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).

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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		Board committee[1]		Audit, risk and compliance committee ("ARCC")		Human resources committee ("HRC")		Health, safety, environment and sustainability committee ("HSE&SC")		Nomination committee		ARCC committee[2]	
	A	B	A	B	A	B	A	B	A	B	A	B	A	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.

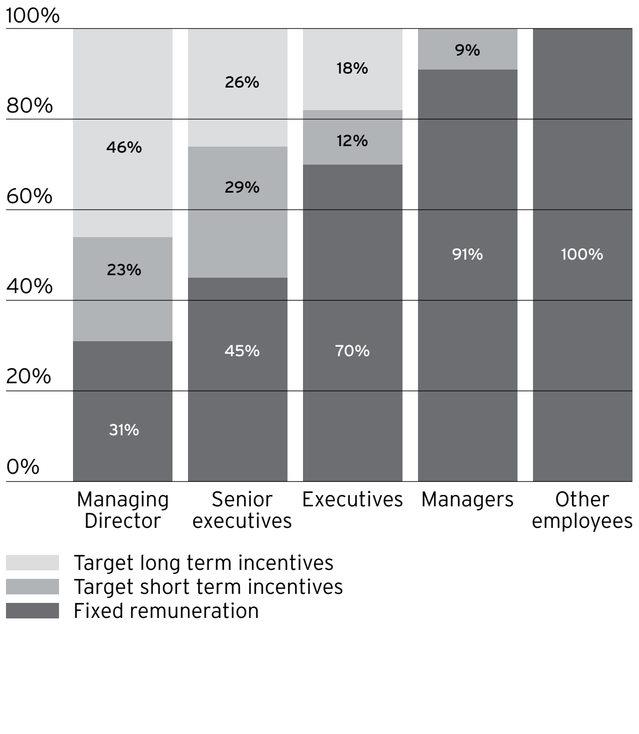
Target total remuneration at Mirvac is to be positioned at the median (50th percentile) with the opportunity to receive total remuneration up to the upper quartile (75th percentile) in the event that both the individual and the business achieve stretch targets.

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	✔

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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

		Attributable to the stapled securityholders of Mirvac				
	Note	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.

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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** **%**	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

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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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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
Link Market Services Limited
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Further investor information can be located in the Investor Information tab on Mirvac's website at www.mirvac.com.

Auditor
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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.