling and marketing expenses	–	8.6	0.8	13.9	0.6	–	23.9
Business combination transaction costs	19.4	–	–	–	–	–	19.4
Other expenses	8.6	6.3	10.0	31.6	36.1	(11.7)	80.9
Profit/(loss) before income tax	306.4	(10.8)	(0.1)	19.6	(81.6)	(3.9)	229.6
Income tax benefit							7.8
Profit for the year							237.4
Profit attributable to NCI							(2.7)
Profit attributable to the stapled securityholders of Mirvac							234.7

3 SEGMENTAL INFORMATION / CONTINUED

2010	Investment MPT $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	Tax $m	Total $m
Profit/(loss) after tax before NCI	306.4	(10.8)	(0.1)	19.6	(81.6)	(3.9)	7.8	237.4
Less: NCI	(1.4)	–	–	–	–	(1.3)	–	(2.7)
Profit/(loss) attributable to the stapled securityholders of Mirvac	305.0	(10.8)	(0.1)	19.6	(81.6)	(5.2)	7.8	234.7
Specific non-cash items								
Net (gain)/loss on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	(8.0)	21.0	–	0.1	–	(6.2)	–	6.9
Net loss on fair value of IPUC	112.8	–	–	–	–	–	–	112.8
Net loss/(gain) on fair value of derivative financial instruments and associated foreign exchange movements	11.6	–	(3.7)	–	(24.1)	0.4	–	(15.8)
Security based payment expense	–	–	–	–	8.7	–	–	8.7
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	–	1.4	–	0.4	–	5.9	–	7.7
Straight-lining of lease revenue	(2.5)	–	–	–	–	–	–	(2.5)
Amortisation of lease fitout incentives	12.0	–	–	–	–	(1.9)	–	10.1
Net loss/(gain) on fair value of investment properties, derivatives and other specific non-cash items included in share of net loss of associates	20.4	–	9.5	(0.1)	–	3.5	–	33.3
Net gain on fair value of investment properties, derivatives and other specific non-cash items included in NCI	–	–	–	–	–	1.1	–	1.1
Significant items								
Impairment of investments including associates and joint ventures	–	–	6.0	0.2	–	–	–	6.2
Impairment of loans	–	–	(11.7)	–	17.1	–	–	5.4
Net (gain)/loss from sale of non-aligned assets	(0.5)	–	(8.9)	(0.1)	–	0.5	–	(9.0)
Discount on business combination	(119.8)	–	–	–	–	–	–	(119.8)
Net (gain)/loss on remeasurement of equity interest	(25.3)	–	1.1	–	–	(6.7)	–	(30.9)
Business combination transaction costs	19.4	–	–	–	–	–	–	19.4
Tax effect								
Tax effect of non-cash and significant adjustments	–	–	–	–	–	–	7.0	7.0
Operating profit/(loss) (profit before specific non-cash and significant items)	325.1	11.6	(7.8)	20.1	(79.9)	(8.6)	14.8	275.3

	Investment MPT $m	Hotel Management $m	Investment Management $m	Development $m	Unallocated $m	Elimination $m	**Total $m**
30 June 2011							
Total assets	7,156.7	158.7	87.3	2,056.2	360.5	(681.1)	**9,138.3**
Total liabilities	1,520.2	29.2	9.5	351.7	2,252.3	(620.3)	**3,542.6**
Investments in associates and joint ventures	249.0	–	12.5	217.4	2.4	(41.5)	**439.8**
Acquisitions of investments and property, plant and equipment	1,305.1	4.4	2.0	6.7	1.5	–	**1,319.7**
Depreciation and amortisation expenses	17.3	4.8	0.2	2.8	2.0	4.1	**31.2**
30 June 2010							
Total assets	5,814.3	154.0	127.4	2,139.9	361.6	(709.7)	7,887.5
Total liabilities	582.8	24.5	15.3	262.0	2,181.5	(634.0)	2,432.1
Investments in associates and joint ventures	207.0	–	16.9	230.6	2.0	(45.9)	410.6
Acquisitions of investments and property, plant and equipment	366.7	3.0	2.3	17.8	0.6	–	390.4
Depreciation and amortisation expenses	15.9	5.0	0.6	3.2	2.5	4.0	31.2

4 REVENUE FROM CONTINUING OPERATIONS AND OTHER INCOME

	2011 $m	2010 $m
Development and construction revenue		
Development revenue	**906.1**	845.5
Construction revenue	**52.0**	16.7
Total development and construction revenue	**958.1**	862.2
Interest revenue		
Cash and cash equivalents	**34.2**	29.0
Associates, joint ventures and related party loans	**7.8**	8.1
Mezzanine loans	**3.3**	3.3
Total interest revenue	**45.3**	40.4
Gain on financial instruments		
Gain on interest rate derivatives	**13.0**	–
Gain on revaluation of assets at fair value through profit or loss	**0.2**	–
Gain on cross currency derivatives	**–**	3.7
Total gain on financial instruments	**13.2**	3.7

5 EXPENSES

Profit before income tax includes the following specific expenses:	Note	2011 $m	2010 $m
Finance costs			
Interest and finance charges paid/payable net of provision release		**169.5**	110.8
Amount capitalised		**(88.7)**	(80.6)
Interest capitalised in current and prior years expensed this year net of provision release		**39.8**	25.9
Borrowing costs amortised		**5.6**	2.7
Total finance costs		**126.2**	58.8
Depreciation			
Plant and equipment		**6.9**	9.2
Owner-occupied hotel management lots		**1.5**	1.4
Owner-occupied freehold hotels		**2.0**	1.3
Owner-occupied administration properties		**5.3**	5.2
Total depreciation expenses	17	**15.7**	17.1
Amortisation			
Lease fitout incentives		**10.4**	10.1
Lease incentives		**5.1**	4.0
Total amortisation expenses		**15.5**	14.1
Total depreciation and amortisation expenses		**31.2**	31.2
Loss on financial instruments			
Loss on cross currency derivatives		**116.3**	–
Loss on interest rate derivatives		**–**	10.4
Loss on revaluation of assets at fair value through profit or loss		**–**	3.2
Total loss on financial instruments		**116.3**	13.6
Other charges against assets			
Provision for loss on inventories		**295.8**	–
Impairment of trade receivables	8(c)	**0.5**	0.7
Impairment of investments including associates and joint ventures		**–**	6.2
Impairment of loans		**7.8**	5.6
Rental expense relating to operating leases		**5.1**	9.3

6 INCOME TAX

a) Income tax benefit	2011 $m	2010 $m
Current tax	**7.9**	2.2
Deferred tax	**(109.8)**	(7.3)
Over provided in prior years	**(1.7)**	(2.7)
Income tax benefit	**(103.6)**	(7.8)
Deferred income tax benefit included in income tax benefit comprises:		
Increase in deferred tax assets	**(117.1)**	(66.1)
Increase in deferred tax liabilities	**7.3**	58.8
Deferred income tax benefit	**(109.8)**	(7.3)
b) Numerical reconciliation of income tax benefit to prima facie tax payable		
Profit before income tax	**79.0**	229.6
Income tax calculated at 30 per cent	**23.7**	68.9
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Non-deductible impairment of goodwill, management rights and other intangible assets	**–**	0.3
Non-deductible impairment of investments including associates and joint ventures	**–**	8.7
Non-deductible impairment of loans	**–**	1.7
Non-deductible business acquisition costs	**4.5**	–
Other non-deductible/non-assessable items	**1.9**	27.3
Utilisation of prior year tax losses not previously recognised	**0.1**	0.3
Trust net income	**(132.1)**	(112.3)
	(101.9)	(5.1)
Over provided in prior years	**(1.7)**	(2.7)
Income tax benefit	**(103.6)**	(7.8)
c) Tax losses		
Unused tax losses incurred by Australian entities for which no deferred tax asset has been recognised	**58.8**	58.5
Potential tax benefit at 30 per cent	**17.6**	17.6

d) Tax consolidation legislation

Mirvac Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003 (refer to note 1(cc)). On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Mirvac Limited. The entities within the tax consolidated group have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Mirvac Limited for any current tax payable assumed and are compensated by Mirvac Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mirvac Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current inter-company receivables or payables.

	2011 $m	2010 $m
e) Current tax assets		
Tax receivable	**0.7**	2.1
f) Net deferred tax assets		
Non-current assets — deferred tax assets		
The balance comprises temporary differences attributable to:		
Unearned profits with associates	**12.7**	14.1
Accrued expenses	**22.1**	20.3
Employee provisions	**7.5**	7.8
Derivative financial instruments	**41.1**	8.9
Impairment of loans	**8.6**	6.4
Equity raising costs	**1.1**	1.7
Tax losses	**148.8**	65.8
Deferred tax assets	**241.9**	125.0

6 INCOME TAX / CONTINUED

	2011 $m	2010 $m
f) Net deferred tax assets / continued		
Non-current liabilities — deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Equity accounted investments	**9.3**	7.1
Inventories	**32.5**	59.5
Foreign exchange translation gain	**46.0**	22.0
Property, plant and equipment	**3.1**	3.7
Other	**6.3**	3.6
Deferred tax liabilities	**97.2**	95.9
Net deferred tax assets	**144.7**	29.1
g) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in profit or loss or other comprehensive income but directly debited or credited to equity:		
Current tax — credited directly to equity	**–**	(2.3)
Net deferred tax — credited/(debited) directly to equity	**0.1**	(2.3)
	0.1	(4.6)
h) Tax (income)/expense relating to items of other comprehensive income		
(Decrement)/increment on revaluation of property, plant and equipment	**(0.1)**	0.7
Exchange differences on translation of foreign operations	**(0.2)**	(0.1)
	(0.3)	0.6

Movements in deferred tax	Equity accounted investments $m	Foreign exchange translation (gain)/loss $m	Unearned profits with associates $m	Derivative financial instruments $m	Impairment of loans $m	Property, plant and equipment $m	Receivables $m
Balance 1 July 2009	(7.0)	(13.0)	15.2	8.9	5.1	(3.2)	0.3
Credited/(charged) to profit or loss	(0.1)	(9.1)	(1.1)	–	1.3	0.2	(0.3)
Credited/(charged) to other comprehensive income	–	0.1	–	–	–	(0.7)	–
Credited to equity	–	–	–	–	–	–	–
Acquisition of controlled entity	–	–	–	–	–	–	–
Balance 30 June 2010	(7.1)	(22.0)	14.1	8.9	6.4	(3.7)	–
Credited/(charged) to profit or loss	**(2.2)**	**(24.2)**	**(1.4)**	**32.2**	**2.2**	**0.5**	**–**
Credited/(charged) to other comprehensive income	**–**	**0.2**	**–**	**–**	**–**	**0.1**	**–**
Charged to equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition/(disposal) of controlled entity	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance 30 June 2011	**(9.3)**	**(46.0)**	**12.7**	**41.1**	**8.6**	**(3.1)**	**–**

	Equity raising costs $m	Inventories $m	Accrued expenses $m	Employee provisions $m	Tax losses $m	Other $m	Total $m
Balance 1 July 2009	1.7	(11.3)	9.6	8.4	7.4	(3.7)	18.4
Credited/(charged) to profit or loss	(0.6)	(49.9)	9.0	(0.6)	58.4	0.1	7.3
Credited/(charged) to other comprehensive income	–	–	–	–	–	–	(0.6)
Credited to equity	0.6	–	1.7	–	–	–	2.3
Acquisition of controlled entity	–	1.7	–	–	–	–	1.7
Balance 30 June 2010	1.7	(59.5)	20.3	7.8	65.8	(3.6)	29.1
Credited/(charged) to profit or loss	**(0.5)**	**21.3**	**1.9**	**(0.3)**	**83.0**	**(2.7)**	**109.8**
Credited/(charged) to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**0.3**
Charged to equity	**(0.1)**	**–**	**–**	**–**	**–**	**–**	**(0.1)**
Acquisition/(disposal) of controlled entity	**–**	**5.7**	**(0.1)**	**–**	**–**	**–**	**5.6**
Balance 30 June 2011	**1.1**	**(32.5)**	**22.1**	**7.5**	**148.8**	**(6.3)**	**144.7**

7 EARNINGS PER SECURITY

	2011 Cents	2010 Cents
Earnings per security		
Basic earnings per security	**5.38**	7.95
Diluted earnings per security[1]	**5.36**	7.90

	$m	$m
Basic and diluted earnings per security		
Profit attributable to the stapled securityholders of Mirvac used in calculating earnings per security	**182.3**	234.7

Weighted average number of securities used as denominator[1]	Number m	Number m
Weighted average number of securities used in calculating basic earnings per security	**3,391.0**	2,954.7
Adjustment for calculation of diluted earnings per security		
Securities issued under EIS	**11.2**	15.7
Weighted average number of securities used in calculating diluted earnings per security	**3,402.2**	2,970.4

1) Diluted securities do not include the options and rights issued under the current LTI plans as the exercise of these equity instruments is contingent on conditions during the vesting period.

8 RECEIVABLES

	Gross $m	Provision for impairment $m	Net $m
30 June 2011			
Current receivables			
Trade receivables	**44.8**	**(2.1)**	**42.7**
Amounts due from related parties	**111.2**	**(52.6)**	**58.6**
Amounts due from unrelated parties	**30.3**	**(0.4)**	**29.9**
Mezzanine loans	**34.5**	**(28.1)**	**6.4**
Accrued income	**21.3**	**–**	**21.3**
Other receivables	**38.9**	**(0.5)**	**38.4**
	281.0	**(83.7)**	**197.3**
Non-current receivables			
Loans to Directors and employees	**17.7**	**–**	**17.7**
Amounts due from related parties	**96.0**	**(47.4)**	**48.6**
Other receivables	**64.7**	**(5.4)**	**59.3**
	178.4	**(52.8)**	**125.6**
30 June 2010			
Current receivables			
Trade receivables	52.8	(2.3)	50.5
Amounts due from related parties	180.3	(105.9)	74.4
Amounts due from unrelated parties	21.0	–	21.0
Mezzanine loans	41.9	(21.2)	20.7
Accrued income	13.7	(0.3)	13.4
Other receivables	23.8	–	23.8
	333.5	(129.7)	203.8
Non-current receivables			
Loans to Directors and employees	19.4	–	19.4
Amounts due from related parties	167.0	(60.0)	107.0
Other receivables	61.2	(5.4)	55.8
	247.6	(65.4)	182.2

Further information in relation to amounts due from related parties is set out in note 35 and loans to KMP is set out in note 33.

a) Trade receivables
The average credit period on sales of goods is 30 days. No interest is charged on any outstanding trade receivables. Refer to note 8(d) for details regarding the credit risk of receivables.

b) Other receivables
These amounts generally arise from transactions outside of the classification of trade receivables such as GST receivables and other sundry debtors.

8 RECEIVABLES / CONTINUED

c) Provision for impairment of trade receivables

Movements in the provision for impairment of trade receivables are detailed below:

	Note	**2011 $m**	2010 $m
Balance 1 July		**(2.3)**	(1.9)
Amounts written off		**0.7**	0.3
Provision for impairment recognised	5	**(0.5)**	(0.7)
Balance 30 June		**(2.1)**	(2.3)

Mirvac has written off $0.7m (2010: $0.3m) of impairment of trade receivables during the current year. This loss has been applied against the provision for impairment of receivables. The creation and release of the provision for impaired receivables have been included in impairment of loans in profit or loss where these relate to the mezzanine loans, and has been included in other expenses in profit or loss where these relate to the impairment of trade receivables.

d) Credit risk

Receivables consist of a large number of customers. Mirvac does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, a provision for impairment of receivables is raised. Mirvac holds collateral in certain circumstances which takes the form of bank guarantees, security deposits, personal guarantee or a mortgage over property until completion. There is no concentration of credit risk with respect to receivables as Mirvac has a large number of customers, geographically dispersed. The ageing of receivables is detailed below:

	2011 Total receivables $m	**2011 Provision for impairment $m**	2010 Total receivables $m	2010 Provision for impairment $m
Not past due	**412.9**	**(101.0)**	414.6	(60.6)
Renegotiated	**–**	**–**	–	–
Past due 1-30 day(s)	**6.3**	**(0.1)**	10.4	(0.1)
Past due 31-60 days	**1.5**	**–**	0.8	(0.1)
Past due 61-90 days	**0.7**	**–**	0.2	–
Past due 91-120 days	**0.9**	**(0.5)**	0.1	–
Past 120 days	**37.1**	**(34.9)**	155.0	(134.3)
	459.4	**(136.5)**	581.1	(195.1)

Under certain circumstances, Mirvac has not provided for all balances past due as it has been determined that there has not been a significant change in credit quality at the end of the reporting period based upon the customer's payment history and analysis of the customer's financial accounts. The Group holds collateral over receivables of $117.1m (2010: $118.4m). The fair value of the collateral held equals the fair value of the receivables for which the collateral is held. The terms of the collateral are if payment due is not received per the agreed terms, Mirvac is able to claim the collateral held.

e) Interest rate risk exposures

Refer to note 36 for Mirvac's exposure to interest rate risk.

9 INVENTORIES

	2011 $m	2010 $m
Current[1]		
Development projects		
Cost of acquisition	**346.4**	242.5
Development costs	**331.2**	368.6
Borrowing costs capitalised during development	**85.3**	70.4
Provision for loss	**(216.2)**	(109.3)
	546.7	572.2
Construction work in progress (amount due from customers for contract work)		
Contract costs incurred and recognised profits less recognised losses	**83.0**	17.2
Borrowing costs capitalised during construction	**–**	–
Progress billings	**(81.4)**	(17.2)
	1.6	–
Hotel inventories	**1.2**	1.1
Total current inventories	**549.5**	573.3

9 INVENTORIES / CONTINUED

	2011 $m	2010 $m
Non-current [1]		
Development projects		
Cost of acquisition	**700.2**	681.5
Development costs	**295.1**	344.5
Borrowing costs capitalised during development	**135.5**	142.9
Provision for loss	**(142.2)**	(108.0)
Total non-current inventories	**988.6**	1,060.9
Aggregate carrying amount of inventories		
Current	**549.5**	573.3
Non-current	**988.6**	1,060.9
Total inventories	**1,538.1**	1,634.2

1) Lower of cost and NRV.

a) Inventories expense
Inventories expensed as cost of property development and construction during the year ended 30 June 2011 amounted to $846.6m (2010: $789.7m). For inventories that were carried in excess of their NRV, an amount of $295.8m (2010: $nil) was expensed as provision for loss on inventories.

b) Current and non-current inventories
The disclosure of inventories as either current or non-current is determined by the period within which they are expected to be realised. Inventories disclosed as current as expected to realised within 12 months, all other inventories are expected to be realised beyond 12 months from the reporting date.

10 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2011 $m	2010 $m
Units in unlisted fund			
Balance 1 July		**15.3**	18.5
Gain/(loss) on revaluation		**0.2**	(3.2)
Balance 30 June	29(d)	**15.5**	15.3

Changes in fair values of other financial assets at fair value through profit or loss are recorded as a gain or loss on financial instruments in profit or loss.

a) Unlisted securities
Unlisted securities are traded in inactive markets. The fair value of investments that are not traded in an active market is determined by the unit price as advised by the trustee of the fund. Unlisted securities held in the Group are units in JF Infrastructure Yield Fund. James Fielding Trust, a wholly-owned Group entity, owns 12.9m units (22 per cent) of this entity. The fair value of the security is determined based on the value of the underlying assets held by the fund. The assets of the fund are subject to regular external valuations. These valuations are based on discounted net cash inflows from expected future income and/or comparable sales of similar assets. Appropriate discount rates determined by the external valuer are used to determine the present value of the net cash inflows based on a market interest rate adjusted for the risk premium specific to each asset. The fair value is determined using valuation techniques that are not supported by prices from an observable market; so the fair value recognised in the financial statements could change significantly if the underlying assumptions made in estimating the fair values were significantly changed.

b) Price risk exposures
Refer to note 36 for Mirvac's exposure to price risk on other financial assets at fair value through profit or loss.

11 ASSETS CLASSIFIED AS HELD FOR SALE

	2011 $m	2010 $m
Investment properties	**3.4**	53.7

As part of the Group's strategy, investment properties that no longer sit within the investment criteria are classified as held for sale.

12 OTHER ASSETS

	2011 $m	2010 $m
Prepayments	**21.2**	16.2
Monies held in trust	**2.2**	9.8
	23.4	26.0

Monies held in trust relates to deposits received in respect of future sales of inventories.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	**2011 $m**	2010 $m
Statement of financial position			
Investments accounted for using the equity method			
Investments in associates	29	**128.6**	110.3
Investments in joint ventures	30	**311.2**	300.3
		439.8	410.6
Statement of comprehensive income			
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method			
Investments in associates	29	**3.3**	(3.4)
Investments in joint ventures	30	**38.0**	5.3
		41.3	1.9

14 DERIVATIVE FINANCIAL ASSETS

	2011 $m	2010 $m
Current		
Interest rate swap contracts – fair value	**0.2**	2.0
Non-current		
Interest rate swap contracts – fair value	**3.3**	4.4
Interest rate collar contracts – fair value	**–**	0.1
Cross currency swaps – fair value	**–**	9.5
	3.3	14.0

a) Instruments used by Mirvac
Refer to note 36 for information on instruments used by Mirvac.

b) Risk exposures
Refer to note 36 for Mirvac's exposure to interest rate, credit and foreign exchange risk on interest rate swaps.

15 OTHER FINANCIAL ASSETS

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(c):

a) Interests in controlled entities of Mirvac

Name of entity	Country of establishment/ incorporation	Class of units/shares	Equity holding **2011 %**	Equity holding 2010 %
107 Mount Street Head Trust	Australia	Units	**100**	100
107 Mount Street Sub Trust	Australia	Units	**100**	100
197 Salmon Street Pty Limited [1]	Australia	Ordinary	**100**	100
A.C.N. 087 773 859 Pty Limited [1]	Australia	Ordinary	**100**	100
A.C.N. 110 698 603 Pty Limited [1]	Australia	Ordinary	**100**	100
A.C.N. 150 521 583 Pty Limited [1,5]	Australia	Ordinary	**100**	–
A.C.N. 151 466 241 Pty Limited [5]	Australia	Ordinary	**100**	–
Australian Sustainable Forestry Investors 1&2 [2]	Australia	Units	**35**	35
Banksia Unit Trust	Australia	Units	**100**	100
Cambridge Management Services Pty Limited [3]	Australia	Ordinary	**–**	100
CMS Holdings (Mirvac) Pty Limited [3]	Australia	Ordinary	**–**	100
CN Collins Pty Limited [1,4]	Australia	Ordinary	**100**	50
Domaine Investment Management Pty Limited	Australia	Ordinary	**50**	50
Fast Track Bromelton Pty Limited [1]	Australia	Ordinary	**100**	100
Ford Mirvac Unit Trust	Australia	Units	**100**	100
Fyfe Road Pty Limited [1]	Australia	Ordinary	**100**	100
Gainsborough Greens Pty Limited [1]	Australia	Ordinary	**100**	100
Hexham Project Pty Limited [1]	Australia	Ordinary	**100**	100
HIR Boardwalk Tavern Pty Limited [1]	Australia	Ordinary	**100**	100
HIR Golf Club Pty Limited [1]	Australia	Ordinary	**100**	100
HIR Golf Course Pty Limited [1]	Australia	Ordinary	**100**	100
HIR Property Management Holdings Pty Limited [1]	Australia	Ordinary	**100**	100
HIR Tavern Freehold Pty Limited [1]	Australia	Ordinary	**100**	100
Hoxton Park Airport Limited [7]	Australia	Ordinary	**100**	100

15 OTHER FINANCIAL ASSETS / CONTINUED

a) Interests in controlled entities of Mirvac / continued

Name of entity	Country of establishment/ incorporation	Class of units/shares	Equity holding 2011 %	Equity holding 2010 %
HPAL Holdings Pty Limited [7]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions (Constructions) Pty Limited [1]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions (Finance) Pty Limited [1]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions (Holdings) Pty Limited [1]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions (Queensland) Pty Limited [1]	Australia	Ordinary	**100**	100
Industrial Commercial Property Solutions Pty Limited [1]	Australia	Ordinary	**100**	100
JF (ASIF) Pty Limited [1]	Australia	Ordinary	**100**	100
Magenta Shores Finance Pty Limited [1]	Australia	Ordinary	**100**	100
Magenta Shores Unit Trust	Australia	Units	**100**	100
Magenta Unit Trust	Australia	Units	**100**	100
MFM US Real Estate Inc	United States	Ordinary	**100**	100
MGR US Real Estate Inc	United States	Ordinary	**100**	100
Mirvac (Beacon Cove) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac (Docklands) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac (Old Treasury) Pty Limited [1,5]	Australia	Ordinary	**100**	–
Mirvac (Old Treasury Development Manager) Pty Limited [1,5]	Australia	Ordinary	**100**	–
Mirvac (Old Treasury Hotel) Pty Limited [1,5]	Australia	Ordinary	**100**	–
Mirvac (WA) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac (Walsh Bay) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac 8 Chifley Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Advisory Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Aero Company Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Capital Investments Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Capital Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Commercial Funding Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Commercial Sub SPV Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Constructions (Homes) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Constructions (QLD) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Constructions (SA) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Constructions (VIC) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Constructions (WA) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Constructions Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Design Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Developments NZ Limited	New Zealand	Ordinary	**100**	100
Mirvac Developments Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Doncaster Pty Ltd [1,5]	Australia	Ordinary	**100**	–
Mirvac Elderslie Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac ESAT Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Finance Limited [1]	Australia	Ordinary	**100**	100
Mirvac Funds Limited [7]	Australia	Ordinary	**100**	100
Mirvac Funds Management Limited [7]	Australia	Ordinary	**100**	100
Mirvac George Street Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Group Finance Limited [1]	Australia	Ordinary	**100**	100
Mirvac Group Funding Limited [1]	Australia	Ordinary	**100**	100
Mirvac Harbourtown Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Harold Park Pty Limited [1,5]	Australia	Ordinary	**100**	–
Mirvac Harold Park Trust [5]	Australia	Units	**100**	–
Mirvac Holdings (WA) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Holdings Limited [1]	Australia	Ordinary	**100**	100
Mirvac Home Builders (VIC) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Homes (NSW) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Homes (QLD) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Homes (SA) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Homes (VIC) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Homes (WA) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Hotel Services Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Hotels Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac ID (Bromelton) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac ID (Bromelton) Sponsor Pty Limited [1]	Australia	Ordinary	**100**	100

15 OTHER FINANCIAL ASSETS / CONTINUED

a) Interests in controlled entities of Mirvac / continued

Name of entity	Country of establishment/ incorporation	Class of units/shares	Equity holding 2011 %	Equity holding 2010 %
Mirvac Industrial Developments Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac International (Middle East) No. 2 Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac International (Middle East) No. 3 Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac International (Middle East) Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac International Investments Limited [1]	Australia	Ordinary	**100**	100
Mirvac International No. 3 Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac International Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac JV's Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Management Limited [7]	Australia	Ordinary	**100**	100
Mirvac Mandurah Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac National Developments Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Newcastle Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Pacific Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Parking Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Parklea Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Precinct 2 Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Projects No. 2 Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Projects Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Properties Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Property Advisory Services Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Property Services Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Queensland Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Real Estate Debt Funds Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Real Estate Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac REIT Management Limited [7]	Australia	Ordinary	**100**	100
Mirvac Reserve Pty Limited [1,5]	Australia	Ordinary	**100**	–
Mirvac Retail Head SPV Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Retail Sub SPV Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Rockbank Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Services Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac South Australia Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Spare Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Spring Farm Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Treasury Limited [1]	Australia	Ordinary	**100**	100
Mirvac Treasury No. 3 Limited [1]	Australia	Ordinary	**100**	100
Mirvac UK Limited	United Kingdom	Ordinary	**100**	100
Mirvac UK Services Limited	United Kingdom	Ordinary	**100**	100
Mirvac Victoria Pty Limited [1]	Australia	Ordinary	**100**	100
Mirvac Wholesale Funds Management Limited [1]	Australia	Ordinary	**100**	100
Mirvac Wholesale Industrial Developments Limited [1]	Australia	Ordinary	**100**	100
Mirvac Woolloomooloo Pty Limited [1]	Australia	Ordinary	**100**	100
MRV Hillsdale Pty Limited [1]	Australia	Ordinary	**100**	100
MWID (Brendale) Pty Limited [1]	Australia	Ordinary	**100**	100
MWID (Brendale) Unit Trust	Australia	Units	**100**	100
MWID (Mackay) Pty Limited [1]	Australia	Ordinary	**100**	100
Newington Homes Pty Limited [1]	Australia	Ordinary	**100**	100
Oakstand No 15 Hercules Street Pty Limited [1]	Australia	Ordinary	**100**	100
Pigface Unit Trust	Australia	Units	**100**	100
Planned Retirement Living Pty Limited [1]	Australia	Ordinary	**100**	100
Spring Farm Finance Pty Limited [1]	Australia	Ordinary	**100**	100
Springfield Development Company Pty Limited [1]	Australia	Ordinary	**100**	100
SPV Magenta Pty Limited [1]	Australia	Ordinary	**100**	100
Taree Shopping Centre Pty Limited	Australia	Ordinary	**100**	100
TMT Finance Pty Limited [1]	Australia	Ordinary	**100**	100

15 OTHER FINANCIAL ASSETS / CONTINUED

b) Interests in controlled entities of MPT

Name of entity	Country of establishment/ incorporation	Class of units/shares	Equity holding **2011** **%**	Equity holding 2010 %
10-20 Bond Street Trust	Australia	Units	**100**	100
1900-2000 Pratt Inc.	USA	Ordinary	**100**	100
197 Salmon Street Trust	Australia	Units	**100**	100
380 St Kilda Road Trust	Australia	Units	**100**	100
Australian Sustainable Forestry Investors 1&2 [2]	Australia	Units	**25**	25
Australian Sustainable Investments 1 Sub Fund	Australia	Units	**100**	100
Australian Sustainable Investments 2 (WA) Fund	Australia	Units	**100**	100
Bedford Park Office Trust [6]	Australia	Units	**100**	–
Cannon Hill Office Trust [6]	Australia	Units	**100**	–
Davey Financial Management Birkdale Fair Trust	Australia	Units	**100**	100
Davey Financial Management Pender Place Shopping Centre Trust	Australia	Units	**100**	100
James Fielding Retail Property Sub-Trust	Australia	Units	**100**	100
James Fielding Trust	Australia	Units	**100**	100
James Fielding Infrastructure Sustainable Equity Fund	Australia	Units	**100**	100
James Fielding Infrastructure Yield Funds No. 1 & No. 2	Australia	Units	**100**	100
JF Property Trust	Australia	Units	**100**	100
JFIF New South Wales Trust	Australia	Units	**100**	100
JFIF Victorian Trust	Australia	Units	**100**	100
JFM Hotel Trust	Australia	Units	**100**	100
Lanyon Market Place Trust	Australia	Units	**100**	100
Meridian Investment Trust No. 1	Australia	Units	**100**	100
Meridian Investment Trust No. 2	Australia	Units	**100**	100
Meridian Investment Trust No. 3	Australia	Units	**100**	100
Meridian Investment Trust No. 4	Australia	Units	**100**	100
Meridian Investment Trust No. 5	Australia	Units	**100**	100
Meridian Investment Trust No. 6	Australia	Units	**100**	100
Mirvac 8 Chifley Trust	Australia	Units	**100**	100
Mirvac Broadway Sub-Trust	Australia	Units	**100**	100
Mirvac Commercial Trust	Australia	Units	**100**	100
Mirvac Commercial No. 1 Sub-Trust	Australia	Units	**100**	100
Mirvac Funds Finance Pty Limited	Australia	Ordinary	**100**	100
Mirvac Funds Loan Note Pty Limited	Australia	Ordinary	**100**	100
Mirvac Glasshouse Sub-Trust	Australia	Units	**100**	100
Mirvac Group Funding No.2 Limited [5]	Australia	Ordinary	**100**	–
Mirvac Group Funding No.3 Pty Limited [5]	Australia	Ordinary	**100**	–
Mirvac Industrial Fund	Australia	Units	**100**	100
Mirvac Lake Haven Sub-Trust	Australia	Units	**100**	100
Mirvac Office Trust [6]	Australia	Units	**100**	–
Mirvac Property Trust No. 2	Australia	Units	**100**	100
Mirvac Real Estate Investment Trust	Australia	Units	**100**	100
Mirvac Retail Fund	Australia	Units	**100**	100
Mirvac Retail Head Trust	Australia	Units	**100**	100
Mirvac Rhodes Sub-Trust	Australia	Units	**100**	100
Mt Sheridan Plaza Trust	Australia	Units	**100**	100
North Ryde Office Trust [6]	Australia	Units	**100**	–
Old Wallgrove Road Trust	Australia	Units	**100**	100
Peninsula Homemaker Centre Trust	Australia	Units	**100**	100
Pennant Hills Office Trust [6]	Australia	Units	**100**	–
Property Performance Fund No. 3	Australia	Units	**100**	100
Property Performance Fund No. 4	Australia	Units	**100**	100
Property Performance Fund No. 5	Australia	Units	**100**	100
Springfield Regional Shopping Centre Trust	Australia	Units	**100**	100
The George Street Trust	Australia	Units	**100**	100

15 OTHER FINANCIAL ASSETS / CONTINUED

b) Interests in controlled entities of MPT / continued

Name of entity	Country of establishment/ incorporation	Class of units/shares	Equity holding 2011 %	Equity holding 2010 %
The Mulgrave Trust	Australia	Units	**100**	100
Uni No. 1 Office Trust [6]	Australia	Units	**100**	–
WOT CMBS Pty Ltd [6]	Australia	Ordinary	**100**	–
WOT Holding Trust [6]	Australia	Units	**100**	–
WOT Loan Note Pty Ltd [6]	Australia	Ordinary	**100**	–
WOW Office Trust [6]	Australia	Units	**100**	–

1) These subsidiaries have been granted relief as at 30 June 2011 from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by ASIC.

2) The addition of Mirvac Limited and Mirvac Property Trusts interest in these entities are greater than 50 per cent.

3) Ownership of these entities was sold on 17 September 2010.

4) Ownership of this entity increased to 100 per cent during the year and therefore the entity has been consolidated as a controlled entity from 19 May 2011.

5) These entities were registered during this financial year.

6) These entities became controlled entities during the financial year as a result of the WOP acquisition and therefore are consolidated as controlled entities from the effective date of control.

7) These entities are included in the deed of cross guarantee; however, they are still required to lodge separate financial statements.

c) Entities subject to class order

Certain wholly-owned companies incorporated in Australia are permitted to be parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned companies can be relieved from the requirements among other things to prepare a financial report and directors' report under class order 98/1418 (as amended) issued by ASIC. The entities included at 30 June 2011 are listed in note 15(a). Companies identified in note 15(a) above as being included in the class order, are a "closed group" for the purpose of the class order, and as there are no other parties to the deed of cross guarantee that are controlled by the parent entity, they also represent the "extended closed group". As a condition of the class order, the companies have entered into a deed of cross guarantee. The effect of the deed is that Mirvac Limited has guaranteed to pay any deficiency in the event of winding up of a company in the closed group. The companies in the closed group also have given a similar guarantee in the event that Mirvac Limited is wound up. The consolidated statement of comprehensive income, a summary of movement in consolidated retained earnings and the consolidated statement of financial position for the year ended 30 June 2011 of the entities which are members of the closed group are as follows:

Consolidated statement of comprehensive income	2011 $m	2010 $m
Revenue from continuing operations		
Investment properties rental revenue	**18.6**	20.8
Hotel operating revenue	**159.5**	102.1
Investment management fee revenue	**35.9**	48.1
Development and construction revenue	**989.4**	890.8
Development management fee revenue	**26.9**	31.1
Interest revenue	**19.2**	21.4
Other revenue	**19.2**	11.3
Total revenue from continuing operations	**1,268.7**	1,125.6
Other income		
Net gain on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	**9.2**	–
Share of net profit of associates and joint ventures accounted for using the equity method	**7.8**	3.1
Gain on financial instruments	**10.0**	1.4
Foreign exchange gain	**121.3**	22.8
Net gain on sale of investments	**2.5**	9.9
Total other income	**150.8**	37.2
Total revenue from continuing operations and other income	**1,419.5**	1,162.8

15 OTHER FINANCIAL ASSETS / CONTINUED

Consolidated statement of comprehensive income	2011 $m	2010 $m
Net loss on fair value of investment properties and owner-occupied hotel management lots and freehold hotels	–	(26.1)
Net loss on sale of investment properties	–	(0.1)
Net loss on sale of property, plant and equipment	(1.0)	(1.1)
Investment properties expenses	(6.5)	(2.9)
Hotel operating expenses	(50.8)	(29.5)
Cost of property development and construction	(877.2)	(818.0)
Employee benefits expenses	(172.8)	(166.1)
Depreciation and amortisation expenses	(11.3)	(12.8)
Impairment of goodwill, management rights and other intangible assets	–	(1.1)
Impairment of investments including associates and joint ventures	–	(0.2)
Impairment of loans	(7.6)	(0.1)
Finance costs	(89.6)	(74.0)
Loss on financial instruments	(116.3)	–
Selling and marketing expenses	(36.3)	(21.4)
Provision for loss on inventories	(234.2)	–
Business combination transaction costs	(15.0)	–
Other expenses	(65.7)	(97.1)
Loss before income tax	(264.8)	(87.7)
Income tax benefit	83.9	8.4
Loss for the year	(180.9)	(79.3)
Other comprehensive income		
Increment on revaluation of property, plant and equipment, net of tax	11.3	0.7
Other comprehensive income for the year, net of tax	11.3	0.7
Total comprehensive income for the year	(169.6)	(78.6)

Summary of movement in consolidated retained earnings	2011 $m	2010 $m
Movement in retained earnings		
Balance 1 July	(695.1)	(536.7)
Loss for the year	(180.9)	(79.3)
Additions of controlled entities into closed group	(0.9)	(79.1)
Balance 30 June	(876.9)	(695.1)

Consolidated statement of financial position	Note	2011 $m	2010 $m
Current assets			
Cash and cash equivalents		135.5	221.9
Receivables		123.0	106.5
Current tax assets		0.7	5.9
Inventories		321.9	632.2
Other assets		9.8	16.7
Total current assets		590.9	983.2
Non-current assets			
Receivables		166.3	170.4
Inventories		1,129.9	1,125.6
Investments accounted for using the equity method		195.7	211.6
Derivative financial assets		–	9.2
Other financial assets		39.2	72.1
Investment properties		152.4	142.8
Property, plant and equipment		116.7	119.4
Intangible assets		11.6	0.3
Deferred tax assets		240.4	123.0
Total non-current assets		2,052.2	1,974.4
Total assets		2,643.1	2,957.6

15 OTHER FINANCIAL ASSETS / CONTINUED

Consolidated statement of financial position	Note	**2011 $m**	2010 $m
Current liabilities			
Payables		**569.2**	130.9
Borrowings		**50.1**	77.5
Derivative financial liabilities		**1.7**	–
Provisions		**7.5**	6.1
Other liabilities		**3.1**	10.6
Total current liabilities		**631.6**	225.1
Non-current liabilities			
Payables		**2.1**	667.0
Borrowings		**1,389.5**	1,366.6
Derivative financial liabilities		**132.2**	36.7
Deferred tax liabilities		**114.4**	99.3
Provisions		**4.8**	5.3
Total non-current liabilities		**1,643.0**	2,174.9
Total liabilities		**2,274.6**	2,400.0
Net assets		**368.5**	557.6
Equity			
Contributed equity	24(a)	**1,248.1**	1,223.7
Reserves		**(2.7)**	29.0
Retained earnings		**(876.9)**	(695.1)
Total equity		**368.5**	557.6

16 INVESTMENT PROPERTIES

	Date of acquisition	Book value **30 June 2011 $m**	Book value 30 June 2010 $m	Capitalisation rate **30 June 2011 %**	Capitalisation rate 30 June 2010 %	Discount rate **30 June 2011 %**	Discount rate 30 June 2010 %	Date of last external valuation	Last external valuation $m
MPT and its controlled entities									
1 Castlereagh Street, Sydney NSW	Dec 1998	**72.8**	68.0	**7.50**	7.65	**9.50**	9.50	Jun 2010	68.0
1 Darling Island, Pyrmont NSW	Apr 2004	**175.0**	163.0	**7.00**	7.25	**9.25**	9.25	Dec 2010	175.0
1 Hugh Cairns Avenue, Bedford Park SA [1,2]	Aug 2010	**17.8**	–	**9.50**	–	**10.00**	–	Jun 2011	17.8
1 Woolworths Way, NSO, Bella Vista NSW [1,2]	Aug 2010	**250.0**	–	**7.75**	–	**9.25**	–	Jun 2011	250.0
8 Chifley Square, Sydney NSW [2,3]	Oct 2009	**–**	30.0	**–**	8.25	**–**	10.00	–	–
10 Julius Avenue, North Ryde NSW [2]	Dec 2009	**53.1**	53.8	**8.50**	8.25	**9.25**	9.75	Jun 2011	53.1
101-103 Miller Street & Greenwood Plaza, North Sydney NSW (50% interest)	Jun 1994	**242.0**	242.2	**6.75-7.00**	6.75-7.00	**9.00-9.25**	9.00-9.50	Dec 2010	238.5
10-20 Bond Street, Sydney NSW (50% interest) [2]	Dec 2009	**124.5**	92.3	**7.50**	7.50	**9.50**	9.25	Dec 2009	85.0
12 Cribb Street, Milton QLD [2,4]	Dec 2009	**–**	13.3	**–**	9.00	**–**	10.25	Dec 2009	13.3
12 Julius Avenue, North Ryde NSW [2]	Dec 2009	**23.4**	24.2	**8.50**	8.50	**9.25**	9.75	Jun 2011	23.4
1-47 Percival Road, Smithfield NSW	Nov 2002	**28.1**	27.5	**8.25**	8.25	**9.75**	9.75	Mar 2010	27.5
189 Grey Street, Southbank QLD	Apr 2004	**72.5**	65.0	**7.75**	7.75	**9.25**	9.25	Jun 2010	65.0
19 Corporate Drive, Cannon Hill QLD [1,2]	Aug 2010	**24.0**	–	**8.75**	–	**9.75**	–	Jun 2011	24.0
190 George Street, Sydney NSW	Aug 2003	**35.5**	36.7	**8.75**	8.50	**9.50**	9.25	Dec 2009	36.7
1900-2060 Pratt Boulevard, Chicago Illinois USA	Dec 2007	**28.9**	30.8	**8.00**	8.00	**9.75**	10.50	Dec 2009	33.6
191-197 Salmon Street, Port Melbourne VIC	Jul 2003	**102.3**	100.0	**7.75**	8.00	**9.25**	9.50	Jun 2010	100.0
200 George Street, Sydney NSW	Oct 2001	**26.2**	24.8	**8.25**	8.25	**9.50**	9.25	Dec 2009	24.8
271 Lane Cove Road, North Ryde NSW	Apr 2000	**32.5**	33.0	**8.00**	8.00	**9.50**	9.50	Jun 2010	33.0
275 Kent Street, Sydney NSW [1,2]	Aug 2010	**750.0**	–	**6.75**	–	**8.75**	–	Dec 2010	745.0
3 Rider Boulevard, Rhodes NSW [2]	Dec 2009	**76.4**	73.0	**8.00**	8.00	**9.25**	9.25	Jun 2011	76.4
32 Sargents Road, Minchinbury NSW [2]	Dec 2009	**23.5**	24.1	**8.75**	8.75	**9.50**	9.25	Jun 2011	23.5
33 Corporate Drive, Cannon Hill QLD [1,2]	Aug 2010	**16.5**	–	**9.00**	–	**9.75**	–	Jun 2011	16.5
340 Adelaide Street, Brisbane QLD [2]	Dec 2009	**57.0**	67.0	**9.00**	9.00	**10.00**	9.50	Dec 2010	56.0
38 Sydney Avenue, Forrest ACT	Jun 1996	**35.1**	37.5	**8.50**	8.75	**9.50**	9.25	Dec 2010	35.0
40 Miller Street, North Sydney NSW	Mar 1998	**98.0**	93.5	**7.25**	7.50	**9.25**	9.25	Jun 2010	93.5
47-67 Westgate Drive, Altona North VIC [2]	Dec 2009	**19.1**	19.2	**9.75**	9.50	**10.00**	10.00	Dec 2009	19.0
52 Huntingwood Drive, Huntingwood NSW [2]	Dec 2009	**22.0**	23.0	**8.50**	9.00	**9.75**	9.50	Jun 2011	22.0
54 Marcus Clarke Street, Canberra ACT	Oct 1987	**16.1**	16.0	**9.50**	9.50	**9.75**	9.75	Dec 2010	15.8
54-60 Talavera Road, North Ryde NSW [1,2]	Aug 2010	**45.5**	–	**7.50**	–	**9.50**	–	Dec 2010	45.0
55 Coonara Avenue, West Pennant Hills NSW [1,2]	Aug 2010	**102.6**	–	**8.50**	–	**9.50**	–	Dec 2010	99.0

16 INVESTMENT PROPERTIES / CONTINUED

	Date of acquisition	Book value 30 June 2011 $m	Book value 30 June 2010 $m	Capitalisation rate 30 June 2011 %	Capitalisation rate 30 June 2010 %	Discount rate 30 June 2011 %	Discount rate 30 June 2010 %	Date of last external valuation	Last external valuation $m
60 Marcus Clarke Street, Canberra ACT	Sep 1989	**49.0**	51.5	**8.75**	8.50	**9.50**	9.00	Jun 2011	49.0
64 Biloela Street, Villawood NSW	Feb 2004	**19.1**	21.5	**10.50**	9.50	**10.75**	10.50	Jun 2011	19.1
Aviation House, 16 Furzer Street, Phillip ACT	Jul 2007	**69.8**	67.0	**7.50**	7.75	**9.25**	9.50	Jun 2010	67.0
Ballina Central, Ballina NSW	Dec 2004	**28.0**	32.0	**8.75**	8.25	**9.50**	9.75	Jun 2011	28.0
Bay Centre, Pirrama Road, Pyrmont NSW	Jun 2001	**111.0**	97.0	**7.50**	7.50	**9.25**	9.25	Jun 2010	97.0
Blacktown MegaCentre, Blacktown NSW [4]	Jun 2002	**–**	26.0	**–**	9.25	**–**	10.00	Dec 2008	40.0
Broadway Shopping Centre, Broadway NSW (50% interest)	Jan 2007	**227.5**	221.5	**6.25**	6.25	**9.00**	9.00	Jun 2010	221.5
Cherrybrook Village Shopping Centre, Cherrybrook NSW [2]	Dec 2009	**78.5**	73.8	**7.50**	7.50	**9.50**	9.50	Jun 2011	78.5
City Centre Plaza, Rockhampton QLD [2]	Dec 2009	**48.0**	44.0	**8.00**	8.25	**9.75**	9.75	Jun 2011	48.0
Como Centre, Cnr Toorak & Chapel Streets, South Yarra VIC [5]	Aug 1998	**125.0**	117.5	**8.00-8.75**	8.25-9.00	**9.30-10.00**	9.25-11.25	Jun 2011	125.0
Cooleman Court, Weston ACT [2]	Dec 2009	**43.0**	44.0	**7.75**	7.75	**9.50**	9.50	Jun 2010	44.0
Gippsland Centre, Sale VIC	Jan 1994	**50.3**	49.8	**8.25**	8.25	**9.50**	9.50	Jun 2010	49.8
Hinkler Central, Bundaberg QLD	Aug 2003	**89.5**	88.0	**7.75**	7.75	**9.50**	9.50	Mar 2011	89.5
John Oxley Centre, 339 Coronation Drive, Milton QLD	May 2002	**52.5**	59.0	**9.00**	9.00	**10.00**	9.25	Mar 2011	52.5
Kawana Shoppingworld, Buddina QLD	Dec 1993 (50%) & Jun 1998 (50%)	**203.7**	200.6	**6.75**	6.75	**9.25**	9.25	Jun 2010	200.6
Lake Haven Megacentre, Lake Haven NSW [4]	Jan 2007	**–**	26.5	**–**	9.75	**–**	10.25	Dec 2008	30.0
Logan Megacentre, Logan, QLD	Oct 2005	**60.5**	63.0	**9.25**	9.25	**10.25**	10.25	Dec 2010	61.5
Moonee Ponds Central (Stage II), Moonee Ponds VIC	Feb 2008	**40.0**	39.0	**8.50**	8.50	**9.75**	9.75	Jun 2010	39.0
Moonee Ponds Central, Moonee Ponds VIC	May 2003	**24.0**	22.8	**7.75**	7.75	**9.50**	9.50	Jun 2010	22.8
Morayfield SupaCentre, Morayfield QLD [2,4]	Dec 2009	**–**	37.5	**–**	9.75	**–**	10.50	Dec 2009	38.5
Nexus Industry Park (Building 1), Lyn Parade, Prestons NSW	Aug 2004	**17.9**	17.1	**8.25**	8.25	**9.50**	9.75	Jun 2011	17.9
Nexus Industry Park (Building 2), Lyn Parade, Prestons NSW	Aug 2004	**12.3**	12.0	**8.50**	8.75	**9.75**	9.50	Mar 2011	12.3
Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW	Aug 2004	**23.5**	21.5	**8.25**	8.75	**9.50**	9.50	Jun 2011	23.5
Nexus Industry Park (Building 5), Lyn Parade, Prestons NSW	Aug 2004	**14.8**	14.8	**8.50**	8.75	**9.75**	9.50	Dec 2010	14.8
Orange City Centre, Orange NSW	Apr 1993	**49.5**	49.0	**8.25**	8.25	**9.25**	9.25	Jun 2010	49.0
Orion Springfield Town Centre, Springfield QLD	Aug 2002	**130.0**	143.0	**6.75**	6.75	**9.25**	9.00	Dec 2010	136.0
Peninsula Lifestyle, Mornington VIC	Dec 2003	**44.0**	46.0	**9.75**	9.25	**10.25**	10.00	Dec 2010	45.0
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	Nov 1989	**29.2**	28.5	**8.50**	8.50	**10.00**	10.25	Jun 2011	29.2
Rhodes Shopping Centre, Rhodes NSW (50% interest)	Jan 2007	**110.0**	99.0	**7.00**	7.00	**9.25**	9.25	Jun 2011	110.0
Riverside Quay, Southbank VIC	Apr 2002 & Jul 2003	**170.0**	151.2	**7.75-8.25**	8.00-8.25	**9.25-10.25**	9.50-10.25	Jun 2010	151.2
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC	Oct 1995 (50%) Apr 2001 (50%)	**107.0**	104.0	**8.00**	8.25	**9.25**	9.25	Jun 2011	107.0
Sirius Building, 23 Furzer Street, Phillip ACT	Feb 2010	**234.9**	225.0	**7.25**	7.25	**9.25**	9.25	Jun 2010	225.0
St Marys Village Centre, St Marys NSW	Jan 2003	**43.0**	42.3	**7.75**	7.75	**9.50**	9.25	Dec 2010	43.0
Stanhope Village, Stanhope Gardens NSW	Nov 2003	**66.0**	59.0	**7.75**	7.75	**9.25**	9.25	Jun 2010	59.0
Taree City Centre, Taree NSW [2]	Dec 2009	**53.0**	55.5	**8.13**	8.00	**9.50**	9.50	Jun 2011	53.0
Waverley Gardens Shopping Centre, Mulgrave VIC	Nov 2002	**128.0**	127.0	**7.75**	7.75	**9.25**	9.25	Jun 2010	127.0
Mirvac Limited and its controlled entities									
Forestry Land [6]	Mar 2004	**58.7**	59.5	**–**	–	**–**	–	Jun 2011	58.7
5 Rider Boulevard, Rhodes NSW	Jan 2007	**117.6**	108.0	**7.63**	8.00	**9.13**	9.75	Mar 2011	117.6
Manning Mall, Taree, NSW	Dec 2006	**34.8**	34.7	**8.50**	8.50	**9.50**	9.50	Dec 2009	32.8
Total investment properties		**5,334.0**	4,137.0						
IPUC									
4 Dalley Street & Laneway, Sydney NSW	Mar 2004	**2.3**	–	**6.75**	6.75	**9.25**	9.25	Dec 2009	–
8 Chifley Square, Sydney NSW [2,3]	Oct 2009	**49.0**	–	**6.50**	–	**9.25**	–	Dec 2010	36.5
Network, Old Wallgrove Road, Eastern Creek NSW [4]	Dec 2002	**–**	6.0	**–**	–	**–**	–	–	–
Nexus Industry Park (Building 4), Lyn Parade, Prestons NSW	Aug 2004	**23.7**	8.5	**7.88**	8.25	**9.50**	9.75	Dec 2010	9.0
Orion Springfield Land, Springfield QLD	Aug 2002	**33.0**	75.0	**6.50-9.25**	6.25-9.00	**9.25-10.75**	9.00	Dec 2010	33.0
Total IPUC		**108.0**	89.5						
Total investment properties and IPUC		**5,442.0**	4,226.5						

1) Investment properties acquired through business combination during the year.
2) Date of acquisition represents direct property or business combination acquisition date.
3) The property was reclassified from investment properties to IPUC at December 2010.
4) Investment properties disposed of during the year.
5) External valuation is based on the Como Centre excluding the hotel. The Group book value of the Como Centre excludes the hotel, as the hotel is classified as property, plant and equipment.
6) Forestry land represents multiple land holdings which are valued by using a combination of comparable sales and DCF projections.

16 INVESTMENT PROPERTIES / CONTINUED

a) Reconciliation of carrying amounts of investment properties

At fair value	2011 $m	2010 $m
Balance 1 July	**4,226.5**	3,210.1
Additions	**150.0**	309.3
Additions resulting from business combination	**1,152.7**	822.2
Net gain/(loss) on fair value	**52.9**	(98.6)
Net loss from foreign currency translation	**(6.6)**	(2.1)
Assets classified as held for sale or disposals	**(111.4)**	(200.6)
Transfers from inventories and property, plant and equipment	**–**	205.4
Amortisation of fitout incentives, leasing costs and rent incentive	**(22.1)**	(19.2)
Balance 30 June	**5,442.0**	4,226.5

b) Amounts recognised in profit or loss for investment properties

	2011 $m	2010 $m
Investment properties rental revenue	**545.7**	403.2
Investment properties expenses	**(124.5)**	(102.2)
	421.2	301.0

c) Valuation basis

i) Investment properties

Investment properties are carried at fair value. Valuation methods used to determine the fair value include market sales comparison, DCF and capitalisation rate ("cap rate"). The fair value for a property may be determined by using a combination of these and other valuation methods.

Market sales comparison: The sales comparison approach utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile, to indicate the fair value of a property. Where there is a lack of recent sales, activity adjustments are made from previous comparable sales to reflect changes in economic conditions.

DCF: DCF projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, CPI rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at a terminal value. The terminal value is determined by using an appropriate terminal cap rate. Mirvac's terminal cap rates are in the range of an additional nil to 75 basis points above the respective property's cap rate.

Cap rate: An assessment is made of fully leased net income based on contracted rents, market rents, operating costs and future income on vacant space. The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate cap rate. The cap rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current sales evidence. Various adjustments, including incentives, capital expenditure, and reversions to market rent, are made to arrive at the property value.

ii) IPUC

There are generally no active markets for IPUC; therefore, a lack of comparable transactions for IPUC usually requires the use of estimation models. The two main estimation models used to value IPUC are residual and DCF valuations. The residual method of determining the value of a property uses the estimated total cost of the development, including construction and associated expenditures, finance costs, and an allowance for developer's risk and profit is deducted from the end value of the completed project. The resultant figure is then adjusted back to the date of valuation to give the residual value.

d) Non current assets pledged as security

Refer to note 20(b) for information on non current assets pledged as security by the Group.

e) Property portfolio

Mirvac's property portfolio is made up as follows:

	Note	2011 $m	2010 $m
Investment properties per statement of financial position		**5,442.0**	4,226.5
Properties classified as assets held for sale	11	**3.4**	53.7
Owner-occupied hotel management lots classified as property, plant and equipment	17	**58.3**	59.3
Owner-occupied freehold hotels classified as property, plant and equipment	17	**60.3**	61.5
Owner-occupied administration properties classified as property, plant and equipment	17	**218.0**	211.2
		5,782.0	4,612.2

17 PROPERTY, PLANT AND EQUIPMENT

	Office leasehold improvements $m	Plant and equipment $m	Owner-occupied hotel management lots $m	Owner-occupied freehold hotels $m	Owner-occupied properties $m	Investment properties under construction $m	**Total $m**
Year ended 30 June 2011							
Opening net book amount	–	23.2	59.3	61.5	211.2	–	**355.2**
Revaluation (decrement)/increment	–	–	(1.3)	0.7	12.1	–	**11.5**
Additions	–	4.9	2.6	0.3	–	–	**7.8**
Transfers from/(to) other assets	–	2.3	–	(0.2)	–	–	**2.1**
Assets classified as held for sale and other disposals	–	(0.7)	(0.6)	–	–	–	**(1.3)**
Exchange differences	–	(0.1)	(0.2)	–	–	–	**(0.3)**
Depreciation expenses	–	(6.9)	(1.5)	(2.0)	(5.3)	–	**(15.7)**
Closing net book amount	**–**	**22.7**	**58.3**	**60.3**	**218.0**	**–**	**359.3**
At 30 June 2011							
Cost or fair value	–	76.9	67.5	71.2	238.3	–	**453.9**
Accumulated depreciation	–	(54.2)	(9.2)	(10.9)	(20.3)	–	**(94.6)**
Net book amount	**–**	**22.7**	**58.3**	**60.3**	**218.0**	**–**	**359.3**
Year ended 30 June 2010							
Opening net book amount	0.1	26.4	60.1	26.1	228.8	207.5	549.0
Revaluation increment/(decrement)	–	–	0.1	(19.0)	1.6	–	(17.3)
Additions	–	5.3	0.5	1.5	–	–	7.3
Transfers (to)/from other assets	(0.1)	2.0	(0.1)	54.2	(14.0)	(207.5)	(165.5)
Assets classified as held for sale and other disposals	–	(1.3)	–	–	–	–	(1.3)
Exchange differences	–	–	0.1	–	–	–	0.1
Depreciation expenses	–	(9.2)	(1.4)	(1.3)	(5.2)	–	(17.1)
Closing net book amount	–	23.2	59.3	61.5	211.2	–	355.2
At 30 June 2010							
Cost or fair value	–	77.2	67.1	70.5	226.2	–	441.0
Accumulated depreciation	–	(54.0)	(7.8)	(9.0)	(15.0)	–	(85.8)
Net book amount	–	23.2	59.3	61.5	211.2	–	355.2

A reconciliation of the revaluation increment/(decrement) and the asset revaluation reserve is shown in note 25(d).

a) Valuations of owner-occupied properties

Owner-occupied properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio (including owner-occupied buildings) being valued annually. The basis of valuation of owner-occupied properties is fair value, being the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation basis is consistent with the approach taken for investment properties (refer to note 16(c)). Discount rates range from 9.00 per cent to 10.00 per cent (2010: 9.00 per cent to 11.25 per cent) and capitalisation rates range from 6.50 per cent to 8.00 per cent (2010: 6.75 per cent to 9.00 per cent). The revaluation increment net of applicable deferred income taxes was credited to the asset revaluation reserve in equity (refer to note 25(b)).

b) Historical cost of items carried at fair value

	Owner-occupied hotel management lots $m	Owner-occupied freehold hotels $m	Owner-occupied properties $m
2011			
Balance 30 June 2011	**49.5**	**80.3**	**198.6**
2010			
Balance 30 June 2010	47.0	80.3	197.3

18 INTANGIBLE ASSETS

	Management rights $m	Goodwill $m	Other intangible assets $m	**Total $m**
2011				
Balance 1 July 2010	10.5	44.4	–	**54.9**
Acquisition of controlled entities [1]	–	26.7	–	**26.7**
Acquisition of brands	–	–	2.1	**2.1**
Disposal of controlled entity	(7.3)	(1.7)	–	**(9.0)**
Balance 30 June 2011	**3.2**	**69.4**	**2.1**	**74.7**
2010				
Balance 1 July 2009	13.1	45.5	–	58.6
Disposal of controlled entity	(1.5)	(1.1)	–	(2.6)
Extinguished as part of business combination	(1.1)	–	–	(1.1)
Balance 30 June 2010	10.5	44.4	–	54.9

1) Acquisition of WOP $25.5m (refer to note 39) and acquisition of remaining interest in North Ryde Office Trust ("NROT") $1.2m (refer to note 39).

a) Allocation of intangible assets by operating segment
A segment level summary of the intangible asset allocations is presented below:

	Investment $m	Hotel Management $m	Investment Management $m	**Total $m**
2011				
Management rights – indefinite life [1]	–	–	3.2	**3.2**
Goodwill	63.1	6.3	–	**69.4**
Other intangible assets	–	2.1	–	**2.1**
Balance 30 June 2011	**63.1**	**8.4**	**3.2**	**74.7**
2010				
Management rights – indefinite life [1]	–	–	10.5	10.5
Goodwill	38.1	6.3	–	44.4
Balance 30 June 2010	38.1	6.3	10.5	54.9

1) Management rights are primarily held in relation to funds established or rights established by entities acquired by Mirvac. These funds are considered to be open-ended and therefore have no expiry. The Group also holds strategic stakes in these funds in order to protect its interests.

b) Key assumptions used for value in use calculations for goodwill and other intangible assets
The recoverable amount of CGUs is determined using the higher of fair value less cost to sell, and their value in use. The value in use calculation is based on financial budgets and forecasts approved by management covering a five year period. For the Hotel Management and Investment Management CGUs, cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. For the Investment CGU, no forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing projects and investment properties. The growth rate has been adjusted to reflect current market conditions and does not exceed the long term average growth rate for the business in which the CGU operates. The discount rates used are post-tax and reflect specific risks relating to the relevant segments and the countries in which they operate. A terminal growth rate of three per cent has also been applied.

CGU	**Growth rate [1] 2011 % pa**	**Discount rate 2011 % pa**	Growth rate [1] 2010 % pa	Discount rate 2010 % pa
Investment	**–** [2]	**10**	– [2]	10
Hotel Management	**3**	**13**	3	13
Investment Management	**1**	**13**	1	13

1) Weighted average growth rate used to extrapolate cash flows beyond the budget period.

2) The value in use calculation is based on financial budgets and forecasts approved by management covering a five year period. No forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing projects and investment properties.

The recoverable amount of intangible assets exceeds the carrying value at 30 June 2011. Management considers that for the carrying value to exceed the recoverable amount, there would have to be unreasonable changes to key assumptions. Management considers the chances of these changes occurring as unlikely.

c) Impairment of goodwill
There was no impairment of goodwill (2010: $nil).

d) Impairment of intangible assets
There was no impairment of management rights or brands (2010: $nil). Management rights are primarily held in relation to funds established or rights established by entities acquired by Mirvac. These funds are considered to be open-ended and therefore have no expiry.

19 PAYABLES

	2011 $m	2010 $m
Current		
Trade payables	**43.4**	42.2
Employee benefits	**15.2**	13.9
Deferred revenue	**22.7**	36.1
Accruals	**124.4**	101.2
Deferred payment for land	**201.5**	95.2
Other creditors	**59.8**	51.4
Amounts due to related parties	**2.2**	–
	469.2	340.0
Non-current		
Other creditors	**5.9**	10.4

20 BORROWINGS

	Note	2011 $m	2010 $m
Current			
Unsecured			
Bank loans	20(a)(i)	**47.5**	92.9
Domestic MTN	20(a)(ii)	**–**	200.0
Secured			
Bank loans	20(a)(iii)	**28.0**	32.5
Commercial mortgage backed securities ("CMBS")	20(a)(iv)	**505.0**	–
Lease liabilities	20(a)(v)	**2.6**	2.3
		583.1	327.7
Non-current			
Unsecured			
Bank loans	20(a)(i)	**1,359.9**	905.0
Domestic MTN	20(a)(ii)	**425.0**	150.0
Foreign MTN	20(a)(vi)	**359.2**	450.0
Secured			
Lease liabilities	20(a)(v)	**9.1**	11.6
		2,153.2	1,516.6

a) Borrowings

i) Unsecured bank loans
Mirvac has unsecured bank facilities totalling $1,927.5m (2010: $2,117.5m). Mirvac has two syndicated facilities; the first contains two tranches: a $47.5m tranche maturing in January 2012 and a $140.0m tranche maturing in January 2013. The second facility contains 3 tranches: a $530.0m tranche maturing in January 2014, a $530.0m tranche maturing in January 2015 and a $530.0m maturing in January 2016. There is also a bilateral bank facility of $150.0m (2010: $200.0m) maturing in April 2013. Subject to compliance with the terms, each of these bank loan facilities may be drawn at any time.

ii) Domestic MTN
Mirvac has a total of $425.0m (2010: $350.0m) of domestic MTN outstanding: $200.0m maturing in March 2015 and $225.0m maturing in September 2016. Mirvac issued a total of $275.0m during the year with $200.0m issued in September 2010, $25.0m issued in March 2011 and $50.0m issued in April 2011. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

iii) Secured bank loans
A controlled entity has secured bank facilities totalling $28.0m (2010: $32.5m) which mature in December 2011.

iv) CMBS
Commercial mortgage backed securities of $505.0m (2010: $nil) acquired as part of the acquisition of WOP have a scheduled maturity date of 16 November 2011. At expiry, the CMBS will be repaid from cash held on hand. The debt is cash collateralised; refer to note 38 for more details.

v) Lease liabilities
Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

20 BORROWINGS / CONTINUED

vi) Foreign MTN

Mirvac has a US Private Placement issue made up of US$275.0m maturing in November 2016 and US$100.0m maturing in November 2018. An additional AUD$10.0m maturing in November 2016 was also issued in conjunction with this placement. Interest is payable semi-annually in arrears for all notes. The notes were issued with fixed and floating rate coupons payable in US dollars and swapped back to Australian dollar floating rate coupons through cross currency principal and interest rate swaps.

b) Assets pledged as security

A controlled entity has debt facilities secured by real property mortgages and a fixed and floating charge. The carrying amounts of assets pledged as security for current and non current borrowings are as follows:

	Note	**2011 $m**	2010 $m
First ranking real property mortgage			
Investment properties	16	**58.7**	59.5
Total assets pledged as security		**58.7**	59.5

c) Financing arrangements

	2011 $m	2010 $m
Total facilities		
Unsecured bank loans	**1,927.5**	2,117.5
Domestic MTN	**425.0**	350.0
Secured bank loans	**28.0**	32.5
CMBS	**505.0**	–
Foreign MTN	**359.2**	450.0
	3,244.7	2,950.0
Used at end of the reporting period		
Unsecured bank loans	**1,407.4**	997.9
Domestic MTN	**425.0**	350.0
Secured bank loans	**28.0**	32.5
CMBS	**505.0**	–
Foreign MTN	**359.2**	450.0
	2,724.6	1,830.4
Unused at end of the reporting period		
Unsecured bank loans	**520.1**	1,119.6
Domestic MTN	**–**	–
Secured bank loans	**–**	–
CMBS	**–**	–
Foreign MTN	**–**	–
	520.1	1,119.6

d) Fair value

		Carrying amount		Fair value	
	Note	**2011 $m**	2010 $m	**2011 $m**	2010 $m
Included in statement of financial position					
Non-traded financial liabilities					
Unsecured bank loans		**1,407.4**	997.9	**1,407.4**	997.9
Domestic MTN		**425.0**	350.0	**425.0**	350.0
Secured bank loans		**28.0**	32.5	**28.0**	32.5
CMBS		**505.0**	–	**505.0**	–
Foreign MTN		**359.2**	450.0	**359.2**	450.0
Lease liabilities		**11.7**	13.9	**11.7**	13.9
Not included in statement of financial position					
Contingent liabilities	31	**84.2**	62.1	**84.2**	62.1
		2,820.5	1,906.4	**2,820.5**	1,906.4

None of the classes above is readily traded on organised markets in standardised form.

20 BORROWINGS / CONTINUED

i) Included in statement of financial position

The fair value for borrowings less than 12 months to maturity is deemed to equal the carrying amounts. All other borrowings are discounted if the effect of discounting is material. The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

ii) Not included in statement of financial position

The Group has potential financial liabilities which may arise from certain contingent liabilities as disclosed in note 31. No material losses are anticipated in respect of those contingent liabilities and the fair value disclosed is the estimated amount which would be payable by Mirvac as consideration for the assumption of those contingent liabilities by another party.

21 PROVISIONS

	2011 $m	2010 $m
Current		
Employee benefits – LSL	**7.5**	6.3
Dividends/distributions payable	**75.5**	65.6
	83.0	71.9
Non-current		
Asset retirement obligations	**0.9**	2.0
Employee benefits – LSL	**3.8**	4.1
	4.7	6.1

Movements in each class of provision during the year, other than employee benefits, are set out below:

Dividends/distributions payable[1]	2011 $m
Balance 1 July	**65.6**
Interim and final dividends/distributions	**280.7**
Payments made	**(270.8)**
Balance 30 June	**75.5**
Asset retirement obligations	
Balance 1 July	**2.0**
Provision release	**(1.1)**
Balance 30 June	**0.9**

1) The amounts reported in the provision include dividends/distributions paid/payable to securityholders of the Group and NCI.

The asset retirement obligations relate to obligations under lease agreements for office space on expiry of the lease, to return the space to its condition at the commencement of the lease.

22 OTHER LIABILITIES

	2011 $m	2010 $m
Monies held in trust	**2.5**	10.6

23 DERIVATIVE FINANCIAL LIABILITIES

	2011 $m	2010 $m
Current		
Interest rate swap contracts – fair value	**1.4**	0.5
Interest rate collar contracts – fair value	**0.3**	–
	1.7	0.5
Non-current		
Interest rate swap contracts – fair value	**32.2**	47.9
Interest rate collar contracts – fair value	**–**	1.7
Cross currency derivatives – fair value	**109.9**	2.8
	142.1	52.4

a) Instruments used by Mirvac

Refer to note 36 for information on instruments used by Mirvac.

b) Interest rate and foreign currency risk exposures

Refer to note 36 for Mirvac's exposure to interest rate and foreign currency risk on cross currency swaps.

24 CONTRIBUTED EQUITY

a) Paid up equity

Consolidated	**2011 Securities m**	2010 Securities m	**2011 $m**	2010 $m
Mirvac Limited – ordinary shares issued	**3,409.3**	3,254.8	**1,248.1**	1,223.7
MPT – ordinary units issued	**3,409.3**	3,254.8	**5,079.3**	4,875.1
Total contributed equity			**6,327.4**	6,098.8

b) Movements in paid up equity

Movements in paid up equity of Mirvac for the year ended 30 June 2011 were as follows:

	Issue date	Issue price $	Note	m	Securities $m
Balance 1 July 2010				3,254.8	6,098.8
Acquisition of WOP	4 August 2010	1.37	(d)	149.0	204.1
EEP securities issues	24 March 2011	1.22	(c)	1.1	6.8
LTI and EIS securities converted, sold or forfeited			(c)	4.4	17.8
Less: Transaction costs arising on issues of securities				–	(0.1)
Balance 30 June 2011				**3,409.3**	**6,327.4**
Balance 1 July 2009				2,789.7	5,447.4
Acquisition of Mirvac Real Estate Investment Trust ("MREIT")	7 December 2009	1.41	(d)	190.1	267.1
EEP securities issues	22 December 2009	1.55	(c)	1.0	–
Equity raising	13 April 2010	1.40	(e)	250.0	350.0
Equity raising	14 May 2010	1.40	(e)	18.4	25.8
LTI and EIS securities converted, sold or forfeited			(c)	5.6	20.7
Less: Transaction costs arising on issues of securities				–	(12.2)
Balance 30 June 2010				3,254.8	6,098.8

Ordinary securities

All ordinary securities were fully paid at 30 June 2011. Ordinary securities entitle the holder to participate in dividends/distributions and the proceeds on winding up of Mirvac in proportion to the number of and amount paid on the securities held. On a show of hands, every holder of ordinary securities present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each security is entitled to one vote.

c) LTI, EIS and EEP issues

i) Current LTI plan

At 30 June 2011, 29.1m (2010: 22.2m) performance rights and 5.6m (2010: 8.0m) options were issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. 0.5m performance rights (2010: 1.3m) and 0.7m options (2010: nil) vested during the year.

ii) EEP

At 30 June 2011, 3.7m (2010: 2.6m) stapled securities have been issued to employees under the EEP.

iii) Superseded LTI and EIS plans

During the year no securities were issued to employees of Mirvac Limited and its controlled entities under the superseded LTI plan and EIS (2010: nil). The total number of stapled securities issued to employees under the superseded LTI and EIS at 30 June 2011 was 7.6m (2010: 11.5m). The market price per ordinary stapled security at 30 June 2011 was $1.25 (2010: $1.32). Securities issued as part of the superseded LTI plan and EIS are not classified as ordinary securities, until such time as the vesting conditions are satisfied, employee loans are fully repaid or the employee leaves Mirvac.

d) Acquisition of WOP/MREIT

As part of the acquisition of WOP, the Group issued 149.0m securities at $1.37 per security, to the unitholders of WOP who opted to receive a scrip component. In the previous year as part of the acquisition of MREIT, the Group issued 190.1m securities at $1.41 per security, to the unitholders of MREIT who opted to receive a scrip component.

e) Equity raising

In the prior year, the Group completed an equity placement, comprising of 250.0m securities under a fully underwritten institutional placement and 18.4m securities under a retail placement, at an offer price of $1.40 per stapled security.

24 CONTRIBUTED EQUITY / CONTINUED

f) Reconciliation of securities issued on the ASX

Under AAS, securities issued under the Mirvac employee LTI plans are required to be accounted for as an option and are excluded from total issued equity, until such time as the relevant employee loans are fully repaid or the employee leaves the Group. Total ordinary securities issued as detailed above is reconciled to securities issued on the ASX as follows:

	2011 Securities m	2010 Securities m
Total ordinary securities disclosed	**3,409.3**	3,254.8
Securities issued under LTI plan and EIS	**7.6**	11.5
Total securities issued on the ASX	**3,416.9**	3,266.3

g) Capital risk management

Refer to note 36 for details of Mirvac's capital risk management.

25 RESERVES

	Note	**2011 $m**	2010 $m
a) Reserves			
Asset revaluation reserve		**121.6**	86.2
Capital reserve		**(0.2)**	(0.2)
Foreign currency translation reserve		**(14.8)**	(0.7)
Security based payment reserve		**11.7**	21.4
NCI reserve		**7.6**	7.6
		125.9	114.3
b) Movement in reserves			
Asset revaluation reserve			
Balance 1 July		**86.2**	86.5
Increment on revaluation of owner-occupied properties		**11.2**	1.0
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	29(c)	**24.1**	–
Deferred tax	6	**0.1**	(0.4)
Transfers out		**–**	(0.9)
Balance 30 June		**121.6**	86.2
Capital reserve			
Balance 1 July		**(0.2)**	1.2
Movement in reserve as a result of acquisition of MREIT		**–**	(1.4)
Balance 30 June		**(0.2)**	(0.2)
Foreign currency translation reserve			
Balance 1 July		**(0.7)**	0.2
Decrease in reserve due to translation of foreign operations		**(14.1)**	(0.9)
Balance 30 June		**(14.8)**	(0.7)
Security based payment reserve			
Balance 1 July		**21.4**	22.6
Expense relating to security based payments		**(9.7)**	(1.2)
Balance 30 June		**11.7**	21.4
NCI reserve			
Balance 1 July		**7.6**	–
Discount on acquisition of MREIT attributable to NCI		**–**	7.6
Balance 30 June		**7.6**	7.6

c) Nature and purpose of reserves

i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of owner-occupied assets. However, any decrement in excess of previous increments is expensed to profit or loss.

ii) Capital reserve

The capital reserve was prior to the introduction of IFRS, used to record the net revaluation increment or decrement on disposal of investment properties. The balance of the reserve may be transferred to retained earnings and used to satisfy distributions to securityholders.

25 RESERVES / CONTINUED

iii) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entities of Mirvac Limited are taken to the foreign currency translation reserve, as described in note 1(e).

iv) Security based payment reserve
The security based payment reserve is used to recognise the fair value of securities issued under LTI plans, securities issued under the EEP and any deficit resulting from the sale of securities under LTI plans.

v) NCI reserve
Transactions with NCI that do not result in a loss of control are accounted through equity. The NCI reserve is used to record the difference between the fair value of the NCI acquired or disposed and any consideration paid / received.

d) Reconciliation of movements between property, plant and equipment to asset revaluation reserve

	Note	**2011 $m**	2010 $m
Revaluation (increment)/decrement within property, plant and equipment	17	**(11.5)**	17.3
Items adjusted to statement of comprehensive income			
Items relating to owner-occupied buildings including fitout and lease amortisation		**0.3**	(18.2)
Balance transferred to asset revaluation reserve		**(11.2)**	(0.9)
Items adjusted directly to reserves			
NCI in the carrying value on acquisition of MREIT		**–**	(6.8)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	29(c)	**(24.1)**	–
Transfer out to NCI reserve		**–**	7.6
Tax adjustments		**(0.1)**	0.4
Movement in asset revaluation reserve	25(b)	**(35.4)**	0.3

26 RETAINED EARNINGS

	Note	**2011 $m**	2010 $m
Balance 1 July		**(768.7)**	(762.2)
Profit for the year attributable to the stapled securityholders of Mirvac		**182.3**	234.7
Items in other comprehensive income recognised directly in retained earnings			
– Movement in security based compensation		**(3.6)**	0.1
Dividends/distributions provided for or paid	28	**(280.1)**	(241.3)
Balance 30 June		**(870.1)**	(768.7)

27 NCI

Interest in:	**2011 $m**	2010 $m
Contributed equity	**10.0**	8.2
Retained earnings	**2.5**	2.8
	12.5	11.0

28 DIVIDENDS/DISTRIBUTIONS

Ordinary stapled securities	**2011 $m**	2010 $m
Quarterly ordinary distributions paid as follows:		
2.00 cents per stapled security paid on 29 October 2010 (unfranked distribution)	**68.3**	
2.00 cents per stapled security paid on 30 October 2009 (unfranked distribution)		56.1
2.00 cents per stapled security paid on 28 January 2011 (unfranked distribution)	**68.3**	
2.00 cents per stapled security paid on 29 January 2010 (unfranked distribution)		59.9
2.00 cents per stapled security paid on 29 April 2011 (unfranked distribution)	**68.3**	
2.00 cents per stapled security paid on 30 April 2010 (unfranked distribution)		60.0
2.20 cents per stapled security paid on 29 July 2011 (unfranked distribution)	**75.2**	
2.00 cents per stapled security paid on 30 July 2010 (unfranked distribution)		65.3
Total dividend/distribution 8.20 cents (2010: 8.00 cents) per stapled security	**280.1**	241.3

There was no dividend/distribution reinvestment plan in place for either year; all dividends/distributions were satisfied in cash. Franking credits available for subsequent years based on a tax rate of 30 per cent total $7.4m (2010: $9.0m on a tax rate of 30 per cent).

29 INVESTMENTS IN ASSOCIATES

a) Associates accounted for using the equity method

Investments in associates are accounted for using the equity method of accounting.
Information relating to associates is set out below:

Name of entity	Principal activities	Interest 2011 %	Interest 2010 %	2011 $m	2010 $m
Archbold Road Trust	Non-residential development	**20**	20	**–**	–
BAC Devco Pty Limited[1]	Non-residential development	**33**	33	**–**	–
FreeSpirit Resorts Pty Limited	Investment Property	**25**	25	**–**	–
Mindarie Keys Joint Venture[2]	Residential development	**15**	15	**0.5**	0.7
Mirvac City Regeneration Limited Partnership	Non-residential development	**25**	25	**–**	–
Mirvac Industrial Trust[3]	Listed property investment trust	**14**	14	**–**	–
Mirvac Wholesale Hotel Fund	Hotel investment	**49**	49	**128.1**	109.6
New Forests Pty Limited[4,5]	Forestry and environmental asset	**–**	13	**–**	–
				128.6	110.3

1) This entity entered into voluntary administration as of 4 May 2010.

2) Mirvac equity accounts for this investment as an associate even though it owns less than 20 per cent of the voting or potential voting power due to the fact that it has significant influence over this entity, as a controlled entity of the Group is the project manager of this investment.

3) Mirvac equity accounts for this investment as an associate even though it owns less than 20 per cent of the voting or potential voting power due to the fact that it has significant influence over this entity, as a controlled entity of the Group is the responsible entity for the fund.

4) Mirvac equity accounted for this investment as an associate even though it owned less than 20 per cent of the voting or potential voting power due to the fact that it had significant influence over this entity, as the company was manager of the fund before disposal. A subsidiary of the Group was trustee and the fund and the Group also had a seat on the Board.

5) The Group disposed of this investment during the year ended 30 June 2011.

All associates were established or incorporated in Australia with the exception of the Mirvac City Regeneration Partnership which was established in the United Kingdom.

b) Associates financial summary

Name of entity	(Loss)/ profit (100%) $m	Mirvac share of (loss)/ profit $m	Total assets (100%) $m	Total liabilities (100%) $m	Net assets/ liabilities (100%) $m	Mirvac carrying value of net assets $m
2011						
Archbold Road Trust	–	–	0.1	–	0.1	–
BAC Devco Pty Limited[1]	–	–	–	–	–	–
FreeSpirit Resorts Pty Limited	(1.3)	–	5.4	8.3	(2.9)	–
Mindarie Keys Joint Venture	0.5	0.1	7.3	1.0	6.3	0.5
Mirvac City Regeneration Limited Partnership[2]	1.8	–	64.6	33.7	30.9	–
Mirvac Industrial Trust[3]	29.9	–	432.0	360.3	71.7	–
Mirvac Wholesale Hotel Fund[4]	6.5	3.2	539.0	235.0	304.0	128.1
New Forests Pty Limited[5]	–	–	–	–	–	–
	37.4	**3.3**	**1,048.4**	**638.3**	**410.1**	**128.6**

1) This entity entered into voluntary administration as of 4 May 2010. The Group does not expect to recover any amounts and has no further obligation to the entity, therefore assets and liabilities of the investment are considered to be $nil.

2) The Group impaired the carrying amount of this investment by $5.9m in 2010 and did not recognise a share of profit for 2011.

3) The investment was written down to $nil in 2009. The Group did not recognise the full amount of the share of profit or loss in the investment since the net investment and loan to this investment have been fully impaired to $nil.

4) In prior years the Group has not accounted for a revaluation surplus in its carrying amount of the business which has been accounted for within the Mirvac Wholesale Hotel Fund. The revaluation surplus not recognised by the Group is $21.5m.

5) The Group disposed of this investment during the year ended 30 June 2011.

The carrying amounts reported by the Group have been adjusted for unrealised profit from transactions with the Group. The total amount adjusted is $0.3m (2010: $0.3m).

29 INVESTMENTS IN ASSOCIATES / CONTINUED

Name of entity	(Loss)/ profit (100%) $m	Mirvac share of (loss)/ profit $m	Total assets (100%) $m	Total liabilities (100%) $m	Net assets/ liabilities (100%) $m	Mirvac carrying value of net assets $m
2010						
Archbold Road Trust	–	–	0.1	–	0.1	–
BAC Devco Pty Limited	(0.1)	–	122.5	119.5	3.0	–
FreeSpirit Resorts Pty Limited	–	–	5.4	6.7	(1.3)	–
Mindarie Keys Joint Venture	3.6	0.6	7.7	1.1	6.6	0.7
Mirvac City Regeneration Limited Partnership 1	1.8	0.4	73.8	40.6	33.2	–
Mirvac Industrial Trust 2	(30.6)	(3.2)	490.8	439.2	51.6	–
Mirvac Wholesale Hotel Fund 3	(10.1)	(5.6)	500.6	234.1	266.5	109.6
MREIT	–	4.6	–	–	–	–
New Forests Pty Limited	(2.5)	(0.2)	3.0	0.5	2.5	–
	(37.9)	(3.4)	1,203.9	841.7	362.2	110.3

1) The Group impaired the carrying amount of this investment by $5.9m. Refer to note 29(c) for further details.

2) The investment was written down to $nil in 2009 with further write down of $3.2m in the loan to its investment. The Group did not take up the full amount of the share of loss in the investment because the net investment and loan to this investment have been fully impaired to $nil.

3) In prior years the Group has not accounted for a revaluation surplus in its carrying amount of the business which has been accounted for within the Mirvac Wholesale Hotel Fund. The revaluation surplus not recognised by the Group is $21.5m.

c) Movements in carrying amounts and aggregate share

	Note	**2011 $m**	2010 $m
Movements in carrying amounts			
Balance 1 July		**110.3**	168.4
Transfers to joint ventures		**–**	(1.4)
Unrealised losses adjustments		**–**	(0.3)
New investment		**–**	2.0
Excess loss over equity invested written off against loans		**–**	3.2
Distributions received		**(9.1)**	(8.4)
Share of profit/(loss) from ordinary operating activities	29(b)	**3.3**	(3.4)
Impairment of investment		**–**	(5.9)
Increase in equity as a result of MREIT acquisition		**–**	21.1
Consolidation of MREIT		**–**	(63.4)
Share of increment on revaluation of freehold land and property, plant and equipment	25(b)	**24.1**	–
Other		**–**	(1.6)
Balance 30 June	29(a)	**128.6**	110.3
Mirvac's aggregate share of associates' assets and liabilities			
Current assets		**16.2**	11.2
Non-current assets		**328.1**	359.5
Total assets		**344.3**	370.7
Current liabilities		**53.0**	88.8
Non-current liabilities		**123.7**	139.4
Total liabilities		**176.7**	228.2
Net assets		**167.6**	142.5
Mirvac's aggregate share of associates' revenues, expenses and results			
Revenues		**81.8**	77.6
Expenses		**(74.1)**	(86.2)
Profit/(loss) before income tax		**7.7**	(8.6)
Mirvac's aggregate share of associates' expenditure commitments			
Capital commitments		**–**	–
Fair value of listed investments in associates			
Mirvac Industrial Trust		**1.9**	1.9

29 INVESTMENTS IN ASSOCIATES / CONTINUED

d) Investment in associates accounted for at fair value

Name of entity	Principal activities	Interest 2011 %	Interest 2010 %	2011 $m	2010 $m
James Fielding Infrastructure Yield Fund	Infrastructure	**22**	22	**15.5**	15.3

e) Impairment of investments

During the year, there was no impairment of investments (2010: $5.9m).

30 INVESTMENTS IN JOINT VENTURES

a) Joint ventures accounted for using the equity method

Investments in joint ventures include those in corporations, partnerships and other entities and accounted for in the consolidated financial statements using the equity method of accounting. All joint ventures were incorporated in Australia with the exception of Quadrant Real Estate Advisors LLC which was incorporated in the United States. Information relating to joint ventures is set out below:

Name of entity	Principal activities	Interest 2011 %	Interest 2010 %	2011 $m	2010 $m
Australian Centre for Life Long Learning	Non-residential development	**50**	50	**–**	–
Bankstown Airport Development Pty Ltd	Non-residential development	**50**	50	**–**	–
BL Developments Pty Ltd	Residential development	**50**	50	**48.2**	47.1
City West Property Investments (No.1) Trust	Non-residential development	**50**	50	**9.3**	9.2
City West Property Investments (No.2) Trust	Non-residential development	**50**	50	**9.3**	9.2
City West Property Investments (No.3) Trust	Non-residential development	**50**	50	**9.3**	9.2
City West Property Investments (No.4) Trust	Non-residential development	**50**	50	**9.3**	9.2
City West Property Investments (No.5) Trust	Non-residential development	**50**	50	**9.3**	9.2
City West Property Investments (No.6) Trust	Non-residential development	**50**	50	**9.3**	9.2
CN Collins Pty Limited[1]	Non-residential development	**–**	50	**–**	0.2
Domaine Investment Trust	Non-residential development	**50**	50	**–**	–
Ephraim Island Joint Venture	Residential development	**50**	50	**9.9**	14.3
Fast Track Bromelton Pty Ltd and Nakheel SPV Pty Ltd	Non-residential development	**50**	50	**27.1**	27.1
HPAL Freehold Pty Limited	Non-residential development	**50**	50	**–**	7.4
Infocus Infrastructure Management Pty Ltd	Investment property	**50**	50	**1.8**	1.2
J F Infrastructure Pty Limited	Infrastructure	**50**	50	**–**	–
Leakes Road Rockbank Unit Trust	Residential development	**50**	50	**13.7**	13.8
Mirvac Lend Lease Village Consortium/ Newington Olympic Village	Residential development	**50**	50	**1.1**	1.0
Mirvac Wholesale Residential Development Partnership Trust	Residential development	**20**	20	**23.1**	16.3
MVIC Finance 2 Pty Limited	Residential development	**50**	50	**–**	–
New Zealand Sustainable Forestry Investors 1&2	Forestry and environmental asset	**33**	33	**2.5**	8.4
Quadrant Real Estate Advisors LLC	Investment property	**50**	50	**2.2**	2.7
Swanbourne Joint Venture	Residential development	**50**	50	**3.2**	7.0
Tucker Box Holdings Pty Limited	Hotel investment	**50**	50	**122.6**	98.6
Walsh Bay Partnership	Residential development	**50**	50	**–**	–
				311.2	300.3

1) The Group has acquired the remaining equity in the investment and it is now a 100 per cent owned controlled entity.

30 INVESTMENTS IN JOINT VENTURES / CONTINUED

b) Joint ventures financial summary

Name of entity	Profit/(loss) (100%) $m	Mirvac share of profit/(loss) $m	Total assets (100%) $m	Total liabilities (100%) $m	Net assets/(liabilities) (100%) $m	Mirvac carrying value of net assets $m
2011						
Australian Centre for Life Long Learning	0.6	–	84.3	103.8	(19.5)	–
Bankstown Airport Development Pty Ltd	–	–	–	–	–	–
BL Developments Pty Ltd[1]	(5.7)	0.3	110.9	3.5	107.4	48.2
City West Property Investments (No.1) Trust	0.2	0.1	18.7	–	18.7	9.3
City West Property Investments (No.2) Trust	0.2	0.1	18.7	–	18.7	9.3
City West Property Investments (No.3) Trust	0.2	0.1	18.7	–	18.7	9.3
City West Property Investments (No.4) Trust	0.2	0.1	18.7	–	18.7	9.3
City West Property Investments (No.5) Trust	0.2	0.1	18.7	–	18.7	9.3
City West Property Investments (No.6) Trust	0.2	0.1	18.7	–	18.7	9.3
CN Collins Pty Limited[2]	–	1.1	–	–	–	–
Domaine Investment Trust	–	–	–	5.2	(5.2)	–
Ephraim Island Joint Venture	(2.7)	(1.3)	54.7	29.0	25.7	9.9
Fast Track Bromelton Pty Ltd and Nakheel SPV Pty Ltd	0.2	0.1	64.6	0.1	64.5	27.1
HPAL Freehold Pty Limited	0.3	–	19.7	4.5	15.2	–
Infocus Infrastructure Management Pty Ltd	1.1	0.6	3.7	0.1	3.6	1.8
J F Infrastructure Pty Limited[3]	(2.6)	(1.3)	1.6	215.5	(213.9)	–
Leakes Road Rockbank Unit Trust	(0.1)	(0.1)	28.3	0.7	27.6	13.7
Mirvac Lend Lease Village Consortium/ Newington Olympic Village	0.1	0.1	6.4	4.3	2.1	1.1
Mirvac Wholesale Residential Development Partnership Trust	10.2	2.1	501.5	295.1	206.4	23.1
MVIC Finance 2 Pty Limited	–	–	0.1	–	0.1	–
New Zealand Sustainable Forestry Investors1&2[4]	7.3	2.7	9.7	2.1	7.6	2.5
Quadrant Real Estate Advisors LLC[5]	4.2	1.8	27.5	31.0	(3.5)	2.2
Swanbourne Joint Venture	0.2	0.1	15.5	0.1	15.4	3.2
Tucker Box Holdings Pty Limited	62.4	31.2	414.4	168.1	246.3	122.6
Walsh Bay Partnership	–	–	–	2.2	(2.2)	–
	76.7	**38.0**	**1,455.1**	**865.3**	**589.8**	**311.2**

1) The Group did not take up the impairment loss in the Group's share of profit of the joint venture, as the carrying value of the investment is already below the 50 per cent ownership of the net assets of the joint venture.
2) The Group acquired the remaining equity in the entity and it is now a 100 per cent owned controlled entity.
3) The Group has written down the loan to the joint venture to cover the Group's share of loss of $1.3m (2010: $9.5m).
4) The entity has disposed of its forestry assets during 2011.
5) The carrying amount reflects the Group's entitlement to the net assets independent of the financial performance of the joint venture.

The carrying amounts reported by the Group have been adjusted for unrealised profit from transactions with the Group. The total amount adjusted is $35.9m (2010: $40.3m).

30 INVESTMENTS IN JOINT VENTURES / CONTINUED

Name of entity	Profit/ (loss) (100%) $m	Mirvac share of profit/ (loss) $m	Total assets (100%) $m	Total liabilities (100%) $m	Net assets/ (liabilities) (100%) $m	Mirvac carrying value of net assets $m
2010						
197 Salmon Street Trust	–	1.6	–	–	–	–
Australian Centre for Life Long Learning	(0.1)	–	85.0	105.1	(20.1)	–
Bankstown Airport Development Pty Ltd	–	–	–	–	–	–
Bargara Lifestyle Development Pty Ltd	–	–	–	–	–	–
BL Developments Pty Ltd	8.7	4.4	148.9	35.8	113.1	47.1
City West Property Investments (No.1) Trust	0.2	0.2	18.5	–	18.5	9.2
City West Property Investments (No.2) Trust	0.2	0.2	18.5	–	18.5	9.2
City West Property Investments (No.3) Trust	0.2	0.2	18.5	–	18.5	9.2
City West Property Investments (No.4) Trust	0.2	0.2	18.5	–	18.5	9.2
City West Property Investments (No.5) Trust	0.2	0.2	18.5	–	18.5	9.2
City West Property Investments (No.6) Trust	0.2	0.2	18.5	–	18.5	9.2
CN Collins Pty Limited	(0.1)	–	36.1	41.9	(5.8)	0.2
Domaine Investment Trust [1]	(1.8)	(0.8)	–	5.2	(5.2)	–
Ephraim Island Joint Venture	5.2	2.6	60.3	31.6	28.7	14.3
Fast Track Bromelton Pty Ltd and Nakheel SPV Pty Ltd	0.1	–	64.8	0.4	64.4	27.1
High Sky Pty Limited	–	–	–	–	–	–
HPAL Freehold Pty Limited	6.2	0.9	65.2	50.4	14.8	7.4
Infocus Infrastructure Management Pty Ltd	1.1	–	3.6	1.3	2.3	1.2
J F Infrastructure Pty Limited [2]	(18.3)	(9.5)	4.9	216.1	(211.2)	–
Leakes Road Rockbank Unit Trust	(0.3)	(0.2)	28.3	0.7	27.6	13.8
Lifestyle Villages Management Pty Limited	–	–	–	–	–	–
Lifestyle Villages Trust	–	–	–	–	–	–
Mirvac AQUA Pty Limited	(1.0)	(0.6)	–	–	–	–
Mirvac 8 Chifley Pty Limited (formerly Mirvac Aust Super Pty Ltd)	–	(5.5)	–	–	–	–
Mirvac Lend Lease Village Consortium/ Newington Olympic Village	–	0.6	7.5	5.4	2.1	1.0
Mirvac Wholesale Residential Development Partnership Trust [3]	(12.2)	3.3	506.5	310.4	196.1	16.3
MVIC Finance 2 Pty Limited	–	–	0.1	–	0.1	–
New Zealand Sustainable Forestry Investors1&2 [4]	0.7	–	79.7	33.3	46.4	8.4
Old Wallgrove Road Trust	–	–	–	–	–	–
Prosaine Management Pty Limited	–	–	–	–	–	–
Quadrant Real Estate Advisors LLC [5]	1.1	0.8	39.2	48.7	(9.5)	2.7
Swanbourne Joint Venture	–	–	14.6	0.3	14.3	7.0
Tucker Box Holdings Pty Limited	21.7	6.5	377.3	179.2	198.1	98.6
Walsh Bay Partnership	–	–	0.1	2.3	(2.2)	–
	12.2	5.3	1,633.1	1,068.1	565.0	300.3

1) The Group has written down the loan to the joint venture to cover the Group's share of loss of $0.8m.
2) The Group has written down the loan to the joint venture to cover the Group's share of loss of $9.5m (2009: $11.8m).
3) The Group did not take up the impairment loss in the Group's share of profit of the joint venture, as the carrying value of the investment is already below the 20 per cent ownership of the net assets of the joint venture.
4) The Group impaired the carrying amount of the investment by $7.4m in 2009.
5) The carrying amount reflects the Group's entitlement to the net assets independent of the financial performance of the joint venture.

30 INVESTMENTS IN JOINT VENTURES / CONTINUED

c) Movements in carrying amounts and aggregate share

	Note	2011 $m	2010 $m
Movement in carrying amounts			
Balance 1 July		**300.3**	229.2
Transfers from associates		**–**	1.4
New investment		**4.8**	18.3
Repayment of capital		**(23.6)**	–
Excess loss over equity invested written off against loans		**–**	10.7
Distributions received		**(12.0)**	(10.5)
Deferred revenue realised/(unrealised)		**5.6**	(0.1)
Share of profit from ordinary operating activities	30(b)	**38.0**	5.3
Transfers to investment in controlled entities		**(5.9)**	–
Acquisition of MREIT including the remeasurement of equity interest		**–**	(104.6)
Increase in equity as a result of acquisitions		**4.5**	148.0
Other		**(0.5)**	2.6
Balance 30 June		**311.2**	300.3
Mirvac's aggregate share of joint ventures' assets and liabilities			
Current assets		**136.6**	188.9
Non-current assets		**438.9**	462.4
Total assets		**575.5**	651.3
Current liabilities		**250.0**	293.6
Non-current liabilities		**93.8**	141.9
Total liabilities		**343.8**	435.5
Net assets		**231.7**	215.8
Mirvac's aggregate share of joint ventures' revenues, expenses and results			
Revenues		**105.7**	199.2
Expenses		**(71.6)**	(189.6)
Profit before income tax		**34.1**	9.6
Mirvac's aggregate share of joint ventures' expenditure commitments			
Capital commitments		**–**	–

d) Impairment of investments

In the year ended 30 June 2011, no impairment provision (2010: $nil) was taken against the carrying value of the investments in join ventures. Investments in joint ventures are reviewed at the end of each reporting period for any impairment and written off to the extent that the future benefits are no longer probable and do not support the carrying value of the investment.

31 CONTINGENT LIABILITIES

a) Contingent liabilities

The Group had contingent liabilities at 30 June 2011 in respect of the following:

	2011 $m	2010 $m
Bank guarantees and performance bonds issued by external parties in respect of certain performance obligations granted in the normal course of business	**79.3**	60.3
Asset performance guarantees. The Group has provided guarantees to owners of some managed assets as to the future performance of these assets	**3.4**	1.5
Claims for damages in respect of injury sustained due to health and safety issues have been made during the year. The potential effect of these claims indicated by legal advice is that if the claims were to be successful against the Group, they would result in a liability	**1.5**	0.3

As part of the ordinary course of business of the Group, disputes can arise with suppliers, customers and other third parties. Where there is a present obligation, a liability is recognised. Where there is a possible obligation, which will only be determined by a future event and it is not considered probable that a liability will arise, they are disclosed as a contingent liability. Where the possible obligation is remote, no disclosure is given. The Group does not provide details of these as to do so may prejudice the Group's position.

b) Guarantees

For information about guarantees given by entities within the Group, including the parent entity please refer to notes 15 and 41.

c) Associates and joint ventures

There are no contingent liabilities relating to associates and joint ventures.

32 COMMITMENTS

a) Capital commitments

	2011 $m	2010 $m
Investment properties		
Not later than one year	**24.8**	29.8
Later than one year but not later than five years	**5.9**	–
Later than five years	**–**	–
	30.7	29.8
Property, plant and equipment		
Not later than one year	**2.1**	0.6
Later than one year but not later than five years	**–**	–
Later than five years	**–**	–
	2.1	0.6

b) Lease commitments

	2011 $m	2010 $m
Operating leases		
Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Not later than one year	**8.9**	9.0
Later than one year but not later than five years	**24.8**	30.5
Later than five years	**–**	1.5
	33.7	41.0
Finance leases		
Commitments in relation to finance leases are payable as follows:		
Not later than one year	**3.4**	3.5
Later than one year but not later than five years	**10.1**	13.1
Later than five years	**–**	–
Residual	**–**	–
Minimum lease payments	**13.5**	16.6
Less: Future finance charges	**(1.8)**	(2.7)
Lease liabilities (refer to note 20)	**11.7**	13.9

Mirvac leases various plant and equipment with a carrying value of $nil (2010: $0.1m) under finance leases expiring in less than five years.

33 KMP

a) Determination of KMP

KMP are those people with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. For Mirvac, the KMP are defined to be members of the ELT and Non-Executive Directors. For the year ended 30 June 2011, the ELT comprised the Managing Director — Nicholas Collishaw; Chief Executive Officer — Investment — Andrew Butler; Chief Executive Officer — Development — Brett Draffen; Chief Operating Officer — Gary Flowers; and Chief Financial Officer — Justin Mitchell. Remuneration details are also included for John Carfi and Matthew Wallace as they are among the five highest remunerated Group Executives and disclosure is required under the *Corporations Act 2001*.

b) KMP compensation excluding Non-Executive Directors' compensation

	2011 $m	2010 $m
Short term employment benefits	**11.7**	11.7
Post-employment benefits	**0.1**	0.2
Security based payments	**2.1**	3.2
Termination benefits	**–**	1.2
Other long term benefits	**0.1**	0.1
	14.0	16.4

Detailed remuneration disclosures are provided in the remuneration report on pages 07 to 22.

33 KMP / CONTINUED

c) Equity instrument disclosures relating to KMP

i) Security holdings

The number of ordinary securities in Mirvac held during the year by each Director and other KMP, including their personally-related parties, is set out below. There were no securities granted during the year as compensation.

	Balance 1 July	Securities issued under EEP	Other changes[1]	**Balance 30 June**
2011				
Directors				
James MacKenzie	129,914	–	–	**129,914**
Nicholas Collishaw	2,056,004	–	(19,492)	**2,036,512**
Peter Hawkins	596,117	–	–	**596,117**
James Millar	40,714	–	–	**40,714**
Penny Morris	241,136	–	–	**241,136**
John Mulcahy	25,000	–	–	**25,000**
Elana Rubin	–	–	10,000	**10,000**
Executives				
Andrew Butler	147,554	–	(7,758)	**139,796**
John Carfi	128,913	–	(11,401)	**117,512**
Brett Draffen	280,272	–	(7,491)	**272,781**
Gary Flowers	–	–	–	**–**
Justin Mitchell	164,637	–	(10,708)	**153,929**
Matthew Wallace	153,976	–	(8,393)	**145,583**
2010				
Directors				
James MacKenzie	119,200	–	10,714	129,914
Nicholas Collishaw	2,027,436	–	28,568	2,056,004
Peter Hawkins	442,547	–	153,570	596,117
James Millar	–	–	40,714	40,714
Penny Morris	208,994	–	32,142	241,136
John Mulcahy	–	–	25,000	25,000
Executives				
John Carfi	128,913	–	–	128,913
Brett Draffen	380,272	–	(100,000)	280,272
Gary Flowers	–	–	–	–
Christopher Freeman	320,724	–	(320,724)	–
Grant Hodgetts	139,440	–	–	139,440
Justin Mitchell	164,637	–	–	164,637

1) Other changes include additions resulting from first disclosure of a KMP and other changes to options and performance rights.

ii) Options

Details of options granted as remuneration and stapled securities issued on the exercise of such options, together with terms and conditions of the options, are provided on pages 07 to 22 in the remuneration report. The number of options over ordinary securities in Mirvac held during the year by each Director and other KMP, including their personally-related parties, is set out below:

	Balance 1 July	Options issued under LTP	Other changes	**Balance 30 June**	Unvested 30 June
2011					
Director					
Nicholas Collishaw	2,336,340	–	(309,930)	**2,026,410**	1,923,100
Executives					
Andrew Butler	–	–	–	**–**	–
John Carfi	368,600	–	–	**368,600**	368,600
Brett Draffen	796,780	–	(193,710)	**603,070**	538,500
Gary Flowers	192,300	–	–	**192,300**	192,300
Justin Mitchell	471,050	–	(103,313)	**367,737**	333,300
Matthew Wallace	336,500	–	–	**336,500**	336,500

33 KMP / CONTINUED

	Balance 1 July	Options issued under LTP	Other changes	**Balance 30 June**	Unvested 30 June
2010					
Director					
Nicholas Collishaw	2,336,340	–	–	**2,336,340**	2,336,340
Executives					
John Carfi	368,600	–	–	**368,600**	368,600
Brett Draffen	796,780	–	–	**796,780**	796,780
Gary Flowers	192,300	–	–	**192,300**	192,300
Christopher Freeman	–	–	–	**–**	–
Grant Hodgetts	587,030	–	(319,610)	**267,420**	267,420
Justin Mitchell	471,050	–	–	**471,050**	471,050

iii) Performance rights

Details of performance rights granted as remuneration and stapled securities issued on the exercise of such rights, together with terms and conditions of the rights, are provided on pages 07 to 22 of the remuneration report. The number of performance rights in Mirvac held during the year by each Director and other KMP, including their personally-related parties, are set out below:

	Balance 1 July	Rights issued under LTP	Other changes	**Balance 30 June**
2011				
Director				
Nicholas Collishaw	3,199,560	2,189,600	(116,360)	**5,272,800**
Executives				
Andrew Butler	99,470	88,500	(27,270)	**160,700**
John Carfi	489,670	174,900	(118,170)	**546,400**
Brett Draffen	906,130	452,200	(163,630)	**1,194,700**
Gary Flowers	351,800	380,400	–	**732,200**
Justin Mitchell	464,490	179,500	(129,690)	**514,300**
Matthew Wallace	467,050	147,600	(116,350)	**498,300**
2010				
Director				
Nicholas Collishaw	985,960	2,213,600	–	**3,199,560**
Executives				
John Carfi	193,970	295,700	–	**489,670**
Brett Draffen	316,230	589,900	–	**906,130**
Gary Flowers	87,000	264,800	–	**351,800**
Christopher Freeman	1,304,300	–	(1,304,300)	**–**
Grant Hodgetts	228,710	–	(132,270)	**96,440**
Justin Mitchell	189,490	275,000	–	**464,490**

d) Loans to Directors and other KMP

Details of loans made to Directors and other KMP (including loans granted under the LTIP and EIS), including their personally-related parties, are set out below:

i) Aggregates for Directors and other KMP

	Balance 1 July $	Interest not charged [(d)] $	Balance 30 June $	Directors and other KMP at 30 June Number
2011	**16,985,658**	**839,064**	**14,885,336**	**7**
2010	9,341,460	501,435	15,704,246	7

33 KMP / CONTINUED

ii) Individuals with loans above $100,000 during the reporting period:

2011	Note	Balance 1 July $	Interest not charged (d) $	Balance 30 June $	Highest indebtedness during the reporting period $
Director					
Nicholas Collishaw	(a)	963,959	–	645,496	963,959
	(c)	1,004,500	–	1,004,500	1,004,500
	(e)	1,900,000	121,276	1,700,000	1,900,000
Executives					
Andrew Butler	(a)	432,630	–	333,910	432,630
	(e)	1,900,000	123,907	1,750,000	1,900,000
John Carfi	(a)	323,123	–	204,209	323,123
	(e)	1,900,000	123,907	1,750,000	1,900,000
Brett Draffen	(a)	534,609	–	298,915	534,609
	(b)	450,000	25,408	350,000	450,000
	(e)	1,900,000	123,907	1,750,000	1,900,000
Gary Flowers	(e)	1,000,000	65,908	950,000	1,000,000
Justin Mitchell	(a)	287,119	–	155,187	287,119
	(c)	157,850	–	157,850	157,850
	(e)	1,900,000	123,907	1,750,000	1,900,000
Matthew Wallace	(a)	331,868	–	235,269	331,868
	(b)	100,000	6,937	100,000	100,000
	(e)	1,900,000	123,907	1,750,000	1,900,000
2010					
Director					
Nicholas Collishaw	(a)	974,470	–	963,959	974,470
	(c)	1,004,500	–	1,004,500	1,004,500
	(e)	2,000,000	116,430	1,900,000	2,000,000
Executives					
John Carfi	(a)	326,921	–	323,123	326,921
	(b)	80,000	795	–	80,000
	(e)	1,500,000	102,967	1,900,000	2,000,000
Brett Draffen	(a)	540,358	–	534,609	540,358
	(b)	500,000	27,719	450,000	500,000
	(e)	–	63,780	1,900,000	2,000,000
Gary Flowers	(e)	–	36,774	1,000,000	1,000,000
Christopher Freeman	(a)	1,083,596	–	1,083,596	1,083,596
	(b)	480,000	12,924	–	480,000
Grant Hodgetts	(a)	403,478	–	399,490	403,478
	(e)	–	70,175	1,900,000	2,000,000
Justin Mitchell	(a)	290,287	–	287,119	290,287
	(c)	157,850	–	157,850	157,850
	(e)	–	69,871	1,900,000	2,000,000

a) Securities purchased under the LTIP, EIS and former James Fielding Group ("JFG") EIS are funded by interest-free employee loans. The loans are non-recourse to the employee in the event of a shortfall on disposal. The securities issued are held as security until the loans are repaid.

b) Loans made under the employee loan scheme (the EIP) are interest free, repayable over periods from six to 10 years, and repayable in full upon cessation of employment. The loans are secured by mortgage over the property or securities purchased. Loans issued under the employee loan scheme are subject to a periodic forgiveness schedule and may also be subject to terms set out in service agreements.

c) Securities issued under the former JFG EIS and converted to Mirvac securities are interest bearing employee loans. The loans are non-recourse in the event of disposal. The stapled securities issued are held as security until the loans are repaid.

d) Interest not charged excludes loans issued under the LTIP and EIS.

e) During the year ended 30 June 2009, several employees were invited to participate in an interest-free loan program (the ERP) which has since been closed to further entry, consistent with Mirvac's intention to eliminate the use of loan plans as part of employee reward. The amounts of the loans range from $500,000 to $2,000,000 and must be secured against property or unconditional bank guarantee. A progressively increasing forgiveness schedule allows for no more than 50 per cent of the total loan balance to be forgiven after five years of continued service. The repayment date of the loan is the earlier of 12 months after the participant ceases to be employed by Mirvac, or 12 months after the fifth anniversary of the loan. Interest is payable for any period in which the loan remains unpaid after the repayment date.

Other than loans forgiven to specified executives as disclosed in the remuneration report, no write downs or provision for impairment for receivables have been recognised in relation to any loans made to Directors or specified executives.

33 KMP / CONTINUED

e) Other transactions with KMP

There are a number of transactions between KMP with the Group. The terms and conditions of these transactions are considered to be no more favourable than in similar transactions on an arm's length basis. On occasions, Directors and other KMP may purchase goods and services from Mirvac. These purchases are on terms and conditions available to Mirvac employees generally. As set out in the Directors' report, a number of the Directors of Mirvac are also Directors of other companies. On occasions, the Group may purchase goods and services from or supply good and services to these entities. These transactions are undertaken on normal commercial terms and conditions and the Director or other KMP does not directly influence these transactions.

34 EMPLOYEE BENEFITS

a) Employee benefits and related on-cost liabilities

Provision for employee benefits	Note	**2011 $m**	2010 $m
Annual leave accrual		**13.3**	13.9
Current LSL	21	**7.5**	6.3
Non-current LSL	21	**3.8**	4.1
Aggregate employee benefits and related on-cost liabilities		**24.6**	24.3

The aggregate employee benefits and related on-cost liabilities include amounts for annual leave and LSL. The amount for LSL that is expected to be settled more than 12 months from the end of the reporting period is measured at its present value.

b) Superannuation commitments

Mirvac offers employees based in Australia as part of their remuneration, the ability to participate in a staff superannuation plan managed by AustralianSuper. Employees are able to choose whether to participate in this plan or a qualifying plan of their choice. The plan provides lump sum benefits on retirement, disability or death for employees who are invited by their employer to join the plan. The plan is a defined contribution plan, which complies with relevant superannuation requirements.

c) Employee security issues

The total of all securities issued under all employee security schemes is limited to five per cent of the issued securities of the stapled group in any five year period.

d) LTI plans

i) EEP

The EEP is designed to encourage security ownership across the broader employee population. It provides eligible employees with $1,000 worth of Mirvac securities at $nil cost. The plan is open to Australian based employees with more than 12 months of continuous service, who do not participate in other Mirvac equity plans.

Securities acquired under this plan are subject to a restriction on disposal until the earlier of three years after acquisition, or cessation of employment with the Group. Otherwise, holders enjoy the same rights and benefits as other holders of Mirvac's stapled securities. On termination, employees retain any securities granted to them. At 30 June 2011, 3,737,414 stapled securities (2010: 2,634,713) had been issued to employees under the EEP.

ii) LTP — current plan

The LTP plan was originally introduced in the year ended 30 June 2008 following approval by securityholders at the 2007 Annual General Meeting. Securityholders approved an update to the LTP plan at the 2010 Annual General Meeting. The purpose of the LTP plan is to drive performance, retain executives and facilitate executive security ownership.

LTP grants are generally restricted to the senior executives who are most able to influence securityholder value. Executives are eligible, at the discretion of the HRC, to participate in the LTP plan. Non-Executive Directors are not eligible to participate in the LTP plan. Awards under this plan are made in the form of performance rights. Awards of options have also been made under this plan in previous years. A performance right is a right to acquire one fully paid stapled security in Mirvac provided a specified performance hurdle is met. No loans are made to participants under this plan.

The Board reviews the performance conditions annually to determine the appropriate hurdles based on Mirvac's strategy and prevailing market practice.

This year, the Board determined, on the recommendation of the HRC, that the sole performance condition to apply to the vesting of the grants made during the year ended 30 June 2011 would be Relative TSR. TSR was chosen given that it is an objective measure of securityholder value creation, and given its wide level of understanding and acceptance by the various key stakeholders. At 30 June 2011, 29,071,796 (2010: 22,238,221) performance rights and 5,618,645 (2010: 7,995,367) options had been issued to participants under the LTP plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. A total of 504,534 performance rights (2010: 1,304,300) and 741,362 options (2010: nil) vested during the year to 30 June 2011.

iii) Superseded plans

There are four old plans now closed for new grants with the introduction of the LTP.

— ERP

A small number of senior executives were invited to participate in the ERP. While the loans under this program were offered during the year ended 30 June 2009, some of the loan amounts were drawn down in the year ended 30 June 2010. The amounts of the loans range from $500,000 to $2,000,000 and must be secured against property or an unconditional bank guarantee. A progressively increasing forgiveness schedule allows for no more than 50 per cent of the total loan balance in total to be forgiven.

34 EMPLOYEE BENEFITS / CONTINUED

— EIS

Until 2006, Mirvac's long-term variable remuneration scheme for employees was the EIS. Open to all permanent employees, allocations were made annually, were unrestricted and fully vested on allotment. Existing arrangements remain in place until all current loans are repaid.

The loans were repayable via distributions received on the securities or upon their sale. If an employee resigns or is dismissed, the outstanding loan balance must be paid when employment ceases. In the event of redundancy, retirement, total and permanent disablement or death, the employee has 12 months after employment ceases in which to repay the loan. If the loan value is greater than the value of the securities when the loan balance is due, the remaining balance is written off and the securities are forfeited.

— LTIP

The LTIP was introduced in 2006 and approved by securityholders at the Group's 2006 Annual General Meeting. At this time, loan-funded incentive plans were common for entities with stapled securities due to the prevailing tax rules. Participation in the plan was open to the Managing Director, other Executive Directors, other Executives and eligible employees. Participants were offered an interest-free loan which was applied to fund the acquisition of Mirvac's stapled securities at market value. The term of the loan is eight years. Any loan balance outstanding at the end of the eighth year must be repaid at that time. The loan is reduced annually by applying the post-tax amounts of any distributions paid by Mirvac to the outstanding principal. The loans are interest free and non-recourse over their term.

Two performance conditions had to be met before the securities vested in full: Relative TSR and EPS growth. The satisfaction of each condition was given an equal weighting in terms of the total number of securities that may vest (that is, 50 per cent of the total securities held by a participant was subject to each performance condition). On vesting, 53.5 per cent of the original loan to fund the purchase of the vested securities was waived. The remaining balance of the loan will continue to be reduced by post-tax distributions until either the loan has been fully repaid or the eight-year term expires, whichever occurs first. If a participant terminates their employment, any outstanding loans must be repaid in full immediately or the underlying securities will be forfeited.

— EIP

The final loans under the EIP were offered during the year ended 30 June 2006. The amounts of the loans range from $50,000 to $800,000 with Mirvac holding security over the assets purchased with the loan proceeds. A progressively increasing forgiveness schedule applied which allowed the total loan balance to be forgiven if the employee remained employed on the final forgiveness date. At 30 June 2011, loans totalling $350,000 (2010: $820,000) had been offered to employees, $350,000 (2010: $820,000) of which were drawn down at 30 June 2011. These loans have a periodic forgiveness schedule.

e) Security based payment expense

Total expenses arising from security based payment transactions recognised during the year as part of employee benefits expenses were as follows:

	2011 $m	2010 $m
EEP	**1.4**	1.6
Current plan — LTP	**4.8**	7.1
	6.2	8.7

f) Fair value of security based payment expense

i) EEP

The nature of the securities allotted under this plan is in substance similar to an option. The assessed fair value is taken to profit or loss as the securities vest immediately.

— Security based payment inputs for the EEP issued during the year

	EEP
Grant date	24 March 2011
Security price at grant date	$1.25

34 EMPLOYEE BENEFITS / CONTINUED

ii) LTP

Fair value at grant date has been independently determined using an option pricing model that takes into account the exercise price, the term of the securities, the current price of the underlying securities, the expected volatility of the security price, the expected dividend yield and the risk-free interest rate for the term of the security. The fair value of the security based payment expense is calculated using a Monte-Carlo simulation. Assumptions used for the fair value of security based payment expense are as follows:

– Security based payment inputs for the current LTP plan

In valuing rights linked to the Relative TSR measure, the key inputs for the 2011 grant were as follows:

	Performance rights
Grant date	17 December 2010
Performance hurdle	Relative TSR
Performance period start	1 July 2010
Performance testing date	1 July 2013
Security price at grant date	$1.22
Exercise price	$nil
Expected life	2.5 years
Volatility	50%
Risk-free interest rate (per annum)	5.12%
Dividend/distribution yield (per annum)	6.4%

35 RELATED PARTIES

a) Controlled entities

Interests in controlled entities are set out in note 15.

b) KMP

Disclosures relating to KMP are set out in note 33.

c) Transactions with related parties

The following transactions occurred with related parties:

Transactions with associates and joint ventures	2011 $000	2010 $000
Interest income	**8,051**	6,393
Project development fees	**660**	1,807
Management and service fees	**62,052**	41,333
Construction billings	**173,125**	227,600
Responsible entity fees	**11,478**	17,720

d) Outstanding balances in relation to transactions with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2011 $000	2010 $000
Current receivables		
Associates and joint ventures	**47,358**	63,448
Non-current receivables		
Associates and joint ventures	**48,574**	106,964

An impairment provision of $497,000 (2010: $nil) in respect of receivables has been raised in relation to any outstanding balances, and no other expense has been recognised in respect of impaired receivables due from related parties.

e) Terms and conditions

Transactions relating to dividends/distributions are on the same terms and conditions that applied to other securityholders.

The terms of the tax funding agreement are set out note 6(d).

Other transactions were made on normal commercial terms and conditions with variable terms for the repayment and interest payable at market rates on the loans between the parties.

36 FINANCIAL RISK MANAGEMENT

Mirvac's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Mirvac's overall risk management program seeks to minimise potential adverse effects on the financial performance of Mirvac. The Group uses various derivative financial instruments to manage certain risk exposures, specifically in relation to interest rate and foreign exchange risks on borrowings. Derivatives are exclusively used for hedging purposes and are not held for trading or speculative purposes. Financial risk management is carried out by a central treasury department ("Mirvac Group Treasury") under policies approved by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity. Mirvac Group Treasury identifies, evaluates, reports and manages financial risks in close cooperation with the Group's operating units in accordance with Board policy.

The Group hold the following financial instruments:

	Note	**2011 $m**	2010 $m
Financial assets			
Cash and cash equivalents	38(a)	**673.1**	582.0
Receivables	8	**322.9**	386.0
Other financial assets at fair value through profit or loss	10	**15.5**	15.3
Derivative financial assets	14	**3.5**	16.0
		1,015.0	999.3
Financial liabilities			
Payables	19	**475.1**	350.4
Borrowings	20	**2,736.3**	1,844.3
Derivative financial liabilities	23	**143.8**	52.9
		3,355.2	2,247.6

The carrying values of trade receivables (less impairment provision) and payables are assumed to approximate their fair values due to their short term nature. Derivative financial assets and liabilities are valued based upon valuation techniques.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk.

i) Currency risk

Foreign exchange risk refers to the change in value between foreign currencies and the Australian dollar. This change affects the assets and liabilities of Mirvac which are denominated in currencies other than Australian dollars. Mirvac foreign exchange risks arise mainly from:

- borrowings denominated in currencies other than Australian dollars which are predominately US dollars;
- investments in offshore operations which are located in the United States and New Zealand;
- receipts and payments which are denominated in other currencies; and
- foreign exchange risk on derivatives.

Mirvac manages its foreign exchange risk for its assets and liabilities denominated in other currencies by borrowing in the same currency as that in which the offshore business operates to form a natural hedge against the movement in exchange rates. Mirvac manages its foreign currency note borrowings with cross currency swaps which swap the obligations to pay fixed or floating US dollar principal and interest payments to floating Australian dollar interest payments. Cross currency swaps in place cover 100 per cent of the US dollar denominated note principal outstanding. These swaps have the same maturity profiles as the underlying note obligations. This removes exposure to interest rates in the US market while creating floating exposures in the domestic market that have been managed to meet Mirvac's target interest rate profile. The foreign currency exchange rate has been fixed for all swaps to A$/US$ 0.7456.

At 30 June 2011, the notional amounts and periods of expiry of the cross currency swap contracts for the Group were:

	2011 $m	2010 $m
Greater than five years	**503.0**	503.0

All swaps require settlement on a quarterly basis. Translation gains or losses on the net investment in foreign operations are recorded through the foreign currency translation reserve.

Sensitivity analysis

Cross currency swaps are in place to manage the foreign exchange exposure on the US dollar debt. These swaps have the same notional principal and maturity profiles as those of the underlying note obligations. Based upon current exposures, there is no material foreign exchange sensitivity in Mirvac.

ii) Interest rate risk

Mirvac's interest rate risk arises from long term borrowings, cash and cash equivalents, receivables and derivatives.

36 FINANCIAL RISK MANAGEMENT / CONTINUED

Borrowings

Borrowings issued at variable rates expose Mirvac to cash flow interest rate risk. Borrowings issued at fixed rates expose Mirvac to fair value interest rate risk. The Group's policy is to have a minimum of 50 per cent and a maximum of 90 per cent of borrowings subject to fixed or capped interest rates. This policy was complied with at the end of the reporting period. Mirvac manages its cash flow interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed or capped rates. Under the interest rate derivatives, Mirvac agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The following table sets out Mirvac's net exposure to interest rate risk by maturity periods. Exposures arise predominately from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

		Fixed interest maturing in						
	Floating interest rate $m	1 year or less $m	Over 1 to 2 year(s) $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	**Total $m**
2011								
Unsecured bank loans	1,407.4	–	–	–	–	–	–	**1,407.4**
Domestic MTN	–	–	–	–	200.0	–	225.0	**425.0**
Foreign MTN	349.2	–	–	–	–	–	10.0	**359.2**
CMBS	505.0	–	–	–	–	–	–	**505.0**
Secured bank loans	28.0	–	–	–	–	–	–	**28.0**
Interest rate swaps	(1,487.8)	354.0	–	100.0	102.1	(50.0)	981.7	**–**
Lease liabilities	–	2.6	2.9	3.1	3.1	–	–	**11.7**
	801.8	**356.6**	**2.9**	**103.1**	**305.2**	**(50.0)**	**1,216.7**	**2,736.3**
2010								
Unsecured bank loans	997.9	–	–	–	–	–	–	997.9
Domestic MTN	100.0	100.0	–	–	–	150.0	–	350.0
Foreign MTN	440.0	–	–	–	–	–	10.0	450.0
Secured bank loans	32.5	–	–	–	–	–	–	32.5
Interest rate swaps	(1,132.5)	(50.0)	332.5	–	100.0	(150.0)	900.0	–
Lease liabilities	–	2.3	2.8	3.0	3.2	2.6	–	13.9
	437.9	52.3	335.3	3.0	103.2	2.6	910.0	1,844.3

Derivative instruments used by Mirvac

Mirvac has at times entered into interest rate derivatives to convert fixed rates to floating interest rates to give Mirvac the flexibility to use existing derivative positions and maintain fixed rate exposures within the target range.

Mirvac enters into a variety of bought and/or sold option agreements which allow rates to float between certain ranges and agreements which allow the relevant bank to cancel options if certain conditions arise, the benefit of which is lower fixed rates. The rates will revert to no worse than the floating rate payable as if no derivative was entered into. These derivatives are recorded on the statement of financial position at fair value in accordance with AASB 139. Derivatives currently in place cover approximately 68.1 per cent (2010: 68.3 per cent) of the loan principal outstanding. The fixed interest rates range between 4.25 and 7.00 per cent (2010: 4.25 and 7.00 per cent) per annum. At 30 June 2011, the notional principal amounts, interest rates and periods of expiry of the interest rate swap contracts held by the Group were as follows:

	Floating to fixed				Fixed to floating			
	2011		2010		**2011**		2010	
	Interest rates % pa	**$m**	Interest rates % pa	$m	**Interest rates % pa**	**$m**	Interest rates % pa	$m
1 year or less	**4.25-7.00**	**354.0**	5.95	50.0	**–**	**–**	6.75	100.0
Over 1 to 2 year(s)	**–**	**–**	4.25-7.00	332.5	**–**	**–**	–	–
Over 2 to 3 years	**5.50**	**100.0**	–	–	**–**	**–**	–	–
Over 3 to 4 years	**5.17**	**102.1**	5.50	100.0	**8.25**	**150.0**	–	–
Over 4 to 5 years	**5.07**	**100.0**	–	–	**–**	**–**	8.25	150.0
Over 5 years	**5.17-6.40**	**981.7**	5.67-6.40	900.0	**–**	**–**	–	–
		1,637.8		1,382.5		**150.0**		250.0

The contracts require settlement of net interest receivable or payable each reset date (generally 90 days). The settlement dates generally coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

Cash and cash equivalents

Cash held exposes Mirvac to cash flow interest rate risk.

36 FINANCIAL RISK MANAGEMENT / CONTINUED

Receivables

The Group's exposure to interest rate risk for current and non-current receivables is set out in the following table:

			Fixed interest maturing in						
	Note	Floating interest rate $m	1 year or less $m	Over 1 to 2 year(s) $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Non-interest bearing $m	**Total $m**
2011									
Trade receivables	8	–	–	–	–	–	–	42.7	**42.7**
Related party receivables	8	–	23.1	14.0	9.1	–	0.6	60.4	**107.2**
Loans to Directors and employees	8	–	–	–	–	–	–	17.7	**17.7**
Other receivables	8	51.0	21.0	3.8	3.1	3.0	–	73.4	**155.3**
		51.0	**44.1**	**17.8**	**12.2**	**3.0**	**0.6**	**194.2**	**322.9**
2010									
Trade receivables	8	–	–	–	–	–	–	50.5	50.5
Related party receivables	8	14.0	36.8	3.9	14.4	8.1	–	104.2	181.4
Loans to Directors and employees	8	–	–	–	–	–	–	19.4	19.4
Other receivables	8	34.3	41.4	2.7	3.0	2.5	–	50.8	134.7
		48.3	78.2	6.6	17.4	10.6	–	224.9	386.0

Sensitivity analysis

Mirvac's interest rate risk exposure arises from long term borrowings, cash held with financial institutions and receivables. Based upon a 25 (2010: 50) basis point increase or decrease in Australian interest rates, the impact on profit after tax has been calculated taking into account all underlying exposures and related derivatives. This sensitivity has been selected as this is considered reasonable given the current level of both short term and long term interest rates.

The impact on the Group's result of a 25 (2010: 50) basis point increase in interest rates assuming no interest is capitalised would be an increase in profit of $17.0m (2010: increase of $16.7m). The impact on Mirvac's result of a 25 (2010: 50) basis point decrease in interest rates would be a decrease in profit of $8.8m (2010: decrease of $15.0m). The impact on the Group of a movement in US dollar interest rates would not be material to profit of the Group.

The interest rate sensitivities of the Group vary on an increase/decrease 25 basis point movement in interest rates due to the interest rate optionality of a small number of derivatives.

iii) Price risk

The Group is exposed to equity price risk arising from an equity investment (refer to note 10). The equity investment is held for the purpose of selling in the near term. As this investment is not listed, the fund manager provides a unit price each six months. At the end of the reporting period, if the unit price had been five per cent higher or lower, the effect on net profit for the year would have been $0.7m (2010: $0.7m). This investment represents less than one per cent of Mirvac's net assets and therefore represents minimal risk to the Group.

b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and will cause a financial loss. Mirvac has exposures to credit risk on cash and cash equivalents, receivables and derivative financial assets; the maximum exposure to credit risk is based on the total value of the Group's financial assets, net of any provision for impairment, as shown in note 8. To help manage this risk, the Group has a policy for establishing credit limits for the entities dealt with which is based on the size or previous trading experience of the entity. Based upon the size or previous trading experience, Mirvac may require collateral, such as bank guarantees in relation to investment properties, leases or deposits taken on residential sales.

Mirvac may also be subject to credit risk for transactions which are not included in the statement of financial position, such as when Mirvac provides a guarantee for another party. Details of the Group's contingent liabilities are disclosed in note 31. The credit risk arising from derivatives transactions and cash held with financial institutions exposes the Group if the contracting entity is unable to complete its obligations under the contracts. Mirvac's policy is to spread the amount of net credit exposure among major financial institutions which are rated the equivalent of A or above from the major rating agencies. Mirvac's net exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. With regard to mezzanine loans, Mirvac monitors all loans advanced on a continuous basis. Formal procedures are in place, which include the regular review of each loan's status, monitoring of compliance with loan terms and conditions, consideration of historical performance and future outlook of borrowers for realisation. These procedures include the process for the realisation of loans, review and determination of the appropriate carrying value of investments and regular dialogue with the borrowers to ensure material issues are identified as they arise. Refer to note 8 for the management of credit risk relating to receivables.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, the ability to close out market positions and the ability to raise funds through the issue of new securities through various means including placements and/or Mirvac's DRP. Mirvac prepares and updates regular forecasts of the Group's liquidity requirements to ensure that committed credit lines are kept available in order to take advantage of growth opportunities. Surplus funds are generally only invested in highly liquid instruments.

At 30 June 2011, Mirvac has minimal liquidity risk due to there being only $583.1m of current borrowings and undrawn facilities of $520.1m. It is expected that these expiring facilities will be paid out of cash balances held which at 30 June were $673.1m.

36 FINANCIAL RISK MANAGEMENT / CONTINUED

d) Capital risk

Mirvac's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide returns to securityholders and meet its strategic objectives without increasing its overall risk profile.

In assessing the optimal capital structure, the Group seeks to maintain an investment grade credit rating of BBB to reduce the cost of capital and diversify its sources of debt capital.

At 30 June 2011, the gearing ratio (net debt including cross currency swaps to total tangible assets less cash) was 26.3 per cent (2010: 18.1 per cent). The Group's target gearing ratio is 20 to 25 per cent. This may be exceeded in order to take advantage of appropriate opportunities, such as acquisitions as they arise. To manage the Group's gearing ratio, a number of mechanisms are available. These may include adjusting the amount of dividends/distributions paid to securityholders, adjusting the number of securities on issue (via buybacks), or the disposal of assets.

Mirvac prepares quarterly statements of financial position, statements of comprehensive income and cash flow updates for the current year and five year forecasts. These forecasts are used to monitor the Group's capital structure and future capital requirements, taking into account future market conditions.

Australian financial services licence ratios and Queensland Building licences ratios were complied with at 30 June 2011. Mirvac also complied with all its borrowing covenant ratios at 30 June 2011. The gearing ratios were as follows:

	2011 $m	2010 $m
Net interest bearing debt less cash[1]	**2,205.2**	1,311.4
Total tangible assets less cash	**8,390.5**	7,250.6
Gearing ratio (per cent)	**26.3**	18.1

1) US dollar denominated borrowings translated at cross currency instrument rate excluding leases.

e) Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level one);

ii) inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level two); and

iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level three).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2011 and 30 June 2010:

	Note	Level one $m	Level two $m	Level three $m	Total $m
2011					
Assets					
Other financial assets at fair value through profit or loss					
– unlisted securities	10	–	–	15.5	15.5
Derivatives used for hedging	14	–	3.5	–	3.5
		–	**3.5**	**15.5**	**19.0**
Liabilities					
Derivatives used for hedging	23	–	143.8	–	143.8
		–	**143.8**	**–**	**143.8**
2010					
Assets					
Other financial assets at fair value through profit or loss					
– unlisted securities	10	–	–	15.3	15.3
Derivatives used for hedging	14	–	16.0	–	16.0
		–	16.0	15.3	31.3
Liabilities					
Derivatives used for hedging	23	–	52.9	–	52.9
		–	52.9	–	52.9

36 FINANCIAL RISK MANAGEMENT / CONTINUED

The following table presents the changes in level three instruments for the year ended 30 June 2011 held by the Group:

Financial assets at fair value through profit or loss	Note	2011 $m	2010 $m
Balance 1 July		**15.3**	18.5
Gain/(loss) on revaluation		**0.2**	(3.2)
Balance 30 June	10	**15.5**	15.3
Total gain/(loss) for the year included in loss on financial instruments that relate to assets held at the end of the reporting period		**0.2**	(3.2)

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level one. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Mirvac uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long term debt for disclosure purposes. Other techniques, such as estimated DCF, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level two and comprise debt investments and derivative financial instruments.

In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level three. Mirvac's maturity of net and gross settled derivative and non derivative financial instruments is provided in the following table. The amounts disclosed in the table are the contractual undiscounted cash flows:

		Maturing in						
	Note	1 year or less $m	Over 1 to 2 year(s) $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	**Total $m**
2011								
Non-interest bearing								
Payables	19	469.2	5.9	–	–	–	–	**475.1**
Interest bearing								
Unsecured bank loans		113.2	356.0	512.4	342.5	313.3	–	**1,637.4**
Domestic MTN		32.3	34.5	34.5	34.5	234.5	234.0	**604.3**
Foreign MTN		18.2	18.4	18.9	19.4	19.8	370.3	**465.0**
CMBS		517.5	–	–	–	–	–	**517.5**
Secured bank loans		29.0	–	–	–	–	–	**29.0**
Derivatives								
Net settled (interest rate swaps)		3.8	8.7	5.3	3.5	1.3	(0.9)	**21.7**
Fixed to floating swaps		(3.4)	(4.9)	(4.7)	(4.4)	(3.9)	–	**(21.3)**
Gross settled (cross currency swaps)								
– Outflow		24.7	25.7	27.5	28.3	29.7	535.0	**670.9**
– (Inflow)		(18.2)	(18.4)	(18.9)	(19.4)	(19.8)	(370.3)	**(465.0)**
		1,186.3	**425.9**	**575.0**	**404.4**	**574.9**	**768.1**	**3,934.6**
2010								
Non-interest bearing								
Payables	19	340.0	10.4	–	–	–	–	350.4
Interest bearing								
Unsecured bank loans		137.1	829.8	103.7	–	–	–	1,070.6
Domestic MTN		215.3	12.4	12.4	12.4	162.4	–	414.9
Foreign MTN		23.1	23.3	23.8	24.3	24.7	491.5	610.7
Secured bank loans		32.5	–	–	–	–	–	32.5
Derivatives								
Net settled (interest rate swaps)		14.9	12.6	9.8	7.4	5.0	5.0	54.7
Fixed to floating swaps		(4.9)	(4.9)	(4.7)	(4.3)	(3.9)	–	(22.7)
Gross settled (cross currency swaps)								
– Outflow		24.2	24.7	25.1	26.6	28.0	563.5	692.1
– (Inflow)		(23.1)	(23.3)	(23.8)	(24.3)	(24.7)	(491.5)	(610.7)
		759.1	885.0	146.3	42.1	191.5	568.5	2,592.5

37 REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

	2011 $000	2010 $000
a) Audit, other assurance and advisory services		
Audit services		
Audit and review of financial reports		
Australian firm	**1,851.0**	1,850.0
Total remuneration for audit services	**1,851.0**	1,850.0
Other assurance and advisory services		
Australian firm		
Compliance services and regulatory returns	**404.9**	316.1
Financial due diligence and transactions	**270.0**	993.3
Total remuneration for other assurance and advisory services	**674.9**	1,309.4
Total remuneration for audit, other assurance and advisory services	**2,525.9**	3,159.4
b) Taxation services		
Tax compliance services		
Australian firm	**312.5**	282.8
Related practices of PricewaterhouseCoopers Australia	**–**	–
Total remuneration for taxation services	**312.5**	282.8
c) Advisory services		
Advisory services		
Australian firm	**95.6**	64.0
Related practices of PricewaterhouseCoopers Australia	**–**	–
Total remuneration for advisory services	**95.6**	64.0

38 NOTES TO THE STATEMENT OF CASH FLOWS

	2011 $m	2010 $m
a) Reconciliation of cash		
Cash at the end of the year as shown in the statement of cash flows is the same as the statement of financial position, the detail of which follows:		
Cash on hand	**–**	0.2
Cash at bank	**80.7**	216.2
Deposits at call	**87.3**	365.6
Unrestricted cash	**168.0**	582.0
Cash collateralisation[1]	**505.1**	–
Cash and cash equivalents	**673.1**	582.0

1) Cash collateralisation amount represents cash held on term deposit for purposes of meeting obligations in relation to CMBS which have a scheduled maturity date of 16 November 2011; these arose as a result of the acquisition of WOP (refer to note 39).

38 NOTES TO THE STATEMENT OF CASH FLOWS / CONTINUED

	Note	**2011 $m**	2010 $m
b) Reconciliation of profit attributable to the stapled securityholders of Mirvac to net cash inflows from operating activities			
Profit attributable to the stapled securityholders of Mirvac		**182.3**	234.7
Share of net gain of associates and joint ventures not received as dividends/distributions		**(41.3)**	(1.9)
Net gain on sale of investments		**(2.5)**	(10.4)
Discount on business combination and net gain on remeasurement of equity interest		**–**	(150.7)
Net (gain)/loss on fair value of investment properties and owner-occupied hotel management lots and freehold hotels		**(110.4)**	6.9
Net loss on fair value of IPUC		**58.6**	112.8
Net loss on sale of investment properties		**1.2**	0.2
Net loss on sale of property, plant and equipment		**1.0**	1.1
Depreciation and amortisation expenses	5	**31.2**	31.2
Impairment of investments including associates and joint ventures	5	**–**	6.2
Impairment of loans	5	**7.8**	5.9
Provision for loss on inventories	5	**295.8**	–
Business combination transaction costs	39(a)	**31.8**	19.4
Security based payment expense		**6.2**	8.7
Unrealised loss on financial instruments		**103.0**	11.0
Unrealised gain on foreign exchange		**(111.0)**	(21.5)
Distributions from associates and joint ventures		**18.5**	19.7
Change in operating assets and liabilities, net of effects from purchase of controlled entity:			
– Decrease in income taxes payable		**1.4**	13.0
– Increase in tax effected balances		**(112.7)**	(14.5)
– Decrease in receivables		**3.1**	103.0
– (Increase)/decrease in inventories		**(77.9)**	29.2
– (Increase)/decrease in other assets/liabilities		**(30.8)**	2.9
– Increase in financial assets		**–**	(2.1)
– Decrease in payables		**(6.8)**	(65.0)
– Increase in provisions for employee benefits		**–**	0.2
Net cash inflows from operating activities		**248.5**	340.0

39 ACQUISITION OF BUSINESSES

a) Acquisition of WOP

i) Summary of acquisition

On 4 August 2010, the Group acquired 100 per cent of the issued securities in Westpac Office Trust, an ASX listed A-REIT, for consideration of $404.1m. The acquisition has enhanced the quality of the investment properties portfolio. Details of the purchase consideration to acquire WOP are as follows:

Purchase consideration	Note	**$m**
Cash paid	39(a)(iv)	**200.0**
Securities issued	39(a)(vi)	**204.1**
Total purchase consideration		**404.1**

39 ACQUISITION OF BUSINESSES / CONTINUED

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	$m
Cash and cash equivalents	25.1
Receivables	2.8
Other financial assets at fair value through profit or loss	21.2
Investment properties	1,108.2
Payables	(11.1)
Borrowings	(739.0)
Derivative financial liabilities	(20.6)
Provisions	(8.0)
Net identifiable assets acquired	378.6
Goodwill on acquisition	25.5
Net assets acquired	**404.1**

The goodwill is attributable to WOP's quality investment portfolio which comprises properties that are predomininately leased to high quality tenants on long term leases with structured rental increases. None of the goodwill is expected to be deductible for tax purposes.

ii) Revenue and profit contribution

The acquired business contributed revenues of $155.7m and net profit of $116.2m to the Group for the period from 4 August 2010 to 30 June 2011. The net profit contribution for the period reflects the repayment of the business's borrowings at the date of acquisition and therefore a reduction in its associated finance costs. If the acquisition had occurred on 1 July 2010, consolidated total revenue from continuing operations and other income and consolidated profit for the Group for the year ended 30 June 2011 would have been $2,056.3m and $175.5m respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the Group to reflect the additional amortisation of lease incentives in respect of investment properties that would have been charged assuming the fair value adjustments to investment properties.

iii) Contingent consideration

There is no contingent consideration as part of this transaction.

iv) Purchase consideration — cash outflow acquisition

	30 June 2011 $m	30 June 2010 $m
Outflow of cash to acquire controlled entity, net of cash acquired		
Cash consideration	(200.0)	–
Less: Balance acquired	25.1	–
	(174.9)	–
Direct costs relating to acquisition	(30.8)	–
Outflow of cash — investing activities	(205.7)	–
Total outflow of cash to acquire controlled entity	**(205.7)**	–

v) Acquisition related costs

Acquisition related costs of $31.8m were incurred (including $16.8m of transaction costs relating directly to the acquisition, including post acquisition write off of $1.0m for prepaid borrowing costs on extinguishing WOP's borrowing facilities and $15.0m for Westpac Banking Corporation giving up its opportunity to earn future management fees).

vi) Securities issued

As part of the acquisition, the Group issued 149.0m securities, the fair value of which was determined to be the market value of $1.37 per security, being the market value of Mirvac securities at the acquisition date. The total fair value of securities issued as part of the acquisition was $204.1m.

vii) Acquisition of remaining interest in NROT

On 6 August 2010, the Group acquired the remaining 50 per cent interest in NROT, for a purchase consideration of $22.5m, which resulted in goodwill on acquisition of $1.2m. NROT owns the Westpac Data Centre at 54-60 Talavera Road, North Ryde. The Group had acquired the other 50 per cent interest in NROT through its acquisition of WOP. As a result, the Group now holds all of the units in NROT.

40 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 28 July 2011, the Trust settled on the sale of 50 per cent of the units in Mirvac 8 Chifley Trust to The Trust Company (Australia) Limited (in its capacity as the trustee of K-REIT (Australia) Sub-Trust 2). Mirvac 8 Chifley Trust is the owner of 8 Chifley Square; a Sydney based commercial office development. On that date, Mirvac Projects Pty Limited entered into a Development Agreement with Mirvac 8 Chifley Pty Limited (in its capacity as trustee of Mirvac 8 Chifley Trust). Under the terms of the agreement, Mirvac Projects Pty Limited will deliver a fully constructed and fully leased premium grade commercial office building. Mirvac Projects Pty Limited will provide Mirvac 8 Chifley Pty Limited with a five year rental guarantee.

No other circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations of Mirvac, the results of those operations, or the state of affairs of Mirvac in future years.

41 PARENT ENTITY FINANCIAL INFORMATION

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of financial position	Note	**2011 $m**	2010 $m
Current assets		**3,526.7**	3,299.3
Total assets		**4,064.1**	3,745.3
Current liabilities		**2,749.2**	1,779.0
Total liabilities		**2,749.4**	2,445.7
Equity			
Issued capital	24(a)	**1,248.1**	1,223.7
Reserves			
– Security based payments reserve		**11.7**	16.7
– Capital reserve		**(0.2)**	(0.2)
Retained earnings		**55.1**	59.4
		1,314.7	1,299.6
Loss for the year		**(0.7)**	(13.8)
Total comprehensive income		**(0.7)**	(13.8)

b) Guarantees entered into by the parent entity

The parent entity is party to a deed of cross guarantee, with members of the closed group. Further details are disclosed in note 15(c).

The parent entity has provided a guarantee to a bank in respect of $3.0m of borrowings by a joint venture.

c) Contingent liabilities of the parent entity

The parent entity did not have any other contingent liabilities other than the item referred to in note 41(b) at 30 June 2011 or 30 June 2010.

d) Contractual commitments for the acquisition of property, plant and equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2011 or 30 June 2010.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and the notes set out on pages 34 to 100 are in accordance with the *Corporations Act 2001*, including:

   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii) giving a true and fair view of the company's and consolidated entity's financial position at 30 June 2011 and of their performance for the year ended on that date;

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 15 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 15.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the IASB.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Nicholas Collishaw
Director

Sydney
23 August 2011

INDEPENDENT AUDITOR'S REPORT

to the members of Mirvac Limited

Report on the financial report
We have audited the accompanying financial report of Mirvac Limited (the company), which comprises the statement of financial position, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Mirvac Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report
The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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pwc

Independence
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion
In our opinion:

a) the financial report of Mirvac Limited is in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report
We have audited the remuneration report included in pages 07 to 22 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion
In our opinion, the remuneration report of Mirvac Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
23 August 2011

SECURITYHOLDER INFORMATION

The information set out below was prepared at 28 July 2011 and applies to Mirvac's stapled securities (ASX code: MGR).
As at 28 July 2011, there were 3,416,924,188 stapled securities on issue.

SUBSTANTIAL SECURITYHOLDERS

As disclosed in substantial holding notices lodged with the ASX at 28 July 2011:

Name	Date of last notice received	Number of stapled securities	Percentage of issued capital[1]
Commonwealth Bank of Australia and its subsidiaries	4 September 2009	177,668,390	6.33
Barclays Group	7 October 2009	137,805,294	4.91
BlackRock Investment Management (Australia) Limited and associated BlackRock Group	31 December 2009	154,704,716	5.16
Vanguard Group	1 March 2010	186,167,992	6.21

1) Percentage of issued capital held as at the date notice provided.

RANGE OF SECURITYHOLDERS

Range	Number of holders	Number of securities
100,001 and over	320	3,147,550,725
10,001 to 100,000	7,555	178,910,644
5,001 to 10,000	6,906	50,429,729
1,001 to 5,000	13,340	36,880,371
1 to 1,000	6,535	3,152,719
Total number of securityholders	**34,656**	**3,416,924,188**

RANGE OF INSTALMENT RECEIPT HOLDERS

Range	Number of instalment receipts holders	Number of instalment receipts
100,001 and over	138	91,739,186
10,001 to 100,000	1,178	34,954,077
5,001 to 10,000	417	2,938,983
1,001 to 5,000	364	1,023,838
1 to 1,000	63	36,336
Total number of instalment receipt holders	**2,160**	**130,692,420**

20 LARGEST SECURITYHOLDERS

Name	Number of stapled securities	Percentage of issued equity
HSBC Custody Nominees (Australia) Limited	1,040,909,382	30.46
J P Morgan Nominees Australia Limited	657,534,440	19.24
National Nominees Limited	476,873,125	13.96
Citicorp Nominees Pty Limited	288,253,384	8.44
Citicorp Nominees Pty Limited	121,692,445	3.56
Westpac Custodian Nominees Limited	95,565,876	2.80
AMP Life Limited	49,987,079	1.46
Cogent Nominees Pty Limited	40,839,236	1.20
RBC Dexia Investor Services Australia Nominees Pty Limited	35,566,320	1.04
Queensland Investment Corporation	35,396,799	1.04
Cogent Nominees Pty Limited	28,020,000	0.82
Equity Trustees Limited	19,853,212	0.58
Citicorp Nominees Pty Limited	18,924,422	0.55
RBC Dexia Investor Services Australia Nominees Pty Limited	17,301,044	0.51
Bond Street Custodians Limited	15,691,701	0.46
J P Morgan Nominees Australia Limited	14,970,371	0.44
UBS Wealth Management Australia Nominees Pty Ltd	12,611,770	0.37
Cogent Nominees Pty Limited	12,502,304	0.37
Suncorp Custodian Services Pty Limited	9,947,361	0.29
Bond Street Custodians Limited	8,928,2823	0.26
Total for 20 largest securityholders	3,001,368,553	87.84
Total other securityholders	415,555,635	12.16
Total stapled securities on issue	**3,416,924,188**	**100.00**

Number of securityholders holding less than a marketable parcel: 3,032.

STAPLED SECURITIES SUBJECT TO VOLUNTARY ESCROW

As part of the trust scheme under which Mirvac Funds Limited as responsible entity of MPT acquired all of the units in WOT, the following stapled securities held by a Westpac entity are subject to voluntary escrow:

Number and class of securities the subject of voluntary escrow	22,248,914 stapled securities (held directly or through instalment receipts)
Date escrow period ends	4 August 2011

Voting rights

Subject to the Constitutions of Mirvac Limited and of MPT and to any rights or restrictions for the time being attached to any class or classes of shares or stapled securities:

- on a show of hands, each Member present in person or by proxy, attorney, or representative has one vote; and
- on a poll, each Member has:
  - in the case of a resolution of Mirvac Limited, one vote for each share in Mirvac Limited held; and
  - in the case of a resolution of MPT, one vote for each whole $1.00 of unit value in MPT held.

Instalment receipt voting rights

Instalment receipt holders have beneficial ownership of stapled securities and their rights as owners of the stapled securities are evidenced by the issue to instalment receipt holders on the basis of one instalment receipt for each stapled security. The only change to instalment receipt holders' normal rights as an owner of stapled securities is that registration of their stapled securities is recorded in the name of Westpac Custodian Nominees Limited, the security trustee, until the final instalment is paid.

The Security Trust Deed passes through to instalment receipt holders the rights as if the holders were a registered stapled securityholder. These rights include the entitlement to receive notices and attend meetings of Mirvac and exercise voting rights on securityholder resolutions put forward. In accordance with the Security Trust Deed, the security trustee has appointed each eligible instalment receipt holder (or their nominee) as its attorney to exercise the proportionate number of votes that attaches to the stapled securities in Mirvac reflecting their holding of instalment receipts.

GLOSSARY OF ACRONYMS

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AFS	Australian financial services
AGM	Annual General Meeting
ANZ	Australia and New Zealand Banking Group Limited
APES	Accounting Professional & Ethical Standards
ARCC	Audit, risk and compliance committee
AREIT	Australian Real Estate Investment Trust
ARS	Assessment and Reporting Schedule
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
CGU	Cash generating unit
CMBS	Commercial mortgage backed securities
CPI	Consumer Price Index
DCF	Discounted cash flow
DRP	Dividend/distribution reinvestment plan
EEO	*Energy Efficiency Opportunities Act 2006*
EEP	Employee Exemption Plan
EIP	Executive Incentive Program
EIS	Employee Incentive Scheme
ELT	Executive Leadership Team
EPS	Earnings per security
ERP	Executive Retention Plan
FBT	Fringe benefits tax
FTE	Full time equivalent
GST	Goods and services tax
HRC	Human resources committee
HSE&SC	Health, safety, environment and sustainability committee
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPUC	Investment properties under construction
ISO	International Organization for Standardization
JFG	James Fielding Group
KMP	Key management personnel
KPI	Key performance indicator
LLC	Limited Liability Company
LSL	Long service leave
LTI	Long term incentives
LTIP	Long Term Incentive Plan
LTP	Long Term Performance Plan
MAM	Mirvac Asset Management
MIM	Mirvac Investment Management
MPT	Mirvac Property Trust
MREIT	Mirvac Real Estate Investment Trust
MTN	Medium term note
NABERS	National Australian Built Environment Rating System
NCI	Non-controlling interest
NGER	*National Greenhouse and Energy Reporting Act 2007*
NPV	Net present value
NROT	North Ryde Office Trust
NRV	Net realisable value
NTA	Net tangible assets
PwC	PricewaterhouseCoopers
ROA	Return on assets
ROE	Return on equity
SPV	Special Purpose Vehicle
STI	Short term incentives
TAC	Transport Accident Commission
TSR	Total securityholder return
WOP	Westpac Office Portfolio
WOT	Westpac Office Trust

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Securities exchange listing
Mirvac Group is listed on the Australian Securities Exchange (ASX code: MGR)

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Nicholas Collishaw (Managing Director)
Peter Hawkins
James Millar
Penny Morris
John Mulcahy
Elana Rubin

General Counsel and Company Secretary
Sonya Harris

Stapled security registry
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Further investor information can be located in the Investor Information tab on Mirvac's website at www.mirvac.com.

Auditor
PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

Annual General Meeting
Mirvac's 2011 Annual General Meeting/General Meeting will be held at 10.00 am (Australian Western Standard Time) on Thursday, 17 November 2011, in the Cabaret Ballroom, Ground Floor, Citigate Perth, 707 Wellington Street, Perth, Western Australia, 6000.

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Electronic version of Annual Report
An electronic version of this report is available on Mirvac's website www.mirvac.com.

Securityholders who do not require a printed Annual Report, or who receive more than one copy due to multiple holdings, can help reduce the number of copies printed by advising the registry in writing of changes to their report mailing preferences.

Securityholders who choose not to receive printed reports will continue to receive all other securityholder information, including Notices of Meetings.

APPENDIX 7.3.1

CASHFLOW FORECAST (CONFIDENTIAL VERSION ONLY)