2018 ANNUAL REPORT

Mirvac Group — Reimagine Urban Life

mirvac

Contents

CURIOUS
BOLD
GENUINE

INNOVATE
CREATE
SUSTAIN

No 1

World's most sustainable real estate company[1]

1. Mirvac was ranked the world's most sustainable real estate company by the Dow Jones Sustainability Index in 2017.

LIVE
WORK
SHOP

REIMAGINE URBAN LIFE

About this report

The FY18 Annual Report is a consolidated summary of the Group's operations, performance and financial position for the year ended 30 June 2018. In this report, unless otherwise stated, references to 'Mirvac', 'the Group', 'company', 'parent entity', 'we', 'us' and 'our' refer to Mirvac Limited and its controlled entities as a whole. Mirvac Limited also includes Mirvac Property Trust and its controlled entities. References in this report to a 'year' relate to the financial year ended 30 June 2018. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated. The consolidated financial statements included in this report were authorised for issue by the Directors on 9 August 2018. The Directors have the power to amend and reissue the financial statements. Mirvac's full-year financial statements can be viewed on, or downloaded from Mirvac's website at www.mirvac.com.

Reporting Suite

Mirvac's reporting suite sets out the Group's financial and operational performance for the year ended 30 June 2018 across the following documents:

MGR FY18 Results Presentation:
an in-depth overview of Mirvac's financial, operational and sustainability performance for the financial year.

MGR FY18 Additional Information:
includes information supporting Mirvac's FY18 Results Presentation.

MGR FY18 Property Compendium:
detailed information on the Group's investment portfolio, other investments, and its commercial and residential development pipeline as at 30 June 2018.

MGR FY18 Annual Report:
an in-depth overview of Mirvac's financial, operational and sustainability performance for the 2018 financial year, along with Mirvac's corporate governance statement, the Group's remuneration report and Mirvac's detailed financial statements.

MPT FY18 Annual Report:
an overview of the Mirvac Property Trust for the 2018 financial year.

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).

ABOUT MIRVAC

REIMAGINE URBAN LIFE

About us

Mirvac is an integrated, urban property group listed on the Australian Securities Exchange, with an enviable reputation for delivering some of the best real estate projects in Australia.

We own and manage assets across the office, retail and industrial sectors in our investment portfolio, and currently have over $19 billion of assets under management.

Through our development activities, we create and deliver innovative and high-quality commercial assets and residential projects for our customers, while driving long-term value for our stapled securityholders.

We have an integrated approach that gives us a competitive advantage across the lifecycle of a project. From site acquisition, urban planning and design, through to construction and development, leasing, sales and marketing, property management and long-term ownership, we exercise control over the entire process.

Our integrated model also ensures a stable income and growth through a balance of passive and active capital, allowing us to respond to fluctuations in the property cycle.

We have over 45 years of experience in the property industry, and a passion for creating sustainable, connected and vibrant urban environments for people to work, shop, live and play.

Mirvac's full-year financial statements can be viewed on page 74, or downloaded from Mirvac's website www.mirvac.com.

Our purpose

Our purpose, *Reimagine Urban Life*, is our passion and our reason for being.

As one of Australia's leading property groups, we are continuously driven to think about how we can enhance the lives of those who work, shop or live in and around our developments.

When we reimagine urban life, we're inspired to think about not only what we do and how we do it, but importantly, why we do it. We are constantly looking for new ways to help our customers lead fuller, richer and more rewarding lives.

We don't just build buildings; we create unique urban precincts and residential communities. We're shaping a future that combines the latest in technology, sustainability and architectural design. We're at the forefront of reimagining the way Australian city dwellers interact and utilise the spaces around them.

We bring our purpose to life by harnessing the unique skill set of our people across each of the sectors we operate in; and through our purpose, we're inspired to deliver outstanding urban environments that will leave a lasting legacy for generations to come.

What we do

We're a creator, owner and manager of some of Australia's most renowned and recognisable projects, with a strategy to be focused, diversified and integrated. This means:

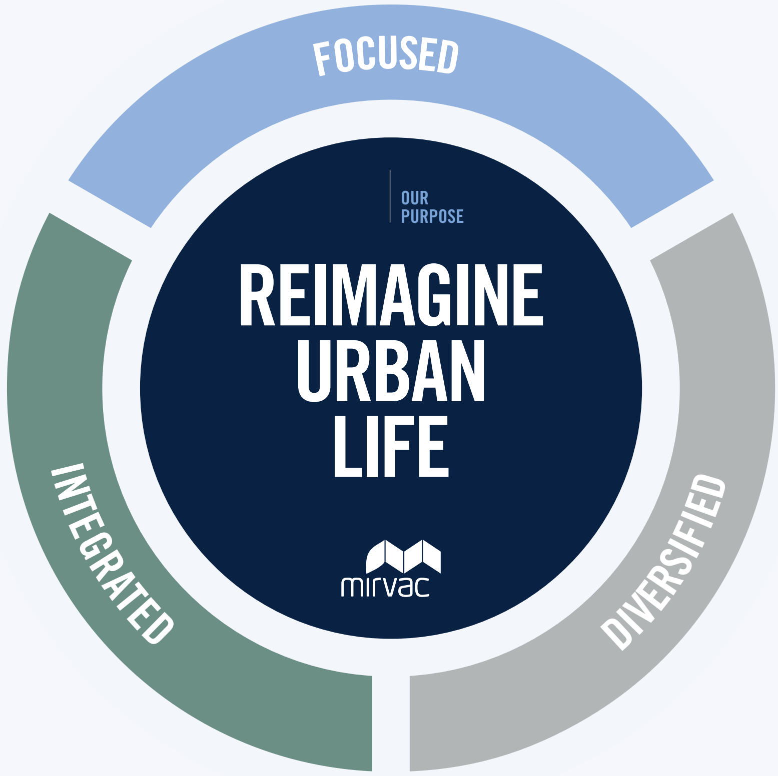
- deploying capital with discipline and delivering on our promises, with a strong focus on our customers (focused);
- maintaining an appropriate balance of passive and active invested capital through cycles, and retaining capability across the office and industrial, retail and residential sectors (diversified); and
- leveraging our integrated model to create, own and manage quality Australian assets (integrated).

Our strategy and decision making are guided by four core principles: maintaining an urban focus; maximising the value of our assets; flexing our activities through the cycle; and maintaining an appropriate capital structure and cost base.

Underpinning our strategy is a commitment to our people, innovation, technology, sustainability and safety. We're passionate about creating long-term value for our securityholders, and having a positive impact on the communities in which we operate.

Both our strategy and our ambition to reimagine urban life continue to produce strong results across the business.

THE MIRVAC DIFFERENCE



OUR STRATEGY

FOCUSED **DIVERSIFIED** **INTEGRATED**

OUR ENABLERS

SAFETY
INNOVATION
PEOPLE & LEADERSHIP
TECHNOLOGY
SUSTAINABILITY

FY18 KEY HIGHLIGHTS

Mirvac's urban strategy delivered excellent results in FY18, with operating earnings up 8 per cent and distributions up 6 per cent, both at the top end of guidance provided.

LAUNCHED THE SECOND PHASE OF MIRVAC'S SUSTAINABILITY STRATEGY, *THIS CHANGES EVERYTHING*, WITH A COMMITMENT TO TRIPLE OUR COMMUNITY INVESTMENT BY 2022, AND INVEST $100 MILLION IN SOCIAL PROCUREMENT BY 2030.

ACHIEVED AN EMPLOYEE ENGAGEMENT SCORE OF 90%, UP 2% ON FY17

PARTICIPATED IN THE VIRGIN PULSE GLOBAL CHALLENGE, PLACING FIRST GLOBALLY IN THE 'PROPERTY AND REAL ESTATE' CATEGORY

STATUTORY PROFIT

$1.09bn

OPERATING PROFIT UP 9 PER CENT TO

$580m

REPRESENTING 15.6 CENTS PER STAPLED SECURITY (CPSS)

STRONG OPERATING CASH FLOW OF

$663m

UP $29%

DISTRIBUTIONS INCREASED 6 PER CENT TO

11.0cpss

GEARING OF

21.3%

ACHIEVED

3,400

RESIDENTIAL LOT SETTLEMENTS

LEASED OVER

193,700

SQUARE METRES OF OFFICE, INDUSTRIAL AND RETAIL SPACE

SECURED

$2.2bn

OF RESIDENTIAL PRE-SALES

ACHIEVED A GROUP ROIC OF

11.4%

MAINTAINED A

5.1 Star

NABERS ENERGY AVERAGE RATING ACROSS THE OFFICE PORTFOLIO

RECOGNISED AS AN EMPLOYER OF CHOICE FOR GENDER EQUALITY FOR THE FOURTH YEAR IN A ROW.

RESIDENTIAL GROSS MARGINS OF

25.4%

REDUCED CARBON AND WATER INTENSITY BY 21% AND 22% RESPECTIVELY SINCE 2014

NET TANGIBLE ASSETS PER STAPLED SECURITY OF

$2.31

(JUNE 2017: $2.13)

CHAIRMAN AND CEO & MD'S LETTER TO SECURITYHOLDERS

$1.09bn
STATUTORY PROFIT

Chairman's Report

Mirvac delivered another strong result in FY18, driven by the continued execution of its focused, diversified and integrated urban strategy, as well as its purpose to Reimagine Urban Life. The strategy, set in place five years ago, has transformed the business in a significant way. This is reflected by a strong capital position with good visibility of future earnings, an engaged and energised team of people, and each business unit continuing to perform at the top of its class. We remain committed to excellence, and to serving our customers and the communities in which we operate.

Financial highlights

Our strategy to focus on the best performing and deepest markets of Sydney and Melbourne, and on the areas where we have a proven competitive advantage, resulted in a statutory profit in FY18 of $1.09 billion. This was driven by a very strong performance in our Office & Industrial business, and we have now achieved a statutory profit of more than $1 billion for the past three years, an excellent reflection of the strength of our business.

At an operating level, our profit was up almost 9 per cent to $580 million, representing 15.6 cents per stapled security, driven by strong earnings in our residential business. We achieved a strong operating cash flow of $663 million, up 29 per cent, and we paid distributions of 11.0 cents per stapled security, up 6 per cent.

We are now reaching the mature age of the current property cycle, and remain focused on creating long-term value and growing distributions to our securityholders.

Capital management

Mirvac has a prudent approach to capital management that ensures our balance sheet remains robust and provides us with the flexibility to deploy capital where and when we need. Our integrated business model also means we are well placed to adapt and respond to changes in market cycles.

During the financial year, our healthy balance sheet and strong capital position were recognised with Moody's Investors Service upgrading our credit rating from a Baa1 to A3, reflecting the quality of our investment portfolio and development business, as well as our strong financial metrics. Separately, S&P revised Mirvac's credit rating outlook from stable to positive, while maintaining a BBB+ rating. Gearing also remained within our target range of between 20 and 30 per cent at 21.3 per cent.

As part of a disciplined approach to capital allocation, we initiated an on-market buy-back program during the financial year for up to 2.6 per cent of Mirvac securities on issue.

Our overall earnings profile remains solid, supported by a strong commercial development pipeline and a high-quality investment portfolio.

Corporate governance

Trust in institutions in Australia deteriorated during this financial year. The Royal Commission into misconduct in the financial services industry has ultimately highlighted the crucial role boards must play in setting an organisation's tone and culture.

Having served as Mirvac's Chairman for the past five years, I can say with confidence that your Mirvac board is committed to promoting a culture that is fair, ethical and transparent. We believe that companies such as ours have a duty to do the right thing – for our employees, our customers, the wider community, and of course, for our securityholders.

The responsibility to set the tone and culture at Mirvac is shared between the Board and its leadership team, and in this regard, I am also confident we have the right people in place. Mirvac's leadership team is unwavering in its commitment to embed a culture that is authentic and values integrity and respect, while delivering long-term value and sustainable growth.

We are committed to ensuring that our systems, procedures and practices reflect high standards of corporate governance. As well as a Code of Conduct – which applies to the Board, Mirvac's executives, employees and contractors – we have a Fraud, Bribery and Corruption Policy that outlines our commitment to preventing these things in our workplace.

The Board meets regularly to discuss matters such as Mirvac's strategy, the Group's activities and operations, the outlook for the business, risks, and remuneration. To further enhance its stewardship of the Group in the year ahead, the Board will increase its focus on technology and design, and on Mirvac's relationships with its customers, suppliers, capital partners and government.

Remuneration

As always, we remain committed to providing open and transparent reporting of our remuneration outcomes. During the financial year, we completed a wholesale review of our performance and reward framework. This resulted in some changes to our approach to performance management, including the performance ratings (which apply to all employees). There have also been some changes to executive remuneration, such as increasing the mandatory minimum security holdings for both Non-Executive Directors and key management personnel, and adjusting the weightings of the LTI performance measures, which are reflected in the CEO & Managing Director's LTP award for FY19.

A full copy of the remuneration report for FY18 is available on page 51.

Diversity & Inclusion

We remain committed to fostering a safe and respectful environment that champions diversity of thought, and leverages the views of a demographically diverse workforce.

As well as maintaining a 50 per cent gender representation on our Board, we continue to seek a 50/50 gender balance on shortlists for senior appointments, and we have closed the gender pay gap on like-for-like roles. We are also working to have at least 40 per cent of senior management roles filled by women by 2022.

Our work on striving for gender equality at Mirvac was once again recognised by the Workplace Gender Equality Agency, with the Group receiving the Employer of Choice for Gender Equality citation for the fourth consecutive year.

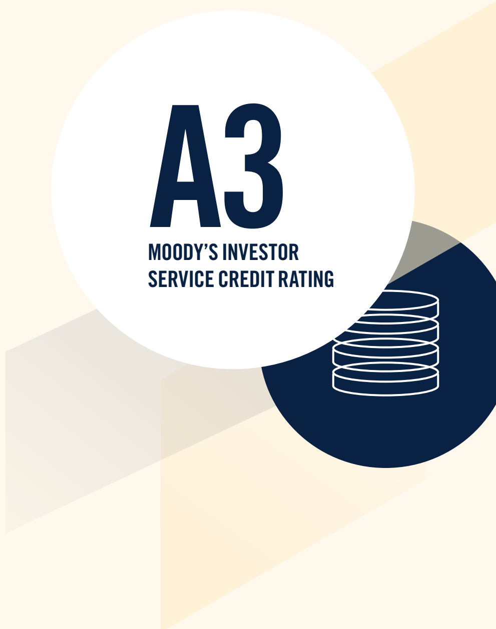
Outlook

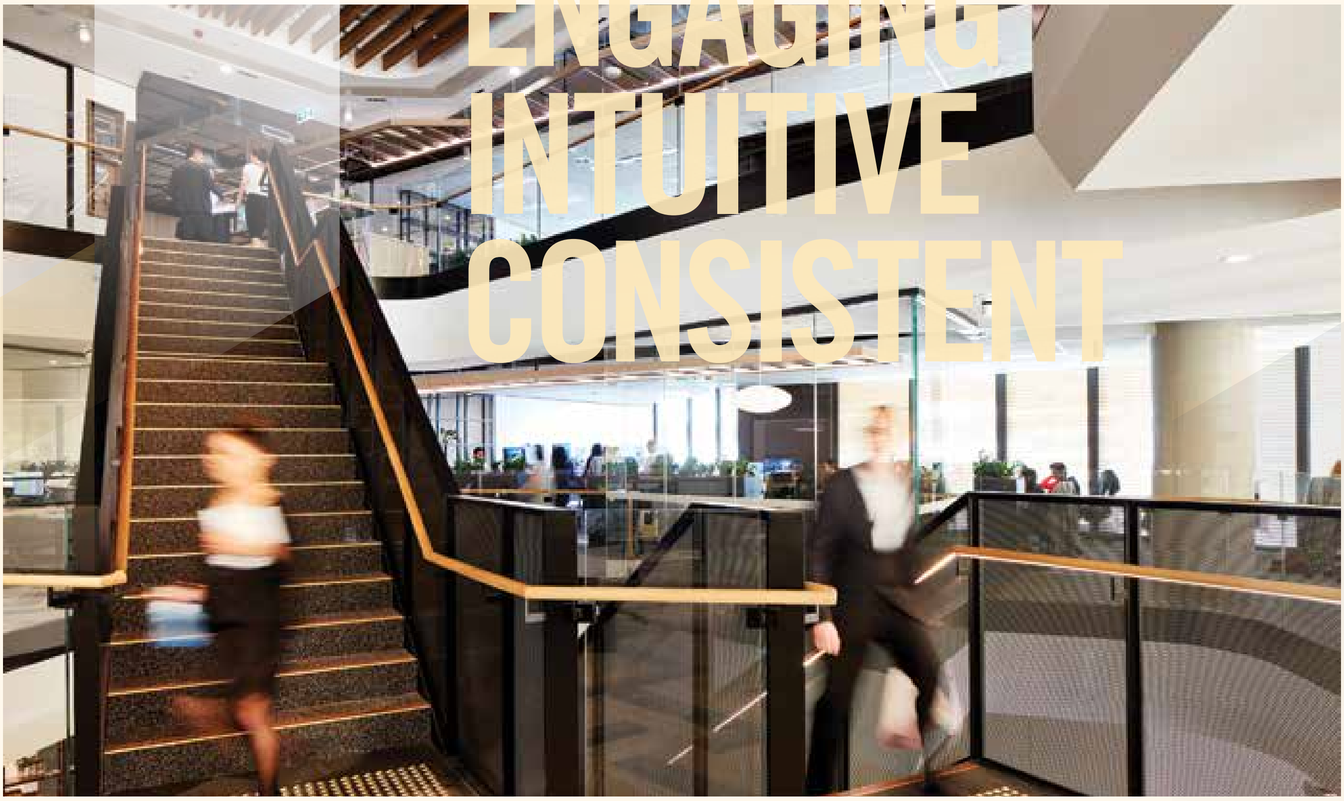
Our work over the past five years to transform the business means we are well-positioned to withstand changing market cycles. Our high-quality investment portfolio will continue to provide secure and growing income to the Group, while our development activities allow us to create and deliver superior commercial assets and residential projects.

There is no doubt we are in the midst of great change, with technology and the densification of our cities having the potential to significantly impact our business. Mirvac's robust capital management and a strong corporate governance framework will ensure we can maintain a resilient business that provides growth to our securityholders, while leaving a lasting legacy for our customers and the wider community.

I would like to thank the Board, our senior leadership team and our people for their contribution to the Group over the past 12 months. I would also like to thank you, our securityholders, for your ongoing support of Mirvac.

John Mulcahy
Chairman





CEO & Managing Director's Report:

At Mirvac, we have a purpose to Reimagine Urban Life, which inspires us to deliver superior projects and services for our customers, while making a positive contribution to Australia's urban landscape.

I am pleased to say that in FY18 we continued to see our purpose in action, delivering strong results for you and ensuring we have a resilient and sustainable business that is well-placed for the future.

Operational excellence

The transformation of our Office & Industrial portfolio over the past five years is delivering exceptional results, with the benefits of the work we have done to reposition the office portfolio now being realised. We are one of Australia's largest office managers, with $12 billion of assets under management, and our high-quality portfolio allows us to attract tenants with long lease periods, delivering quality income to the Group. Through our unique asset creation capability, we are also creating one of Australia's youngest and lowest capex portfolios, with the portfolio value set to increase as the development pipeline completes.

Our industrial portfolio is 100 per cent focused to Sydney and continues to perform well. We are looking to grow our industrial portfolio and assets under management through the Mirvac Industrial Logistics Partnership, which we formed with an investment vehicle sponsored by Morgan Stanley Real Estate Investing during the financial year.

While the retail sector continued to face headwinds during the financial year, our portfolio of bespoke urban retail centres has again delivered consistent results. We have a strategy to deliver unique experiences for our customers, and in response to the changing nature of retail we have shifted our focus to experiential retail categories, such as food and entertainment. This approach, along with our strategic weighting to the best and most resilient urban markets, has ensured a sustained outperformance in this sector since we launched our new strategy over five years ago, with our sales activity increasing by approximately 40 per cent.

The residential market has returned to more normalised conditions, having seen unprecedented price growth in the past five years. While demand from offshore investors has softened, Mirvac's reputation for delivering superior products for our customers through passionate attention to detail has ensured we are still a favoured residential brand among owner-occupiers. As market conditions become more challenging, quality will make the difference between a project that performs and a project that does not, and we are seeing solid demand for our projects across the country. We achieved our target of approximately 3,400 residential lot settlements during the financial year, and delivered a return on invested capital of 18.1 per cent. Our residential gross margin of over 25 per cent reflects our strategy to focus on the strong Sydney and Melbourne markets, as well as our ability to buy and sell at the right time in the property cycle.

Launch of build-to-rent

Mirvac has long championed the benefits of a build-to-rent sector in Australia, so it was with great delight that we launched our first build-to-rent club in July this year with the Clean Energy Finance Corporation investing 30 per cent as a cornerstone investor. The club introduces to Mirvac a new asset class and secure revenue stream, along with a new and growing customer base.

The seed asset for the club will be Indigo at our Pavilions project at Sydney Olympic Park in NSW, which will include dedicated onsite leasing and management, high-quality amenities, a resident program and leading sustainability features. We are committed to offering an exceptional rental experience at Indigo, and we are thrilled to be pioneering our first purpose-built build-to-rent asset in Australia.

Our people

Having an engaged workforce is essential to our success, as without an enthusiastic, curious and passionate team of people, we would not be able to deliver such strong results to you.

I was delighted that Mirvac achieved an employee engagement score of 90 per cent this financial year, as measured by Willis Tower Watson, which was an increase of 2 per cent on last year. We also remain above the Global High Performing Norm and significantly above the Australian National Norm.

Importantly, the results from the employee engagement survey show that our people believe in our purpose and our strategy; feel challenged and valued at work; have trust in Mirvac as a socially and environmentally responsible company; and feel that their health and wellbeing is prioritised. I would like to thank our senior leadership team for their continued efforts to ensure we are providing a workplace for our people that inspires them to do their best.

Health & Safety

The safety of our people is non-negotiable, and we continued to pursue excellence in safety during the financial year, with positive results. Our thorough and proactive approach resulted in steady improvement in both the lost time injury frequency rate and the total recordable injury frequency rate during the financial year, reflecting our ongoing work to improve and modernise our safety and risk processes and systems.

While safety is a top priority, we also recognise that sustained performance is best delivered when our people feel engaged, energised and enabled. With this in mind, we broadened our focus to include health and wellbeing, and in August last year we launched *Thrive*, our new health and safety strategy. You can read more about our initiatives under the strategy, including our participation in the Virgin Pulse Global Challenge (in which we placed first globally in the Property & Real Estate category) on page 32.

Diversity & Inclusion

Having a diverse and inclusive workplace means creating an environment where different backgrounds, opinions and ideas are accepted, encouraged and celebrated. We know that having diversity of thought leads to better business outcomes.

Gender equality is one of the key pillars of our diversity and inclusion strategy, and during the financial year we were the first Australian property group to receive White Ribbon workplace accreditation. White Ribbon workplaces promote respectful relationships within the workplace, where no violence in any form will be tolerated, and the accreditation helps us to strengthen a culture of respect and gender equality at all levels.

As part of our commitment to gender equality, we also updated our shared care leave policy to provide primary carers with 20 weeks of paid parental leave, and four weeks of paid leave for partners. The new policy makes it easier for both parents to access paid parental leave, while also helping us to attract and retain the best talent.

Importantly, we now pay superannuation on unpaid leave, doing our part to ensure that parents who take time out of the workforce to raise a family are not disadvantaged in building wealth for retirement.

Achieving gender diversity in our construction business is another area we have been focused on and in August last year, we launched Aspire, a 12-month development program which aims to grow the female talent pool in construction, particularly at the project and management levels.

To further support inclusivity and diversity of thought, we have also delivered a number of workshops to help our leaders understand the importance of different perspectives and work style preferences.

Sustainability

Mirvac launched its ground-breaking sustainability strategy, *This Changes Everything*, in 2014, and we have accomplished a considerable amount in that time. Some of the key highlights to date include: installing over one megawatt of solar power through Mirvac Energy; managing the first building in Australia to achieve 6 Star Green Star Performance, 6 Star NABERS Energy and 6 Star NABERS Water ratings, without the use of GreenPower; reducing our carbon intensity by 21 per cent and water intensity by 22 per cent since 2014; increasing our construction recycling rates to 95 per cent and operational recycling to 70 per cent; implementing Mirvac's first Reconciliation Action Plan; and prototyping our first House with No Bills.

We remain whole-heartedly committed to being a force for good, and in June this year, we launched the next phase of *This Changes Everything*. In the new phase of the strategy, we will focus on six key material issues under three focus areas: reimagining resources, enriched communities and transparent governance. We believe that by zeroing in on the most relevant issues and opportunities, we can drive deeper results in those areas. We have also committed to directing $100 million towards organisations that are purpose-driven by 2030, as well as reaffirming our industry-leading commitments to be net positive in carbon and water and send zero waste to landfill by 2030.

Innovation

Our award-winning innovation program, Hatch, produced some excellent initiatives in FY18. These include Cultivate, a pop up urban farm in the basement of EY Centre, 200 George Street in Sydney, which we created in partnership with Farmwall Melbourne; as well as The Third Space, a unique co-working hub at Broadway Sydney. We have also rolled out Shopping Nanny at Birkenhead Point, Moonee Ponds Central and Rhodes Waterside following the success of the initiative at Kawana Shoppingworld, and we have plans to launch a pet concierge service at Green Square in Sydney in partnership with the RSPCA NSW.

Outlook

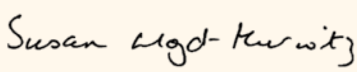
While we are certainly seeing a shift in market conditions, particularly in the retail and residential sectors, the steps we have taken to transform our business over the past few years will ensure we remain resilient and well placed for the future.

We have a purpose that we are passionate about; a purpose that guides us in both what we do and how we do it. This is important, because as we have seen recently, companies who put profit over purpose will ultimately fail. We need to be both for profit and for purpose – the two must go hand in glove.

Additionally, we have a modern and high-quality asset creation business that continues to benefit from urbanisation, population growth and increased infrastructure spending, and our focus on creating and delivering value for our customers and our securityholders will ensure continued earnings growth.

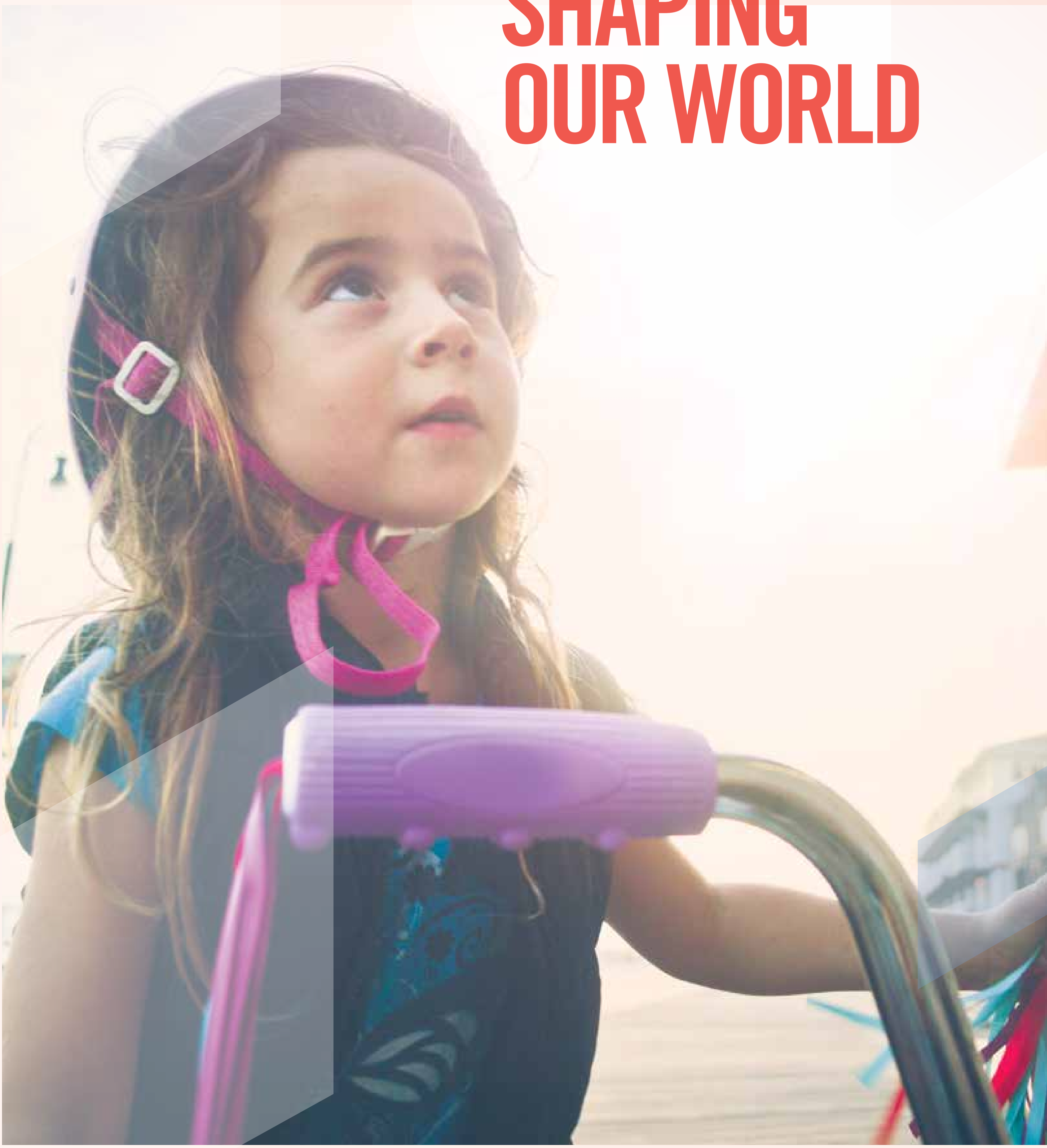
Underpinning our success is our people and I am exceptionally proud of the culture we have embedded at Mirvac. Together, we work hard to ensure that the places and communities we are creating are sustainable, innovative and connected, and have our customers at their centre.

On behalf of our Executive Leadership Team, I would like to thank the Board for their guidance over the year, our Mirvac employees for their hard work and dedication, and I would also like to thank you, our securityholders, for your continued support.



Susan Lloyd-Hurwitz
CEO & Managing Director

THINGS THAT ARE SHAPING OUR WORLD



Australia's urban centres have seen significant change in recent years, and we are cognisant of several key trends. While the climate in which we're working is challenging in many ways, our purpose provides a platform which informs our response. By making choices which reimagine urban life, we are working to mitigate the risks, uncover the opportunities and find new ways for our business to be a force for good.

The densification of our cities

The recent population boom has seen Australia's capital cities evolve at a rapid pace, particularly in Sydney and Melbourne, and demographics have shifted accordingly. As our cities adapt to this increased density and the challenges it brings, we are more aware than ever of our need to develop in collaboration with our key stakeholders, including local and state governments, not-for-profit organisations and the community. With this in mind, we're placing an increased focus on community consultation, while continuing to leverage our integrated model to deliver sustainable and resilient urban developments. After all, a positive legacy is as much about enhancing human connections as it is about quality buildings.

Stakeholder engagement

Trust in institutions is at a low point in Australia, and it's up to companies like Mirvac to be a force for good. This year, we have taken important steps to continue to build trust, by collaborating more with our partners and stakeholders and placing more emphasis on transparency as part of our revised sustainability strategy We recognise, for example, how critical it is to conduct early community engagement consistently across our proposed development projects. You can read more about our new sustainability strategy on page 38.

We have also undertaken comprehensive research to learn what our most influential stakeholders expect from us, and have committed to sharing our progress more proactively than ever before. While we are a high-performing and trusted organisation, we are always looking to learn how we can improve.

A long capital growth cycle winds down

Buying and selling at the right time in the property cycle has enabled us to deliver sustainable returns to our securityholders for the past five years, and when we approach any new acquisitions we are mindful of the fundamentals needed to maintain growth. We are focused on responding to changes in the property cycle appropriately, while prudently managing our business risks. We believe the residential market in particular has passed the top of the cycle, so we will continue to be extremely selective in deploying capital to secure new projects.

Housing affordability

With Australia's population increasing, so is the demand for housing in our urban capital cities. In addition to developing a diverse range of products, which cater to our customers' needs, Mirvac continues to tackle housing affordability through targeted initiatives such as The Right Start, which makes home ownership more accessible for first home buyers. Meanwhile, Mirvac's House with No Bills research project is continuing to pave the way for more affordable living, and this year we have also begun to address the needs of renters with the launch of the first build-to-rent club in Australia. While affordability is not something that can be solved overnight, we believe that by leveraging our strengths and providing quality products, we can help make a difference. Read more about what we're doing in this area on page 29.

Climate change

In 2015, Australia joined 195 other countries in signing the Paris Agreement: a commitment to limit global warming to no more than 2 degrees Celsius by the end of the century. As the 11th-largest emitter of carbon per capita in the world, Australia still has a long way to go – and with the built environment representing 25 per cent of the country's total emissions, leadership from property companies can influence progress. Reducing our carbon footprint will not only be good for the environment, it will also have a direct impact on our customers, who are feeling the pressure of escalating energy costs.

Since making our industry-leading commitment to achieve net positive carbon emissions by 2030, Mirvac has made excellent progress, reducing our carbon intensity by 21 per cent, installing over one megawatt of solar PV, and starting our own energy company. This year, as part of the next phase of our sustainability strategy, we have made our work to reduce risks associated with climate change more explicit. With a soon-to-be-released white paper setting out our plan for the remainder of our net positive journey, we look forward to seeing the change continue.

Technology

From smart metering to the Internet of Things, technology has empowered us to achieve remarkable things – and the pace of change is only increasing. We are already seeing a shift in the way people work, which we're responding to with cutting-edge design at our office and industrial assets. Modular technology is changing the way we construct, solar and batteries are becoming a reality for more Australians, artificial intelligence is finding its way into our everyday lives, and driverless cars are heading our way. While the increasing role of technology does pose some risks – leading to our increased investment in cyber security and data ethics – there's also a lot to be gained from the vast amount of data that's becoming broadly available. Whether through building management systems or Google traffic data, the opportunities to learn about our customers' needs will only increase – and so does our capacity to respond.

A thorough look at the risks that have the potential to impact our business, and the steps we're talking to mitigate these, can be found on page 36.

OFFICE & INDUSTRIAL

With over $13 billion of assets under management, and one of the strongest commercial development pipelines in the country, Mirvac has established itself as a creator, owner and manager of world-class office and industrial assets.

CREATORS OWNERS & MANAGERS

Artist's impression 477 Collins Street

OFFICE

WE HAVE A CLEAR OBJECTIVE TO UTILISE OUR UNIQUE SKILL SET AND CREATE HIGH-PERFORMING WORKPLACES THAT RESPOND TO THE EVOLVING NEEDS OF OUR CUSTOMERS; WORKPLACES THAT FOSTER GREATER COMMUNICATION, COLLABORATION AND FLEXIBILITY, AND ARE ADAPTIVE TO THE RAPID CHANGES IN TECHNOLOGY.

Our focus on high-quality assets is demonstrated by an office portfolio comprised of over 97 per cent Prime or A-grade assets, concentrated to the strong Sydney and Melbourne markets. Our 84 per cent weighting to these two cities is set to increase with the completion of around $3 billion of development projects currently underway. Our strong forward-looking office development pipeline includes 477 Collins Street in Melbourne, where we are delivering the Group's largest office development, as well as Australian Technology Park, which we are revitalising into a thriving commercial and community precinct.

By FY21, we will have delivered one of Australia's youngest and lowest capex portfolios, which will be an important differentiator for Mirvac as the current cap rate cycle comes to an end. The high-quality, innovative assets we are creating today ensure that Mirvac is well-positioned to outperform and return value to our securityholders in the future.

As an owner and manager we not only have an interest in the long-term success of our assets, we actively invest in them too. From delivering new end-of-trip facilities to fibre optic backbones, we believe in creating places where our tenants can perform at their best.

Our office portfolio also features an impressive list of sustainability credentials, including five assets that have achieved 6 Star Green Star ratings, two 6 Star NABERS Energy rated assets, and a 5.1 Star NABERS energy portfolio average rating. Our unwavering commitment to sustainability is nowhere more evident than at our office building, Sirius House in Canberra, which has achieved a sweep of three 6 Star ratings across energy, water and building performance.

Along the way, we've built strong partnerships. From co-creating with tenants, to consulting with urban planners and our capital partners, collaboration is fundamental to what we do. These relationships have elevated our offering and presented new avenues for growth. Whether we're investing in technology, pioneering greater sustainability or anticipating trends, we're here to reimagine urban life, and shape the future of work in Australia.

OFFICE SNAPSHOT

	FY18	FY17
PORTFOLIO VALUE	$5.7BN	$4.9BN
NUMBER OF PROPERTIES	28	28
NLA	641,808 SQM	623,828 SQM
OCCUPANCY[1]	97.5%	97.6%
WEIGHTED AVERAGE LEASE EXPIRY[2]	6.6 YEARS	6.5 YEARS
WEIGHTED AVERAGE CAP RATE	5.69%	5.92%
LIKE-FOR-LIKE NOI GROWTH	12.7%	0.0%

1. By area, including investments in joint ventures and excluding assets held for development.
2. By income, including investments in joint ventures and excluding assets held for development.

INDUSTRIAL

With 100 per cent weighting to Sydney[1], our ability to design, develop and construct assets tailored to our customers' needs gives us a unique competitive advantage in the industrial sector.

WE HAVE DELIVERED SOME OF AUSTRALIA'S LARGEST AND MOST NOTABLE INDUSTRIAL BUSINESS PARKS, INCLUDING NEXUS INDUSTRY PARK, HOXTON DISTRIBUTION PARK AND CALIBRE, ALL IN NSW. EACH OF THESE INDUSTRIAL ESTATES CARRIES THE MARK OF OUR UNCOMPROMISING COMMITMENT TO QUALITY AND VALUE.

Working closely with our tenants, we're able to develop facilities that are customised to the needs of their business, with accessibility, functionality and sustainability at the core of the design. We recognise the importance of taking the time to understand the needs of our tenants' businesses, to allow for flexibility and growth through innovative workplace design.

We're currently completing Calibre at Sydney's Eastern Creek, which has direct access to the M4 and M7 motorways, and development potential for over 120,000 square metres of prime grade industrial, logistics and warehouse facilities. Offering the perfect business solution for employee wellbeing and supply chain efficiency, Calibre is redefining the way office and industrial facilities are designed. In fact, our tenant at Building 1, CEVA, enjoys the space we've created for them so much that they now are actively ensuring that their future logistics assets are built to the same high standard.

We also have the ability to unlock value in existing industrial areas, upgrading or repositioning buildings for new forms of employment.

Our experience in the industrial sector has resulted in good relations with a range of stakeholders at community and government level, helping to deliver high-quality facilities in key locations, as well as associated infrastructure such as roads, bridges and landscaping.

In August last year we formed the Mirvac Industrial Logistics Partnership with an investment vehicle sponsored by Morgan Stanley Real Estate Investing, and through this partnership we intend to build scale in our industrial business.

With the industrial sector currently benefiting from increased tenant demand, we remain focused on urban edge development opportunities, and on industrial assets with long lease terms and secure cash flow profiles

"Our commitment to quality goes well beyond developing and managing buildings. We pride ourselves in taking a personalised approach to customer care, aiming to provide our tenants with adaptive and intuitive workplaces that best suit their needs."
Campbell Hanan, Head of Office & Industrial.

INDUSTRIAL SNAPSHOT

	FY18	FY17
PORTFOLIO VALUE	$809M	$873M
NUMBER OF PROPERTIES	17	19
NLA	431,980 SQM	499,791 SQM
OCCUPANCY[2]	100%	95.3%
WEIGHTED AVERAGE LEASE EXPIRY[3]	7.1 YEARS	7.0 YEARS
WEIGHTED AVERAGE CAP RATE	6.19%	6.37%
LIKE-FOR-LIKE NOI GROWTH	1.3%	2.0%

1. By book value, excluding assets held in funds.
2. By area.
3. By income.

COMMITTED TO QUALITY & VALUE

Calibre, Eastern Creek, NSW

AUSTRALIAN TECHNOLOGY PARK:
ALIVE WITH LOCAL HERITAGE

SUSTAINABILITY

At Mirvac, we know how important it is to have a positive impact on the communities in which we operate, and this is particularly true at Australian Technology Park (ATP) in Sydney, which has a significant and vibrant Aboriginal history. In fact, more than 25 different Aboriginal groups have been recorded as having occupied the Sydney region, which is located on the land of the Gadigal people of the Eora Nation. Recognising and paying respect to the site's rich cultural history has underpinned our approach to community engagement at this project and through focused and meaningful engagement, we have seen our relationships with local businesses and not-for-profits in the area continue to go from strength to strength.

Artist's Impression, Australian Technology Park, Redfern, NSW

Connecting with the community

Through our close and ongoing relationship with Tribal Warriors, for instance, we've been able to provide full-time employment for two local Aboriginal community members, with five people going through our Indigenous employment program. Our employees have also continued their support of Tribal Warriors' Clean Slate Without Prejudice program, attending early morning boxing sessions that are run for young people in the area, with the support of the Redfern police. The program has been credited with breaking down the barriers between the two groups and promoting more positive pathways for the local youth. In addition to this, we've held a number of team building sessions on Tribal Warriors' Aboriginal cultural cruises, with Mirvac employees enjoying a day on Sydney Harbour while learning about Australia's Indigenous history and culture.

Another exciting relationship we've established at ATP is with Aboriginally-owned group, Yerrabingin, which we've engaged to deliver a cultural landscaped garden in the precinct, as well as an urban rooftop farm on Building 3. The garden, to be designed and managed by Yerrabingin, will showcase native plant species of cultural significance to Aboriginal people from the Redfern area, as well as New South Wales more widely. The proposed rooftop farm, meanwhile, will combine permaculture, Indigenous knowledge and innovative design to deliver a unique experience for tenants and visitors of ATP, and enhance the precinct with greater biodiversity and green space. A range of workshops and educational activities will be held throughout the year, covering bush food tastings and using native produce in everyday cooking, through to sustainable gardening practices and Aboriginal astronomy. Yerrabingin will also coordinate Living Libraries on the rooftop farm, bringing key speakers together to share their personal stories on subjects such as Aboriginal civil rights, traditional society and practice, and the Aboriginal business sector.

> "These projects will deliver the opportunity for the community, tenants and visitors to ATP to share in cultural and environmental knowledge from the oldest living culture in the world."
>
> **Clarence Slockee and Christian Hampson**
> **Founders of Yerrabingin**

Artist's Impression, Australian Technology Park, Redfern, NSW

Giving to those who do good

Mirvac also believes in championing organisations who are doing good things in the community, and last year, a community grants program was established to provide support for community welfare, education and youth leadership programs, innovation and cultural projects. Since launching the grants program, we've provided approximately $47,000 in support to local organisations, including the Redfern All Blacks, with Mirvac sponsoring their Koorie Knockout competition; the Redfern Community Centre; The Shepherd Centre, who help children with hearing difficulties prepare for school; and the Milk Crate Theatre, who are working to change the story of homelessness through performance art. Mirvac also contributed financial support to revamping the '40,000 years' mural, which is opposite Redfern Station, and has been an icon of the local Indigenous community for the past 35 years.

While we continue to progress with the development of ATP, our aim is to not only maintain but build on the strong relationships we've established, and to help extend our good relationships to the project's major tenant, Commonwealth Bank. We believe that in doing so we will leave a legacy that we can all be proud of.

SUSTAINABILITY AT ATP

Mirvac is placing significant emphasis on sustainability at ATP. All three buildings in the precinct are targeting 6 Star Green Star Design and As Built ratings, with Buildings 1 and 2 targeting 6 Star Green Star Interiors ratings, both of which constitute world leadership in sustainable design. Buildings 1 and 2 are also targeting 5 Star NABERS Energy ratings and 4 Star NABERS Water ratings.

We're also implementing a highly-efficient precinct-wide solar PV solution. The solar systems we're employing are expected to generate enough renewable energy for us to achieve our NABERS ratings on Buildings 1 and 2, while delivering a carbon neutral Building 3.[1]

The use of high-performance facades with shading and motorised blinds have also been designed to make each building more energy efficient by reducing reliance on heating and cooling.

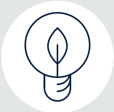
In addition to this, Buildings 1 and 2 are being constructed with large atriums featuring skylight roof sections to allow more natural light to flow through the building.

Each building has been equipped with carefully designed roof drainage systems, as well as rainwater harvesting tanks, in order to reduce on-site water consumption.

Mirvac is also targeting a minimum 95 per cent diversion of its construction and demolition waste from landfill, and has committed to the Green Star Construction and Demolition Waste Reporting Criteria. This criteria has been developed by the Green Building Council of Australia to ensure that contractors and waste processing facilities are operating with environmentally responsible due diligence.

1. For the base building.

CULTIVATE: THE HUMBLE CARPARK, REIMAGINED



INNOVATION

In February 2018, our innovation team, Hatch, fast-tracked its eight missions, one of which is to extract greater value from under-utilised assets. With driverless cars becoming more of a reality, the team saw a great opportunity to make better use of carparks within Mirvac's portfolio. The concept: to transform these spaces into thriving urban farms.

One exciting innovation has been Cultivate, a pilot project in the basement carpark of EY Centre, 200 George Street in Sydney. Partnering with Farmwall Melbourne, we invited employees from Mirvac and EY to get involved in the six-week project, which would essentially see them become urban farmers. Over 200 people volunteered, growing and harvesting produce such as micro greens, salad leaves and oyster mushrooms, which are grown from used coffee grounds supplied by Virgin Air. The process is made possible by automatic watering and high-powered lamps that accelerate growth, and it's 100 per cent organic with zero waste.

A café in the precinct, The Avenue, has also become involved, and has asked us to grow specific types of produce that they feature on their menu, making a very short farm-to-plate trip.

Cultivate has delivered some unexpected wellbeing benefits too. When participants were surveyed before and after spending an hour at the farm, 40 per cent said they left feeling less stressed. Interest in the project is growing, and we see huge potential to scale the idea now we've demonstrated that it can work. We've extended Cultivate for another 12 months and we've now employed an urban farmer to manage the facility and educate volunteers.

SUSTAINABILITY

SIRIUS: A TRIPLE SIX-STAR SUCCESS

23 Furzer Street Canberra

Sustainability has been a key feature at Sirius House at 23 Furzer Street, Canberra for some time, and this year we enjoyed a standout success when Sirius became the first building in Australia to achieve a 6 Star NABERS Energy rating, a 6 Star NABERS Water rating and a 6 Star Green Star Performance rating, without the use of GreenPower or externally-sourced recycled water.

The Mirvac team has worked hard to optimise energy and water performance at Sirius, and since FY13 they have reduced carbon emissions by 33 per cent and reduced water consumption by over 50 per cent. This has been made possible, in part, by the large-scale solar PV system installed at Sirius in 2014. While our 2030 net positive goal has certainly provided motivation to achieve these outcomes, we could not have done it without collaborating with our stakeholders, particularly our tenant, the Department of Health. It's exciting to see what we can achieve when we work together.

"Smart building technology has played a large part in our success at Sirius. The technology enables us to see inside the building's central nervous system, providing real-time data that tells us what's happening right across the building at any given moment. This means we can make adjustments in response really quickly, and optimise the building's performance around the clock."

David Palin
Sustainability Manager, Office & Industrial

MATES ON THE MOVE:

SUSTAINABILITY

In Mirvac's office assets, two streams of waste have proven difficult to divert from landfill: paper towels and coffee cups.

Over the past 18 months, we're pleased to say we have found an effective solution, one that has the added benefit of having a positive social impact. Through our ongoing relationship with Social Traders, an organisation that connects businesses with social enterprises, Mirvac has teamed up with Mates on the Move: an initiative of the Prisoners Aid Association of NSW, established to create employment opportunities for men and women making the transition from the justice system. Through this partnership, we have been able to start collecting paper towels and coffee cups across ten of our sites in NSW, reducing contamination and improving our recycling.

In the first 12 months, we've collected over 90 tonnes of paper towels and coffee cups, receiving some very positive feedback from retailers, tenants, and facility managers. On the back of this success, we are looking for opportunities to work with Mates on the Move more extensively, and have raised awareness about their work within the industry via the City of Sydney Better Buildings Partnership.

HIGHLY INNOVATIVE RETAIL SPACES

RETAIL SNAPSHOT

	FY18	FY17
PORTFOLIO VALUE	$3.2BN	$3.1BN
NUMBER OF PROPERTIES	17	17
NLA	419,262 SQM	418,578 SQM
OCCUPANCY	99.2%	99.4%
WEIGHTED AVERAGE LEASE EXPIRY	3.8 YEARS	4.2 YEARS
WEIGHTED AVERAGE CAP RATE	5.49%	5.67%
LIKE-FOR-LIKE NOI GROWTH	3.0%	3.0%

RETAIL

Mirvac owns and manages a $3.2 billion portfolio of shopping centres across Australia's eastern seaboard, with a focus on growth assets in key urban and metropolitan markets.

We have positioned our portfolio towards key metropolitan markets that demonstrate urbanisation, population growth, deep employment markets and high household wealth. This strategy has been successfully executed with the acquisition of centres in growth locations and the divestment of assets in weaker regional markets over the past five years. We have continued to focus on dense urban areas, particularly in Sydney, where almost 70 per cent of our portfolio is located, which is benefiting from ongoing population growth, as well as growth in domestic and overseas tourism.

We are focused on disciplined development and capital investment as part of our commitment to creating great experiences for our customers. We have invested significantly in our assets to improve overall ambience and amenity, as well as evolving the retail mix of our tenancies to meet our customers' expectations. This has seen us increase our exposure to dining, entertainment and leisure, as well as services. Since 2014, we have delivered a number of unique and highly-innovative retail spaces, and we are continuing to explore new and exciting ways to realise the full potential of our assets.

URBAN FOCUSED RETAIL PORTFOLIO

Our overweight to experiential retailers and the ability to tailor the retail offer at each individual asset are also key contributors to the success of our portfolio. We know that having the right retail mix and delivering the right customer experience will drive a strong performance. As a result, our centres offer bespoke retail environments that reflect the values of their local communities, along with a brand identity that resonates with their customers.

Sustainability is also fundamental to our retail operations and there are few better examples than Kawana Shoppingworld on Queensland's Sunshine Coast, where we have implemented an industry-leading waste initiative. Our on-site processing system, Pulpmaster, converts food waste into a liquid waste, generating a clean source for organic compost and diverting over 170 tonnes of food and organic waste from landfill.

Over the past four years, our *This Changes Everything* sustainability strategy has helped us to increase waste diversion from landfill in our Retail business from 33 per cent to 75 per cent, and increase our waste streams from five to 22. We're continuing to educate our customers and their cleaning teams on the value of waste separation, and making it easier for them with colour coding and wayfinding signage.

Orion Springfield Central in Queensland is one of the most environmentally-friendly shopping centres in Australia. Through innovative design and world-leading technology, the centre achieved a 6 Star Green Star Shopping Design Pilot rating from the Green Building Council of Australia for Stage 1 of the development.

WITH THE NATURE OF RETAIL EVER CHANGING, WE REMAIN COMMITTED TO DELIVERING UNIQUE, INNOVATIVE RETAIL EXPERIENCES FOR OUR CUSTOMERS, WITH A CONTINUED FOCUS ON CENTRES IN DENSELY POPULATED AREAS.

CATERING TO OUR CUSTOMERS:

AN ENHANCED RETAIL EXPERIENCE

INNOVATION

As we reimagine our centres to be more than just retail, we've been asking customers what they really want – and in several locations, we are delivering some interesting innovations in response.

Having carried out Hatch-style research at Orion Springfield Central in QLD, we discovered that many customers considered their dog to be an integral part of the family and were more likely to visit places that were dog-friendly. In response to this, we have since developed two dog parks at Orion, and we're working with retailers to create dog-friendly dining zones. We know that interaction with animals brings health benefits, and it's also a great way for people to make connections within their community.

Catering to canines is just one way we are making our retail centres more inviting. In April this year, we transformed the main shopping street at Orion into a venue for the Jacaranda Dinner: a fundraising banquet supporting the local Ipswich Hospice; while at Rhodes Waterside in Sydney, we invested $500,000 in a large, all-weather playground.

And at Broadway Sydney, we're piloting The Third Space, a unique co-working space that offers our customers bookable meeting rooms, an open-plan workspace and focused work pods. The convenient location of the hub at Broadway Sydney means our customers have easy access to everything the centre provides, including grocery shopping, retail, restaurants and entertainment.

As the nature of retail becomes more fluid, the need to create meaningful spaces becomes more and more important. We're excited by the opportunities this new era of retail represents.

> "Increasingly, our retail centres are about much more than retail – they're places for people to connect. By engaging with the community and listening to our customers' needs, we're able to deliver unique retail experiences."
>
> **Susan MacDonald, Head of Retail**

MIRVAC ENERGY:

THE NEXT CHAPTER

SUSTAINABILITY

Mirvac Energy is a key component of our path to net positive and has been a game changer for our business. In the last year, we've learned a huge amount from our two pilot sites, Orion Springfield Central, QLD and Darling Island, NSW. One of the most important things we've learnt was the complexity of installing solar PV systems, particularly when the asset in question is being used by the public. As well as overcoming installation challenges, we had to get up to speed with the administrative aspects of running an energy company, from generating Renewable Energy Certificates to developing power purchase agreements. Of course, once the systems were in place, there was also much to be learned about how they would perform and operate.

One of the distinct advantages that Mirvac has, however, is the significant roof space our retail assets provide, allowing us to generate and store higher levels of renewable energy onsite.

We are now looking at installing solar at more of our properties and tapping into advancements and innovations in solar.

Proving the Mirvac Energy model

Through our pilot projects, we've proven that the model can work. Having hit our initial targets and familiarised ourselves with the process, we've now commenced work on two new Mirvac Energy projects. The first of these has seen us install 180kW of solar PV at 664 Collins Street in Melbourne, which we did in partnership with AGL, our tenant at both 664 Collins Street and the neighbouring 699 Bourke Street. This was the first time we have installed solar PV during the construction process, and we are proud that the system is now up and running.

Our second project will involve installing approximately 750kW of solar PV at ATP in Sydney. This will be done across the three buildings, one of which will be net zero carbon. In addition, we are observing and capitalising on the rapidly-evolving options for renewable energy through ever-improving technology and installation, including lightweight modular systems, and systems able to adapt to the changing needs of buildings and owners.

Off-site solar opens up new opportunities

Another way we're looking to expand Mirvac Energy is by installing off-site solar PV systems. We are exploring this idea in Melbourne, with plans to install a solar PV system at an industrial asset owned in the Mirvac Industrial Logistics Partnership. The aim is that it will generate renewable energy which we then purchase for use at 477 Collins Street. Using GreenPower Connect™, we're using our purchasing power to link assets that have roof space for solar PV with assets that consume renewable energy, for excellent environmental performance. With their large roof spaces and low energy requirements, our industrial assets have great untapped potential, and we believe that through off-site solar solutions we can start to take advantage of this.

KAWANA SHOPPINGWORLD:

A CLOSED LOOP RECYCLING SOLUTION

SUSTAINABILITY

In December 2016, Mirvac installed the Pulpmaster at Kawana Shoppingworld, QLD: an on-site system that processes food and organic waste, which is then transformed into high-quality compost. In its first 12 months, the Pulpmaster enabled Kawana to divert 20 tonnes of food and organic waste from landfill, and this year, it inspired a closed loop recycling solution.

On Mirvac's National Community Day, the Kawana team volunteered at a local not-for-profit, Eastbank Edible Garden, and immediately saw potential to use the Pulpmaster compost at the garden. From there, they developed a closed loop solution in collaboration with the two local suppliers involved in the Pulpmaster recycling process: JJ Richards & Sons, who collect the liquid waste from Kawana, and Wood Mulching Industries, who turn the waste into fertiliser. Healthy Land & Water also supported the project.

Together, these teams enabled six cubic metres of fertiliser to be donated and delivered to both Eastbank Edible Garden and local strawberry farm Suncoast Harvesting. The project was included as part of Kawana's National Recycling Week Showcase, and attracted visits from the Queensland Shadow Minister for Environment, Science & The Great Barrier Reef Mr David Crisafulli, as well as Member for Kawana Mr Jarrod Bleijie.

With the first crops of strawberries now being harvested and sold back to Kawana, our customers are quite literally enjoying the fruits of our labour.

RESIDENTIAL

For over 45 years, Mirvac has set the standard in residential design and community creation, delivering places of enduring value that our customers are proud to call home. With over 27,000 lots under control, our Residential business is founded on a reputation for delivering superior apartment and masterplanned communities projects in Australia's key cities of Sydney, Melbourne, Brisbane and Perth.

LOTS UNDER CONTROL

>27,000

Our rigorous approach to planning, design, development and construction ensures our customers receive the quality they expect and deserve, and our attention to detail and commitment to customer service is second to none. We have a name that is synonymous with excellence and quality, demonstrated by a strong history of repeat customers and countless industry awards. The unrivalled level of customer loyalty we enjoy is clear evidence that living in a Mirvac house, townhouse or apartment is an experience worth repeating.

The key to our success is that we listen to our customers and we're passionate about every little detail, whether it be the location of power points in the home, or the kitchen tiles that repel red wine stains. Our customers know that when they choose us, they're choosing a company who is reimagining urban life to enrich their lives, promote their health and happiness, and leave a legacy to be enjoyed for years to come.

With design, development, construction and marketing sitting under one roof, we're also able to respond to our customers readily and easily. Our teams have worked together on a number of diverse projects across Australia, encompassing both masterplanned communities and apartments. The cross-pollination of knowledge allows for greater learnings, better insights, and ensures an integrated and focused approach.

Our history of delivering significant urban renewal projects across Australia is also remarkable. This is evidenced by projects such as Walsh Bay in Sydney NSW, where we reinvigorated a deteriorating wharf area into a leading residential, commercial and cultural precinct; as well as the highly-acclaimed Beacon Cove in Melbourne, where we revitalised a derelict and unused industrial area near the Port Melbourne waterside. More recently, we've delivered over 1,200 apartments at Harold Park in Sydney, transforming the former Harold Park Paceway into a thriving community that balances density, sustainability and quality of life.

We're also actively encouraging more sustainable lifestyles by offering solar and batteries to our customers, and contributing to addressing the affordability issue from a number of angles, including The Right Start initiative and our House with No Bills study in Melbourne.

Our passion for delivering high-quality residential projects and communities is unwavering, and we will continue to undertake complex urban renewal projects where we can leverage our unique skill set across every aspect of the development.

ATTENTION TO DETAIL

RESIDENTIAL SNAPSHOT

	FY18	FY17
NUMBER OF LOTS UNDER CONTROL	27,406	29,186
NUMBER OF LOTS SETTLED	3,400	3,311
PRE-SALES SECURED	$2.2BN	$2.7BN
RESIDENTIAL GROSS MARGIN	25.4%	25%
RESIDENTIAL RETURN ON INVESTED CAPITAL	18.1%	18%

PROUD TO CALL HOME

BUILDING RESILIENT COMMUNITIES

SUSTAINABILITY

As a developer of major projects on the urban fringe, we're acutely aware of the challenges that can come from living further away from central business districts and the infrastructure and social interactions they provide. We recognise how important is it to create a sense of belonging and reduce social isolation, which research shows can lead to issues such as depression, family violence, substance abuse, obesity, discrimination and distrust.

That's why we're focused on helping to build a strong social fabric in new communities, and at Woodlea and Olivine in Victoria we've employed a dedicated community development manager to ensure that the communities we're creating are vibrant, dynamic, safe and connected.

By building quality relationships, through listening and collaborating with our customers, our partners and local council early on, we also feel confident that the communities we deliver will be healthy, resilient and sustainable, and that we'll leave a positive legacy for those who live there.

Creating connections

Encouraging residents to form relationships with their neighbours is essential to building strong community engagement, and we've been mindful of the need to create spaces where human connections can grow and take shape.

At Woodlea, for instance, which we're developing in a joint venture with Victoria Investments & Properties, we've built the Smart Learning Hub that is used for a range of activities, such as mothers' groups and play groups, and has also become something of an incubator for jobs and education.

As well as being a space where local providers can run short courses, we have directly brokered a relationship at the hub between our civil contractors at Woodlea, Winslow Constructors, educational services group, Djerriwarrh, and Jobs Victoria, to train over 100 people since 2016.

The benefits of this have been plentiful, and so far, we've witnessed at least 12 local community members obtain meaningful full-time employment in the construction industry as a result. In addition to this, the training responds to a need for a skilled and capable workforce in the area to keep pace with civil construction demand.

A community garden, boasting a pizza oven, has also been used to host regular pizza nights and it's been exciting to see residents of Woodlea now coordinating community activities themselves.

The learnings we've taken from Woodlea are now being extended to Olivine, where we're in the process of building a central community hub called Olivine Place. Olivine Place will provide a venue for community events, festivals, workshops and learning opportunities, as well as a place for residents to gather and plan activities. We've engaged a not-for-profit organisation, Grassroots Placemakers, to run a social enterprise café where they'll hold classes for disadvantaged members of the local community and provide opportunities for them to work. Finally, with edible gardens having been offered to residents as part of their home package, we're exploring the opportunity to run regular food fairs from Olivine Place, where residents can share produce with one another.

With community expectations for early and proactive consultation increasing, we've committed to having dedicated community relations representatives at each of our greenfields projects, and we are placing much greater emphasis on a consistently high standard of community consultation.

Artist's Impression, Woodlea, Victoria

"At Woodlea, we're seeing the benefits that come with investing in social and physical infrastructure early on. Already, this community is flourishing. It's a great example of how Mirvac's integrated model delivers all parts of a project."
Stuart Penklis, Head of Residential

Paying homage to history

Acknowledging the history of a place can play an important role in defining its future. At Woodlea, we partnered with Melton City Council, the Caroline Springs RSL and numerous local community groups to deliver a commemorative Walk of Honour. Featuring educational plaques, storytelling through smartphone apps and artistic interpretations, the 500 metre walk pays tribute to the Australians affected by wars over the past century, while celebrating the site's history as a radio signals station during World War II. Importantly, the walk also acknowledges those who have found refuge in Australia after being displaced from their own countries as a result of war. The walk, which finishes at Woodlea's Town Square, is expected to be completed in time for Remembrance Day this year.

Olivine will likewise pay homage to the area's farming history and celebrate its natural surrounds, with the retention of many of the site's majestic 200-year-old river red gums. Every home at Olivine is within walking distance to a park or green open space, while landscaped pedestrian paths and cycling tracks will connect neighbourhoods to schools and the town centre.

To ensure we're building more cohesive communities at both Woodlea and Olivine, we're also committed to the early delivery of infrastructure, such as schools, parks, and sporting facilities. We know that by providing these services to our new residents, we're facilitating a sense of belonging, and ultimately, giving our customers a better opportunity to live healthy and happy lives.

SERVICING OUR RESIDENTS, ONE SHUTTLE BUS AT A TIME

Through our work on the Walk of Honour, we've formed a strong and trusting relationship with the Caroline Springs RSL. When the RSL purchased a mini-bus to help transport some of their less-able-bodied members, it led to a fantastic opportunity for Mirvac and the RSL to work together and trial a shuttle service to and from the Rockbank V/Line Railway station. Running from Monday through to Friday during peak times, the three-month trial will be provided to residents free of charge.
The service not only gives residents a safe and reliable way to get to Rockbank station while improvements to walking and cycling paths outside of the estate continue to be made, it also instils a sense of pride and purpose for the team of volunteer drivers who come through the RSL.

GASPT AT A GLANCE

Last year, Mirvac announced it would be piloting a new community building partnership, the Growth Areas Social Planning Tool (GASPT), at Olivine. Led by the City of Whittlesea and developed in collaboration with a range of fringe councils and state-level agencies, the innovative social planning tool aligns with our objective to boost liveability, increase connections and reduce social disadvantage in new greenfield communities.

The tool formalises Mirvac's current approach to community engagement, while also allowing us to measure our outputs. By addressing social planning and resourcing gaps, we'll be better placed to respond to some of the challenges experienced by residents in our new urban-fringe communities. Our intention is to use GASPT to plan future services at Olivine, which will be delivered over the next 10 to 15 years, and to use our findings to inform future masterplanned communities projects.

The tool was also a key driver in Olivine being selected by the City of Melbourne to form part of the 100 Resilient Cities initiative. Established by the Rockefeller Foundation, the initiative is aimed at helping cities around the world respond to the physical, social and economic challenges we face in the 21st century.

QUT STUDY AT WOODLEA

This year, Mirvac commenced a five-year study in partnership with Queensland University of Technology that will track the emotional wellbeing and connectedness of residents at Woodlea. The project, Woodlea Connect, combines traditional forms of research with qualitative data that could potentially influence the way resources are allocated in future stages of Woodlea. It is also our hope that the study starts conversations to determine key issues facing the community over the medium term, allowing us to implement strategies at Woodlea that enhance wellbeing outcomes, and to learn more about well being which we can apply at our future developments.

MY IDEAL HOUSE: DESIGNING FOR GREATER FLEXIBILITY

In FY17, Mirvac teamed up with House & Garden Magazine to run a competition for designers, architects and students. The brief: to design a modular house that would be relevant to families in the suburbs. Entries were judged on three criteria: sustainability, liveability and flexibility. After choosing a winner from a field of over 80 entrants, we spent a large part of FY18 bringing the concept to life at our Gledswood Hills masterplanned community in NSW, and in June 2018, the community was invited inside the finished product.

The winning design is special for a number of reasons. Firstly, it has a modular flexible design that means the layout can be adapted to work on different blocks – enabling us to achieve a north-facing orientation on any site (the key to passive energy efficiency). The flexibility of the design also means it is versatile enough to suit families of all shapes and sizes, and change as families move through different life stages.

Sustainability was an important consideration throughout the development, especially in the selection of the construction materials. The home makes use of solar, has a Tesla battery, CSR Hebel brickwork, LED lighting, and responsibly-sourced plantation timber. The home recently sold at auction, with Mirvac donating $50,000 of the profits to The Salvation Army. We are also excited to see how the design concept may help us elevate our approach at masterplanned communities across our residential business.

SOLAR ENERGY: INCREASING IN SCALE

SUSTAINABILITY

Promoting renewable energy to residential customers hasn't always been easy, especially given the associated price tag. This year, however, we began to see real traction in this space, with our research indicating that over 50 per cent of our customers are now interested in solar and batteries, and are willing to pay for it. Our challenge is now working out the best ways to provide more people with access to this technology in different development contexts, and we have begun by offering solar upgrades as an optional extra to all of our masterplanned communities customers. Apartment customers have also been given the chance to benefit from renewables, with solar offered to a small number of residents at Ascot Green in Brisbane and Marrick & Co in Sydney. Meanwhile, in Western Australia, solar is improving community spaces, powering Wi-Fi enabled park benches across several locations.

Pioneering a collaboration with the Clean Energy Finance Corporation (CEFC)

The CEFC is a government organisation dedicated to funding energy efficiency projects, and in an Australian-first, the CEFC has agreed to provide $90 million to fund three of Mirvac's upcoming masterplanned communities projects in New South Wales and Queensland. This investment will enable Mirvac to construct these developments at a lower cost, with the amount saved to be directed towards clean energy initiatives. We anticipate the CEFC partnership will enable us to install solar and battery technology in around 300 homes, along with features we include as standard, such as LED lighting.

AFFORDABILITY: TACKLING THE ISSUE FROM DIFFERENT ANGLES

Artist's Impression, Pavilions, Sydney Olympic Park, NSW

BUILD-TO-RENT: THE START OF A NEW SECTOR

Artist's Impression

In Australia, renters now make up a large proportion of the population, with the demographic of renters having changed dramatically. Recognising an opportunity to help meet the evolving needs of our customers, we were thrilled to launch the Australian Build to Rent Club (ABTRC or the club) in July this year, with the CEFC committing to a 30 per cent interest as a cornerstone investor.

The seed asset for the club, and our first purpose-built build-to-rent asset, will be Indigo at Mirvac's Pavilions project at Sydney Olympic Park in NSW, Mirvac's fourth building in the precinct.

With a customer-first focus, Mirvac is committed to offering an exceptional rental experience at Indigo, with dedicated on-site leasing and concierge, high-quality amenity, a resident program, and leading sustainability features. Mirvac will act as the development, investment and property manager.

The club will not only provide renters with better choice, better quality and better security of tenure, it introduces a new asset class and customer base for Mirvac. Indigo is due for completion in FY21, and we are proud to be pioneering this new sector in Australia.

Affordability continues to be an issue in some parts of Australia, particularly in Sydney and Melbourne, and we are harnessing our skill set and expertise in the industry to do what we can to address the issue. We remain committed to ensuring the homes we deliver are more affordable for our customers to maintain by using high-quality materials and investing in cutting-edge, sustainable construction technology.

Our House with No Bills is one of the most innovative projects we're undertaking, with the ultimate aim – to reduce utility bills (while reducing our reliance on energy).

Designed to deliver real-life insight into affordable living, construction on the House with No Bills home has now been completed with a family of four selected to live in the house, rent and bill free, for a 12-month period, giving us the chance to see how our carefully designed pilot home works in action. The house features an array of cost-saving sustainability elements, and its sensors, which track how the space is used, will provide us with good insights into how we can offer these features more widely.

We have engaged the Cooperative Research Centre for Low Carbon Living to extract and analyse data from the house, interview the tenants and provide monthly reports. We look forward to publishing these throughout the next year – and we have also begun to plan a second House with No Bills experiment that takes even more facets of affordability into account.

Rolling out The Right Start

In FY17, we trialled The Right Start at the Pavilions, Sydney Olympic Park, NSW. This involved offering 65 homes exclusively to first home buyers and allowing them to exchange with a 5 per cent deposit. Following the success of the trial, we extended The Right Start throughout FY18 at The Finery, St Leonards Square and Marrick & Co in Sydney; Yarra's Edge and Tullamore in Melbourne; and Compass at Leighton Beach in Perth. While the government's First Home Buyers Grant offers rebates on properties under $600,000, we recognised that many first time buyers need more room, especially if they have a family. With this in mind, we gave first home buyers the equivalent of this grant ($10,000) if they were purchasing a property over the threshold – meaning they effectively did not miss out on the added support.

Working with Western Australia's Department of Community

We're actively aware of the need to provide more affordable housing for key workers, and through a partnership with the Department of Communities, we've worked with builders to develop house and land packages at our masterplanned communities, Osprey Waters and Baldivis, that specifically address the needs of key workers within the community. These are then sold directly to the Department of Communities, who make them more accessible to key workers with Keystart lending (low deposit loans and shared equity schemes).

We've also focused on developing a diverse range of property types, such as compact, high-amenity terraces in Western Australia – which are more affordable than our standard free-standing homes and cater to the needs of first home buyers who are price-conscious, but still need more than a one-bedroom apartment.

OUR PEOPLE

PEOPLE & LEADERSHIP

We put our people first, and we recognise our business wouldn't be where it is today without them. Not only do they define the culture we live by, their diverse capabilities enable us to deliver quality outcomes for our customers and achieve our business results. While we thought it may be hard to improve on last year's 88 per cent employee engagement survey score, FY18 saw us achieve an impressive 90 per cent, providing clear-cut feedback from our people about what it is like to work at Mirvac and demonstrating that high engagement underpins our success.

Mirvac's approach to people leadership has always encompassed a strong emphasis on safety where we've achieved consistently strong results. In FY18, we broadened our health and safety scope once again – this time, placing greater focus on the health and wellbeing of our people. Launched in August 2017, our new HSE strategy, *Thrive*, has already had an impact on our teams, and thanks to a health and wellbeing council, we've seen great engagement in our initiatives. This included the Virgin Pulse Global Challenge, a worldwide initiative that encourages active lifestyles. It is our hope that by building a healthier, happier and more resilient workforce, we can realise the true potential of our people, and contribute to a healthier society.

We also continued with our focus on diversity and inclusion, recognising that to perform at our peak we need to embrace and support different voices and perspectives, including from different genders, cultures and backgrounds. Our efforts were once again recognised during the financial year, with the Workplace Gender Equality Agency naming us an Employer of Choice for the fourth consecutive year, and Direct Advice for Dads and Core Data identifying Mirvac as one of Australia's leading employers for fathers. Our employees tell us that our ongoing commitment to flexibility through initiatives like My Simple Thing has played a big part in helping us achieve these results.

OUR PEOPLE DEFINE THE CULTURE WE LIVE BY

Refreshing our values

Culture plays a key role in our success, and this year we undertook some work to examine what qualities underpin our culture. We spoke to 150 people across the business, to define what qualities are critical to us delivering on our purpose and strategy. The results were surprisingly consistent, resulting in six truths that we have since relaunched as our refreshed values.

We're confident that they are authentic for leaders, managers and employees:

- We put people first
- We're passionate about quality and legacy
- We collaborate
- We're curious and bold
- How we work matters
- We're genuine and do the right thing.

Our values also shape how we strive to create great experiences and great outcomes for our customers, communities and stakeholders. The high performance expected of our employees is equally balanced between what they deliver and how they apply the values in delivering outcomes. We have also developed a risk culture index and measured our effectiveness in identifying and managing risk through our employee engagement survey, which provides valuable insights for our Board and executive teams to ensure that our appetite for risk is held in balance through strong governance.

Virgin Pulse

The first program run under our new HSE strategy, Thrive, was Virgin Pulse, a global initiative that challenges participants to complete 10,000 steps a day for 100 days. The overall goal is to improve activity levels, health and wellbeing. Almost half of Mirvac's workforce took part, including those based in our offices, retail centres and those on construction sites.

We had a fantastic end result, coming first globally in the property and real estate category, and second across all industries in the Asia Pacific region. We also saw a noticeable improvement in our employees' activity over the course of the challenge. By the end of Virgin Pulse, 65 per cent of our people were completing 10,000 steps a day, up from 20 per cent at the start; 60 per cent reported an improvement in concentration and productivity; and 25 per cent reported an improvement in their own happiness.

Uncapped volunteering leave

As well as our commitment to triple our community investment by 2022, and invest $100 million in the social sector by 2030, we have lifted the cap on paid volunteering leave we offer to our employees. From later this year, our employees will have unlimited volunteering leave with their manager's approval. Mirvac employees already volunteer at twice the rate of our industry peers in Australia and New Zealand, and we are looking forward to seeing what more they can contribute to social cohesion through this substantial commitment.

The Hatch team has already begun to use their volunteering leave in creative ways, having run a free innovation and ideation session for Think Pink, a Victorian not-for-profit dedicated to supporting women who are fighting breast cancer. Mirvac has a long-standing relationship with Think Pink, tracing back to 2010 when we provided our support in the creation of The Living Centre. The Living Centre is a state-of-the-art wellness facility dedicated to providing emotional, practical and physical support to those diagnosed with breast cancer, free of charge. When Mirvac's employees volunteered at The Living Centre as part of last year's National Community Day, they learned that Think Pink were finding fundraising a real challenge. Held in May, our Hatch session generated over 100 ideas for Think Pink, which we narrowed down and are now helping to action. It was great to apply the Hatch process to help a community partner in this way, giving them access to ideas they may not have otherwise encountered.

"Culture can be a lead indicator of the sustainable performance of the business. It's important to understand the DNA of your culture, and then build on that."

Chris Akayan, Head of Culture & Reputation

OUR WORKFORCE AT A GLANCE

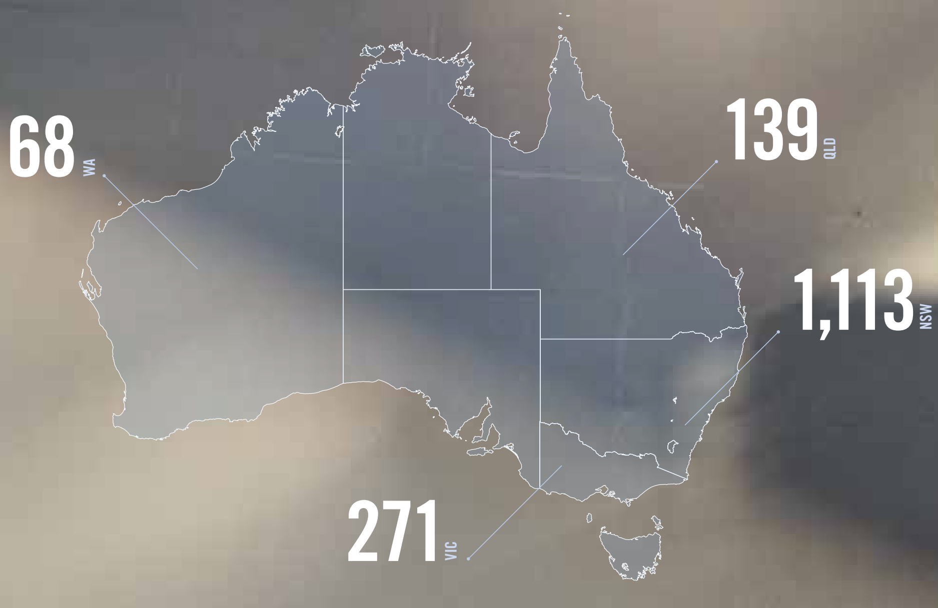
TOTAL NUMBER OF EMPLOYEES
1,591

GENDER SPLIT
59/41
MALE / FEMALE

PAID PARENTAL LEAVE
20 WEEKS PRIMARY CARER

4 WEEKS NON-PRIMARY CARER

EMPLOYEES BY LOCATION



DIFFERENT CULTURAL IDENTITIES
24

DIFFERENT LANGUAGES SPOKEN
32

FEMALE REPRESENTATION IN SENIOR MANAGEMENT
40%
FEMALE

BOARD REPRESENTATION
50:50
MALE / FEMALE

SAFETY

Safety

Mirvac's thorough and proactive approach to safety resulted in another year of positive results in FY18. We have seen steady improvement of both the lost time injury frequency rate (LTIFR) and the total recordable injury frequency rate (TRIFR) over the past five years. Our LTIFR this financial year of 1.3 is our lowest on record. This year we also began to focus more on critical risks and near misses, identifying and addressing events that are low in frequency but can be very high in impact. To help us learn how to do this effectively, we have implemented a new 'event learning culture', which involves delivering targeted training and incident review boards to ensure we embed learnings across the Group. We have also introduced a Critical Injury Frequency Rate (CIFR) to strengthen our focus on our most critical risks and near misses.

We have also completed an audit of our group safety systems, and have begun rolling out our new Mirvac Minimum Requirements (MMR).

The MMR identify what is essential in how works and services are performed at any workplace under the management and control of a Mirvac entity, including the obligations of our contractors. The goal is to consistently manage critical risk across all parts of the business.

Designing out our risk (DOOR)

Another key achievement in FY18 was the enhancement of our DOOR process. DOOR establishes a framework for identifying hazards and risks that can be resolved through design solutions, as well as identifying design opportunities. It is underpinned by a recognition that good design work gives the highest level of protection, so far as is reasonably practicable, and applies to internal or external design work.

Non-compliant building materials

We are committed to ensuring our building materials and operations are safe for our people, our customers and the public, and we proactively assess the materials used in all our residential, retail, office and industrial buildings through a dedicated building materials working group. We have also developed a materials database, which is included in project delivery plans to help us identify and eradicate any problem materials prior to construction.

HSE STATISTICS IN FY18

INDICATOR	Workplace culture Demonstrate commitment to HSE with active participation by senior executives (HSE leaders program)	Mirvac Group LTIFR (service providers and employees)	Incident reporting promote timely reporting of workplace incidents	Workers compensation claim count	Induction training for new starters	Fatalities
2016	130%	2.2	17HRS	20	99.9%	0
2017	134%	2.6	14.3HRS	22	99.9%	0
2018	211%	1.3 ✓	21HRS	22	99.7%	0 ✓
TARGET	100%	<2.5	<24HRS	N/A	100%	0

Our HSE management systems within construction continued to be certified to ISO 14001, OHSAS 18001, and AS/NZS 4801. Limited assurance has been provided by Pricewaterhouse Coopers. Data sets that have been assured are marked with a ✓. For further information visit mirvac.com/sustainability.

PEOPLE & LEADERSHIP

Diversity & Inclusion

Progressing our RAP

Since it officially launched in July 2017, our Reconciliation Action Plan (RAP) has given us a platform from which to build stronger relationships with Indigenous Australians, and create greater respect and opportunities. The plan is led by a diverse internal RAP working group, all of whom share a desire to support reconciliation. To promote greater respect, the RAP group has received targeted training around cultural awareness, which we intend to roll out across the business. And to drive opportunities, we have continued our partnership with Career Trackers to provide three internships for interns with Indigenous backgrounds. Our relationship with Supply Nation is also growing stronger, and they have provided us with a list of certified indigenous businesses who we plan to involve in future tenders. In FY18, we procured over $2.3 million in goods and services from Indigenous businesses, up from $404,540 in FY17, and we are looking forward to seeing that number grow as part of our target to invest $100 million in the social sector by 2030.

Redefining parental leave

Raising children is a task often shared by two parents, so in December 2017 we updated our parental leave policy in recognition of this. Now, carers receive 20 weeks of paid shared care leave (compared to an industry standard of 14-16 weeks), and partners receive four weeks (double the industry standard). This can be taken flexibly, and we also pay super on the unpaid component of parental leave.

White Ribbon accreditation

In early 2018, Mirvac became the first Australian property developer to become accredited as a White Ribbon workplace. The accreditation builds on our existing diversity and inclusion initiatives, and helps us to strengthen our culture of respect and gender equality at all levels.

The process to become accredited was thorough, and has led to us incorporating new benefits and services for our people. This includes providing 10 days paid leave when someone experiences family or domestic violence, as well as financial support. We also provide a specialist service through our existing Employee Assistance Program, flexible return to work options, and have delivered comprehensive training to all managers and our Board on how to refer victims of domestic violence to appropriate support. For further information, visit whiteribbon.org.au.

"It really comes down to business being a force for good – recognising that yes, we are for profit, but we are also for purpose. You don't have to do one or the other; you can do both and you should do both."

Susan Lloyd-Hurwitz, CEO & Managing Director

Trusted stakeholder partnerships

Mirvac collaborates with a broad range of people and organisations in order to deliver our best work, and we engage with each group in a way which suits their needs. With trust in institutions at a low point, and expectations of businesses growing in response, effective stakeholder engagement becomes even more critical.

It is more important than ever to be transparent, to work together on shared goals, to engage regularly and proactively, and to use our partnerships to unlock tricky challenges for both parties. We want to better understand what it is like to work with Mirvac as a partner, so that we can keep doing what's right, and make improvements where they will make a meaningful difference.

To gain real insight into the kind of partner we are for our stakeholders, and what they expect from us, we carried out an in-depth reputation research project in FY18.

The results show that strong leadership from Mirvac is driving a high-performing score on reputation and trust, which importantly is balanced equally between our character and our capability. This is particularly pleasing given this is the standard to which we hold our employees in high performance.

Our key stakeholders have given clear advice where we should direct our energies in order to maintain quality relationships with them. As a result, our focus will be to take an even more customer-centric approach to our top customers, coordinated by our executive team, and supported by experts across our business. In addition, we will be responding to our stakeholders' interest in our purpose, sustainability strategy, our culture and our innovation program, by facilitating even more ways in which our expertise may help to solve challenges we have in common.

SUSTAINABILITY SAFETY TECHNOLOGY PEOPLE & LEADERSHIP

Risk Management

Risk governance

The Board has adopted a consolidated Risk Management Policy and Framework which incorporates governance, compliance, risk appetite and business continuity management. This approach is consistent with the Australian and New Zealand standard on risk management (ISO 31000:2009).

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

The Board has charged management with the responsibility for managing risk across the Group and implementing risk mitigation strategies under the direction of the CEO & Managing Director and supported by the ELT.

A Group Risk function, led by the Head of Risk, provides a centralised role in facilitating the risk management framework, advising business units on risk management plans and consolidating risk reporting to senior executives, the ARCC and ultimately the Board.

Group Risk refreshed its strategy during the financial year to focus on three key areas: building closer partnerships with the business, creating and fostering a risk aware culture, and being more proactive in managing risk.

While we have a dedicated risk team, each area of the business is ultimately accountable for its specific risks, and we want to empower our people to identify and mitigate these effectively.

For a more detailed account of Mirvac's Risk Management Policy and Framework, please refer to the Group's Corporate Governance Statement which can be found at: www.mirvac.com/about/corporate-governance.

Our principal strategic risks and opportunities

A number of the risks and opportunities Mirvac faces in delivering its strategic plan are set out in the below table. They are largely related to our portfolio of assets and are typical of a property group. These are not the only risks associated with Mirvac. The risks are grouped by theme rather than order of importance.

Risk & opportunity	How we're addressing it
Investment performance Mirvac's business is impacted by the value of our property portfolio. This can be influenced by many external aspects outside our direct control, including the health of the economy and the strength of the property market.	Mirvac partners with aligned investors to leverage capability and develop recurring income streams. Prudent capital decisions are made on the basis of due diligence and market research to ensure investor confidence is retained. We take steps to anticipate shifts in market conditions and to make strategic decisions in securing development pipeline opportunities. Buying and selling at the right time in the property cycle has enabled us to deliver sustainable returns to our securityholders for the past five years, and when we approach new acquisitions, we are mindful of the fundamentals needed to maintain growth through our sustainable urban-focused business model.
Macro environment Mirvac is impacted by changing domestic and international macro prudential and regulatory measures, which impact access to capital, investor activity, and foreign investment.	Mirvac uses external impact trend analysis for macroeconomic changes, and is attentive to these shifts. We are currently monitoring the following: **Office:** Mirvac has one of the youngest office portfolios in Australia with a substantial overweight to Sydney and Melbourne, Australia's deepest and most attractive office markets. This ensures it is well-placed to capture demand from high-quality tenants. Having a young and modern office portfolio also ensures that Mirvac's capital expenditure on its assets is expected to remain relatively lower than our AREIT peers. In terms of office developments, the Group manages uncertainty around tenant demand in a number of ways, such as substantially pre-letting development projects ahead of construction and by partially selling down office developments to capital partners in advance of completion. **Industrial:** Continued strength in investor demand for prime grade industrial assets in key locations is resulting in compressed capitalisation rates, weighting predominantly towards the stronger markets of Sydney and Melbourne. Mirvac continues to focus on properties based on proximity to infrastructure, long lease terms and secure cash flow profiles while also considering the rapid growth of e-commerce and renewed focus from tenants to speed up supply chain fulfilment. **Retail:** Mirvac continues to maximise the retail portfolio by leveraging its strategic partnerships, experiential expertise and integrated capability. Mirvac is focused on continually refreshing its retail assets (via refurbishment, redevelopment or tenant remixing) to adapt to changing market dynamics. This active management has seen an increased weighting to more resilient and experiential categories such as food and beverage, entertainment and non-retail. Furthermore, Mirvac maintains a focus on key urban and metropolitan markets and continues to meet the challenges and opportunities of the changing retail landscape. **Residential:** While housing market activity has returned to more normalised conditions, location, quality and an understanding of our customers' needs remains key for attracting demand. With stricter lending criteria, both domestically and offshore, concerns have been raised over the ability of residential property purchasers to settle. Mirvac has a range of strategies in place and carefully and proactively monitors its settlement risk profile, with a proven track record of low defaults.
Reputation In an Australian context of low institutional trust, Mirvac must maintain and enhance trust and reputation to retain a social licence to operate.	Mirvac provides consistent, high-quality communication and transparent and responsible reporting. We have committed to proactively sharing our progress as a business to help us earn and retain trust. We are elevating our controls to identify and mitigate our exposure to reputational risks and ensure full compliance to emerging legislation. We have a AAA rating with MSCI and were ranked number one in real estate by the Dow Jones Sustainability Index in 2017. We provide good earnings visibility and full disclosure to our securityholders so that they can make informed choices. Our brand strength is leveraged to consistently attract substantial residential pre-sales, delivering one of the highest levels of repeat buyers in the property industry.

Risk & opportunity	How we're addressing it
Supply chain With a broad range of suppliers providing an equally diverse range of goods and services, Mirvac's stakeholders can be directly and indirectly impacted by the practices of our suppliers, and the materials they're supplying.	Historically, Mirvac has looked at supply chain risk on a project-by-project basis. Working groups have since been developed group-wide to address key areas such as modern slavery, worker exploitation, material import risk, high risk materials, and cyber security. We are elevating our controls to identify and mitigate our exposure to these risks and ensure full compliance to emerging legislation.
Planning and regulation Mirvac's activities can be affected by government policies in many ways, from local decisions regarding zoning and developments, right through to national positions on immigration.	Mirvac has established a stakeholder relations team, which coordinates proactive and constructive engagements with all levels of government to ready our business to respond to changing community expectations.
Impacts of climate change Climate change can not only affect our assets, it can affect our business operations. It is vital that Mirvac responds to the implications of climate change by implementing appropriate adaptation and mitigation strategies for the portfolio, and building resilience throughout the business.	Mirvac regularly assesses its portfolio for climate risk and resilience. We support the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations and are currently considering how we disclose climate risk and opportunity moving forward. Climate risk is also a consideration in due diligence during acquisition and the development process. Mirvac strives to design developments and major renovations to a high standard for green building and community certifications, as well as energy and water performance ratings. Greater focus has been given to climate change in the refreshed sustainability strategy (launched June 2018). In early FY19, Mirvac will release its net positive carbon roadmap to help investors and other stakeholders understand how we will reach our goal to be net positive in carbon and water by 2030, and provide the metrics and milestones to track our progress. Renewable energy will be an important part of achieving net positive with the added benefit of price stability for our portfolio.
Capital management Maintaining a diversified capital structure to support delivery of stable investor relations and maintain access to equity and debt funding.	Mirvac has a capital management framework, approved and monitored by the Board. The framework aims to address the market, credit and liquidity risks while also meeting the Group's strategic objectives. The Group seeks to maintain a minimum investment grade credit rating of BBB+ to reduce the cost of capital and diversify its sources of debt capital. The Group's target gearing ratio is between 20 and 30 per cent.
Health & safety Maintaining the health, safety and wellbeing of our people is our most important duty of care obligation, and critical to Mirvac's ongoing success.	We continue to pursue safety excellence and to improve the overall wellbeing of our employees, suppliers, community and the environment. During FY18 Mirvac launched the HSE 'Thrive' strategy, which encompasses health, safety and wellbeing. As part of the strategy, Mirvac established a health and wellbeing council to drive health and wellbeing initiatives and created Mirvac Minimum Requirements (MMR) to ensure we consistently manage critical HSE risks across all parts of the business. Mirvac Construction maintained certification for HSE (AS/NZS 4801:2001 OHS Management Systems, OHSAS 18001:2007 OHS management systems and AS/NZS ISO 14001:2004 – Environmental Management Systems.)
People We are mindful that we require a motivated, high performing, and capable workforce to deliver business strategy and a desired culture.	Mirvac's people strategy includes a range of initiatives designed to ensure we have the right culture and capabilities so that our people are engaged and enabled to deliver on our strategy. The Group has a range of programs aimed at creating great leaders, growing and retaining key talent, and fostering a diverse and inclusive workplace. Mirvac has clearly defined values that align to our purpose to Reimagine Urban Life and the Group measures its leaders on whether they demonstrate supporting behaviours that underpin these values. Mirvac's remuneration strategy is designed to attract the best, and retain and motivate talented individuals, while aligning to the interests of executives, securityholders and community expectations. Read more on Mirvac's people initiatives on page 30.
Technological change Technology is changing our world at a rapid pace, and without high responsiveness, companies are less able to innovate and take advantage of new technologies.	A core element of Mirvac's strategy is understanding and preparing for disruption and building a resilient business. Some examples include: – continued exploration of new construction technology to drive better outcomes, including pre-fabricated components; – embracing technologies to further integrate sustainability across all business units, such as solar and battery systems, and smart building management systems; – an innovation program to ensure we continue to innovate in a meaningful way. Our innovation team, Hatch, perform business scans to understand and respond to disruptive technology; and – additional investment in resources for customer solutions and business systems.
Data, systems & business disruption (including cyber security) It's crucial that we have the ability to manage a major incident causing physical or information disruption timely and efficiently. This includes cyber security threats and/or breaches to our information systems and/or damage to physical assets that could cause significant damage to our business and reputation.	Mirvac has a business continuity management policy which identifies and addresses the key response actions, systems and tools required to effectively manage and continue business critical processes during a business impacting event. The *Crisis and Incident Management Plan* establishes clear accountabilities and first response protocols based on a three-tiered incident severity rating system. The *Disaster Recovery Plan* specifies an action plan for IT staff involved in the recovery of critical IT Business Systems following a disaster. Mirvac is committed to protecting the organisation's information through maintaining the confidentiality, integrity and availability of Mirvac information and information systems in a secure environment. Mirvac has established a high standard for the management of all IT security incidents and to prevent or mitigate the side effects of data related security breach.

SUSTAINABILITY

Since it was launched in 2014, it is safe to say that our sustainability strategy, *This Changes Everything*, has become firmly embedded into how we do things at Mirvac – and in a relatively short time, we've achieved a huge amount.

THIS CHANGES EVERYTHING

SUSTAINABILITY

Having made a bold net positive commitment, we've reduced carbon and water intensity by 21 per cent and 22 per cent respectively. We developed our own energy company, and built an innovative House with No Bills pilot project, bringing our customers closer to sustainable, affordable living. Our construction waste recycling rose to 95 per cent, we began to measure our social return on investment, and launched our first Reconciliation Action Plan.

We also continued to leave a legacy that reflects our values: delivering three 6 Star Green Star Performance buildings, two 6 Star NABERS Energy buildings, and Australia's first Gold WELL rated interior for our headquarters at EY Centre, 200 George Street, Sydney. In FY18, the Dow Jones Sustainability Index named us the world's most sustainable real estate company.

Phase two of *This Changes Everything*

After four years of progress, we took time out to reflect on the big question: where to next?

Our operating context has changed considerably in recent years, and we wanted to ensure our strategy was still connecting to the broader factors shaping our world. After undertaking significant stakeholder consultation, both across the business and externally, we identified a number of factors that are significant in our world today, such as climate change, diminishing trust, and social isolation and loneliness. We also examined the areas we think we can make the biggest difference.

Our intention: to focus on what matters most to Mirvac and our stakeholders so we can drive even deeper sustainability outcomes. The result of this work is that we have a refreshed strategy that focuses more firmly on three key areas: reimagining resources, enriched communities, and transparent governance.

What's changed, and what's stayed the same?

The refreshed strategy is an evolution, it's not a revolution, and given the success of *This Changes Everything* we are committed to retaining its sense of bravery and innovation. When we started out, however, we still weren't certain how we'd achieve our audacious goals, or where we could have the most impact. With four years of accumulated learnings, we now have a much better idea on both these things. For this reason, we have shifted from a broader approach (19 areas of action) to one that's more carefully concentrated (six areas of action).

Of course, some of the key components of our strategy are still the same, such as our commitment to reaching net positive by 2030; however, we have now made a stronger connection to the 'why' that underpins these efforts. We have also given social and governance a more even weighting, which we believe is important in our current climate. It's vital that as we grow, we don't grow apart from each other, and for this reason, we are committing to tripling our community investment by 2022, and invest $100 million in the social sector by 2030.

A simplified scorecard designed to be shared

One of our key learnings has been how to measure our sustainability progress, and as part of our updated strategy, we are committing to sharing this progress more proactively through our new, simplified sustainability scorecard. Not only will this make it easier for stakeholders to see how we're tracking, it can provide guidance and inspiration for other organisations who want to instigate similar kinds of change.

Creating more than we take. Building better communities. Openly sharing our progress. By doing these things, we're continuing on our path to greater sustainability, adding inclusive value to our stakeholders and improving our business performance along the way.

Because we're here to challenge the status quo. To acknowledge the work that's yet to be done. To innovate until we find a better way. To leave a legacy we can be proud of. And to reimagine urban life, sustainably.

PHASE ONE OF THIS CHANGES EVERYTHING SCORECARD

SUSTAINABILITY

As the first phase of 24 targets wraps up, 21 will have been delivered by year's end. Of the three targets left, one is behind schedule (water recycling and capture), and two will be evolved into new opportunities (solar and batteries).

Smarter Thinking

Mission: To create the first smart portfolio by 2020.

Progress: **Delivered**
Having achieved both targets in FY16, our work has evolved into futureproofing our assets through digital infrastructure.

TARGET	PROGRESS
Educate one million people about sustainability by 2020	Achieved in FY16. We continue to share our learnings and achievements in sustainability to encourage and facilitate wider learning
Deliver our first smart building by 2018	Achieved in FY16. We are deploying smart elements across multiple buildings to help realise our goal of a smart portfolio by 2020

Enriching Communities

Mission: To demonstrate investment in communities within and beyond our boundaries by 2018.

Progress: **Delivered**
We report our verified community investment activities with an increasing focus on impact and outcome. In FY18 we achieved $3.2 million. We're also refining our methodology and focus areas in measuring social return on investment.

TARGET	PROGRESS
Develop a Reconciliation Action Plan (2017)	Our Reconciliation Action Plan (RAP) launched in July 2017. Less than a year later, we've achieved almost half of the commitments in the RAP and of the remainder, almost 60% are underway. For further update, refer to page 35.
Develop a community framework (2016)	Achieved in FY16. We continue to refine our approach to community engagement in line with increasing stakeholder expectations
Create community plans or charters for all residential, office and retail assets (2018)	Community charters implemented at several key assets. Community engagement continues to be a focus and priority for Mirvac

Reimagining Resources

Mission: to be net positive by 2030

Progress: **Tracking well**
Carbon and water intensity targets achieved ahead of schedules and net positive roadmaps being developed.

TARGET	PROGRESS
Reduce carbon intensity by 20% (2018)	Achieved in 2016 FY18 carbon intensity 21% Net positive carbon roadmap being developed and will be shared widely
Recycle 75% of waste (2018) & zero waste to landfill (2030)	Operations 75%, construction 95%, waste to landfill 7,650 tonnes. Construction waste roadmap developed
Implement three closed loop recycling projects (2018)	Achieved in FY18 at Kawana Shoppingworld, EY Centre at 200 George Street with Cultivate, and Gainsborough Greens.
Integrate sustainability criteria into the tendering process (2017)	Sustainability criteria has now been integrated into our online tendering process
Complete lifecycle assessments (LCAs) for all new projects (from June 2014)	LCA studies were completed for three development projects this year with 22 LCAs completed in total
Reduce potable water intensity by 15% (2018)	Achieved in 2015 FY18 water intensity 22%
Increase water capture and recycling to 15% (2018)	6.3% achieved. Less rain fell than anticipated, and our blackwater treatment did not deliver the results we expected

Shaping the Future of Place

Mission: to create a framework for the future of place by 2015

Progress: **Delivered**
We delivered a future of place summit in 2015, which coalesced the capability and innovation of our business to direct better design and engagement outcomes.

TARGET	PROGRESS
Develop a sustainable lifestyles index (SLI) for implementation (2016)	Following the development of the SLI, we have undertaken it at five sites
Create a One Planet Living community (2018)	Having received endorsement in 2017, our Marrick & Co residential development in Sydney's inner west is now under construction
Create biodiversity plans for all assets (2018)	More than 30 assets have biodiversity plans. At Gainsborough Green, we've rehabilitated the 50-hectare site to a thriving wetland community, home to 34 native plant species
Create green transport plans for all assets (2018)	More than 20 assets have green transport plans and form part of our community engagement, encouraging others to use active and public transport
Pilot a house with no energy (HWNB) bills (2018)	The first House with No Bills is now operational, with the Zimmerman family moving in during FY18. For further detail, please see page 29. Other HWNB projects are underway as part of our broader efforts to support cost of living challenges
Install solar PV on all new Mirvac homes (2020)	Our solar targets have been updated in phase two of the strategy to ensure affordability as well as helping our residential customers realise environmental benefits
Install solar power storage batteries on all new Mirvac homes (2030)	

Reimagining Resources:

ENERGY, GHG, WATER, WASTE

Emissions tCO_2-e	FY13	FY18	FY18 source data
Scope 1			
Natural gas	2,697	4,007	77,757GJ
Refrigerants	1,383	1,513	1,125kg
Diesel	2,333	1,154	425,646L
Petrol	646	101	42,451L
LPG	7	54	34,382L
Total scope 1	**7,066**	**6,828** ✓	
Scope 2			
Electricity	71,426	73,772 ✓	**92,380,842kWh**
Total scope 1 + 2	**78,492**	**80,600**	
Scope 3			
Natural gas	471	582	77,757GJ
Electricity	12,542	8,255	80,409,650kWh
Travel	2,812	3,304	11,662,205km
Waste	9,915	8,017	7,650T
Diesel	178	59	425,646L
Petrol	51	5	42,451L
LPG	1	3	34,382L
Total scope 3	**25,970**	**21,525** ✓	
Total	**104,462**	**102,125**	
Potable water usage			
Retail	492,216	485,976 ✓	
Office & Industrial	349,597	453,826 ✓	
Total (kL)	**841,813**	**939,802**	
Total waste			
Construction	35,565	23,393 ✓	
Investment	12,833	25,685 ✓	
Total	**48,398**	**49,078**	
Construction	95% ✓ recycled	1% ✓ prescribed	4% ✓ landfill
Investment	75% ✓ recycled	0% ✓ prescribed	25% ✓ landfill

Enriching communities:

$3,173,319

OF COMMUNITY INVESTMENT (INCLUDING $1,037,151 OF MANAGEMENT COST)

$285,600

VALUE OF HOURS OF SUPPORT

$22,995

IN-KIND DONATIONS

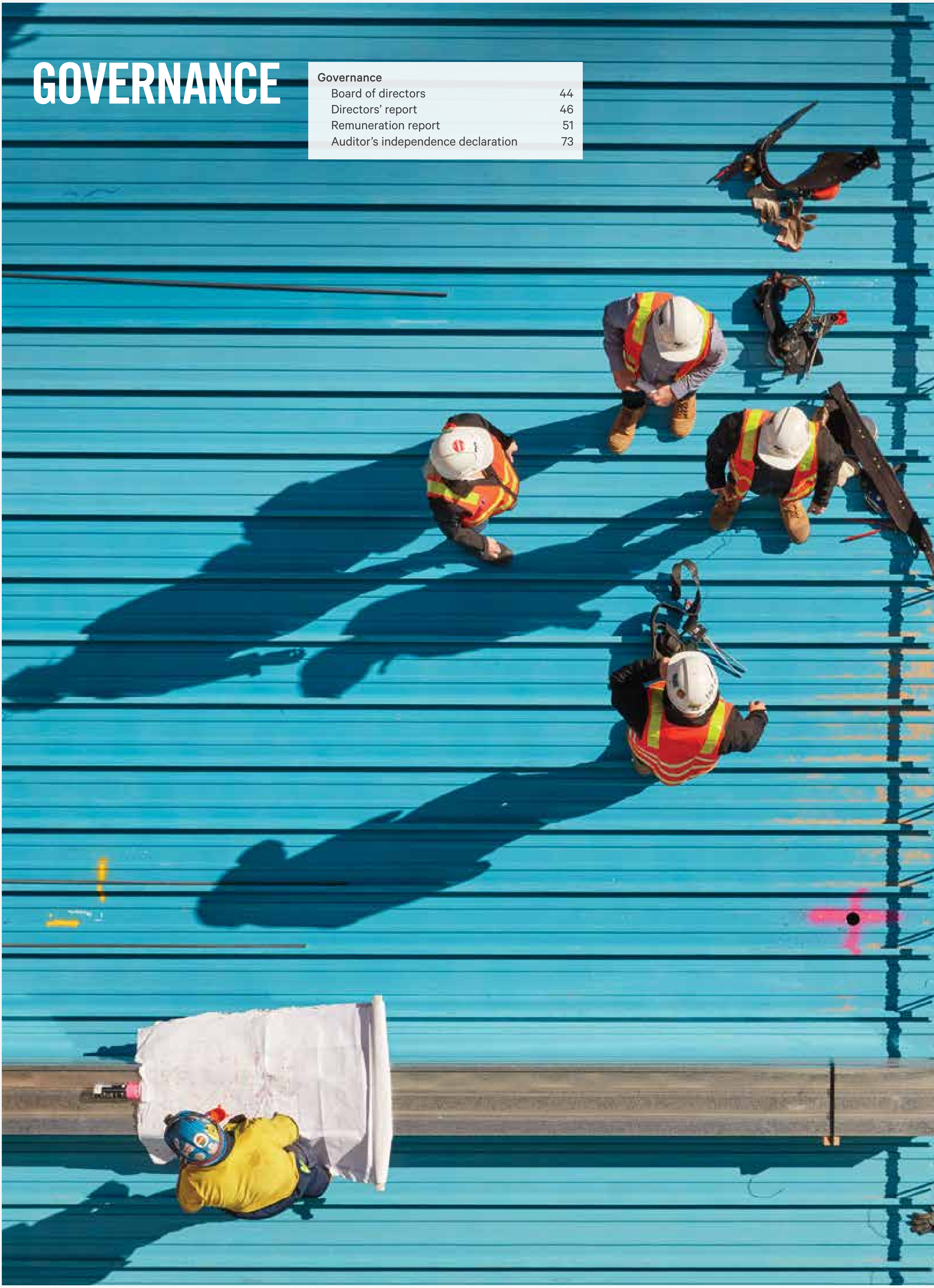
$432,303

LEVERAGE CONTRIBUTIONS

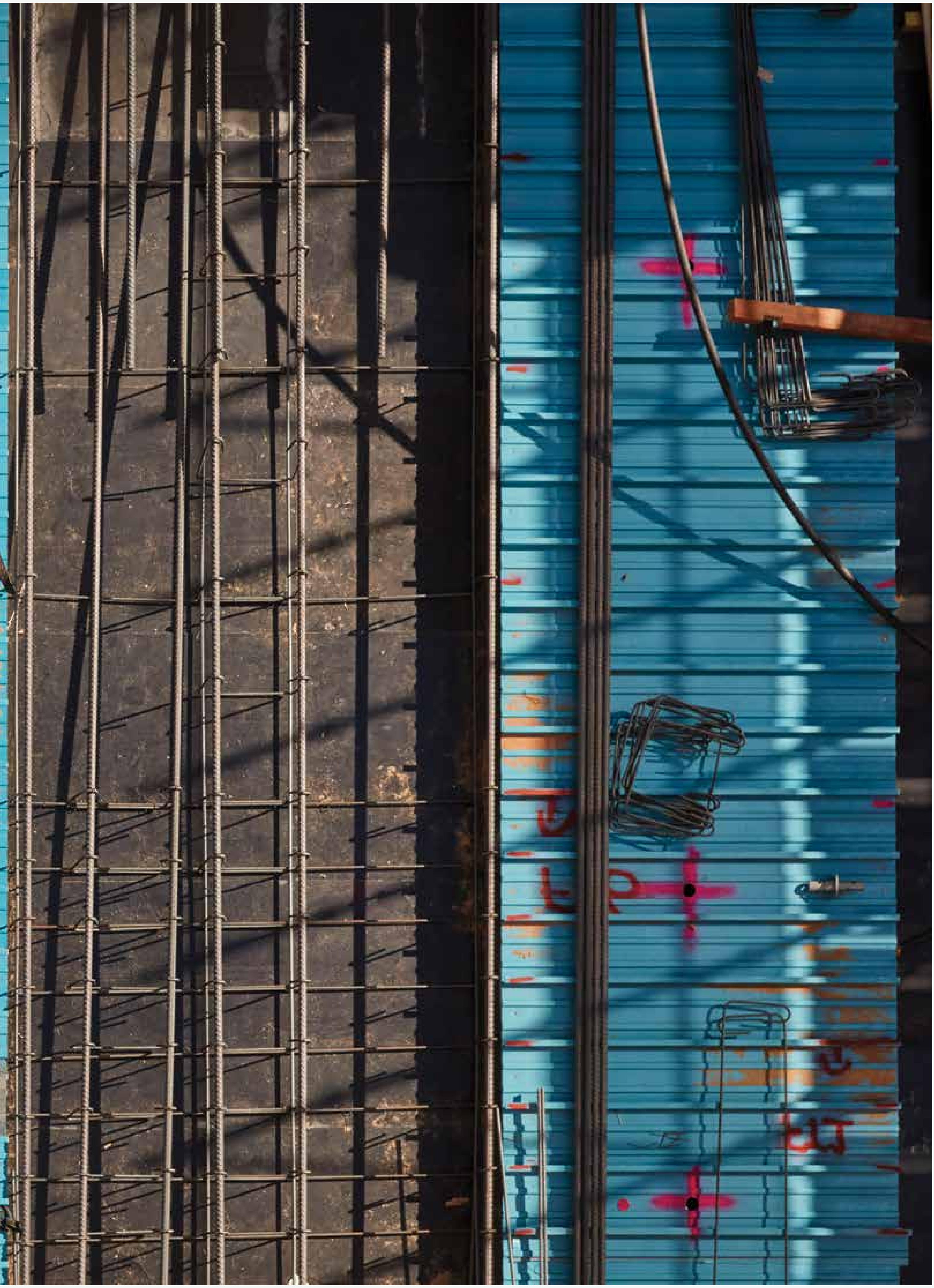
$1,827,573

CASH DONATIONS

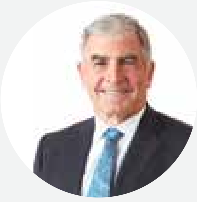
2018 VERIFIED LBG AU & NZ



GOVERNANCE



Board of directors



John Mulcahy

Susan Lloyd-Hurwitz

Christine Bartlett

Peter Hawkins

Directors' experience and areas of special responsibilities

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

John Mulcahy

PhD (Civil Engineering), FIEAust, MAICD – Independent Non-Executive Chair

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

John Mulcahy was appointed a Non-Executive Director of Mirvac in November 2009 and the Independent Non-Executive Chair in November 2013. John has more than 29 years of leadership experience in financial services and property investment. John is the former Managing Director and Chief Executive Officer of Suncorp-Metway Limited. Prior to joining Suncorp-Metway, 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 is currently a Non-Executive Director of ALS Limited (formerly Campbell Brothers Limited) (appointed February 2012), Deputy Chairman of GWA Group Limited (appointed November 2010) and Chairman of ORIX Australia Corporation Ltd (appointed March 2016). John is also a Director of Zurich Australian Insurance Limited, The Shore Foundation Limited and a former Director (and Chair from November 2010) of Coffey International Limited (from September 2009 to January 2016) and former Guardian of the Future Fund Board of Guardians (2006 until April 2015).

Susan Lloyd-Hurwitz

BA (Hons), MBA (Dist) – Chief Executive Officer & Managing Director (CEO/MD) – Executive

Susan Lloyd-Hurwitz was appointed Chief Executive Officer & Managing Director in August 2012 and a Director of Mirvac Board in November 2012.

Prior to this appointment, Susan was Managing Director at LaSalle Investment Management. Susan has also held senior executive positions at MGPA, Macquarie Group and Lend Lease Corporation, working in Australia, the US and Europe.

Susan has been involved in the real estate industry for over 28 years, with extensive experience in investment management in both the direct and indirect markets, development, mergers and acquisitions, disposals, research and business strategy.

Susan is National President of the Property Council of Australia, a Director of the Shopping Centre Council of Australia and the Green Building Council of Australia, a member of the NSW Public Service Commission Advisory Board, President of INSEAD Australasian Council and a member of the INSEAD Global Board.

Susan holds a Bachelor of Arts (Hons) from the University of Sydney and an MBA (Distinction) from INSEAD (France).

Christine Bartlett

BSc, MAICD – Independent Non-Executive

Member of the Audit, Risk and Compliance Committee

Christine Bartlett was appointed a Non-Executive Director of Mirvac in December 2014. She is currently a Non-Executive Director of GBST Holdings Ltd (appointed June 2015 and appointed Deputy Chair in January 2016), Sigma Healthcare Limited (appointed March 2016), TAL Life Limited (appointed January 2017) and Chairman of The Smith Family. She is also an external Director of the Board of Clayton Utz (appointed January 2016), and a director of iCare (appointed March 2018).

Christine is a member of the UNSW Australian School of Business Advisory Council and the Australian Institute of Company Directors. Previously, she has been a Director of PropertyLook and National Nominees Limited and Deputy Chairman of the Australian Custodial Services Association.

Christine is an experienced CEO and senior executive, with extensive line management experience gained through roles with IBM, Jones Lang LaSalle and National Australia Bank Limited. Her executive career has included Australian, regional and global responsibilities based in Australia, the USA and Japan. Christine brings a commercial perspective especially in the areas of financial discipline, identifying risk, complex project management, execution of strategy, fostering innovation and taking advantage of new emerging technologies.

Christine holds a Bachelor of Science from the University of Sydney and has completed senior executive management programs at INSEAD.

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 in January 2006, following his retirement from 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. Peter was also a Director of BHP (NZ) Steel Limited from 1990 to 1991 and Visa Inc. from 2008 to 2011.

Peter is currently a Non-Executive Director of Westpac Banking Corporation (appointed December 2008), Crestone Holdings Limited and Liberty Financial Pty Ltd, and a former Non-Executive Director of Treasury Corporation of Victoria and Clayton Utz.

James M. Millar AM

Samantha Mostyn

John Peters

Elana Rubin

James M. Millar AM

BCom, FCA, FAICD – Independent Non-Executive

Chair of the Audit, Risk and Compliance Committee
Member of the Nomination Committee

James M. Millar was appointed a Non-Executive Director of Mirvac in November 2009. He is the former Chief Executive Officer of Ernst & Young (EY) in the Oceania Region, and was a Director on their global board.

James commenced his career in the Insolvency & Reconstruction practice at EY, being involved in a number of sizeable corporate workouts. He has qualifications in both business and accounting.

James is a Non-Executive Director of Fairfax Media Limited (appointed July 2012) and Macquarie Media Limited (appointed April 2015). He is Chair of the Export Finance and Insurance Corporation (appointed December 2014) and Forestry Corporation NSW (appointed March 2013).

James serves a number of charities and is Chair of the Vincent Fairfax Family Foundation (appointed April 2009) and a Director of Vincent Fairfax Ethics in Leadership Foundation (appointed September 2016). He is a former Chair of Fantastic Holdings Limited (from May 2012 until June 2014) and The Smith Family (until April 2016), and a former Director of Helloworld Limited (from September 2010 until January 2016) and Slater & Gordon Limited (from December 2015 to December 2017).

Samantha Mostyn

B.A, LLB – Independent Non-Executive

Member of the Human Resources Committee

Samantha Mostyn was appointed a Non-Executive Director of Mirvac in March 2015. Samantha is a Non-Executive Director and corporate advisor and is currently a Non-Executive Director of Virgin Australia Holdings Limited (appointed September 2010) and Transurban Holdings Limited (appointed December 2010). She is also a Director (and Chair since November 2015) on an Australian APRA regulated Citibank Subsidiary Board. She is the Chair of Carriageworks, and serves on the boards of the Sydney Swans, the Centre for Policy Development, and the GO Foundation.

Samantha has significant experience in the Australian corporate sector both in Executive and Non-executive capacities, in particular in the areas of human resources, corporate and government affairs, sustainability management and diversity. Samantha has held senior executive positions including Group Executive Culture and Reputation, IAG, Global Head HR and Culture, Cable & Wireless in London. She serves on the Australian faculty of the Cambridge University Business & Sustainability Leadership Program, and has previously served as a Director of the Sydney Theatre Company, a Commissioner with the Australian Football League (AFL), the National Sustainability Council, and the National Mental Health Commission. She was also Deputy Chair of the Diversity Council of Australia from 2012-2018.

John Peters

BArch, AdvDipBCM, ARAIA, FAICD – Independent Non-Executive

Member of the Human Resources Committee

John Peters was appointed a Non-Executive Director of Mirvac in November 2011. John brings to the Board over 40 years' experience in architectural design, project management, property development and property management.

For 21 years, John was the principal of a private property development company focused on substantial mixed use developments and redevelopments in South East Queensland. During this period, he has also consulted to various investors and other financial stakeholders in several Queensland development projects.

Prior to this, John was with Lend Lease Corporation for 14 years, where he was Queensland Manager Lend Lease Development, and Director, Lend Lease Commercial. John is a Fellow of the Australian Institute of Company Directors.

Elana Rubin

BA (Hons), MA, FFin, FAICD, FAIM – 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 in November 2010 and has extensive experience in property and financial services. Elana is a Director of Afterpay Touch Group Limited (appointed March 2017) and Slater & Gordon Limited (appointed March 2018). She is also a director of several unlisted and public sector Boards in property, infrastructure and insurance.

Elana is the former Chair of AustralianSuper (July 2007 to April 2013), one of Australia's leading superannuation funds, having been on the Board since 2006. She was a Director of Victorian WorkCover Authority (December 2001 to February 2012) and Chair from 2006. She was also a Director of Mirvac Funds Management Limited, the responsible entity and trustee for Mirvac's listed and unlisted funds, from November 2013 to February 2015.

Elana was previously a Non-Executive Director of a number of other listed and unlisted companies. Elana was a member of the Federal Government's Infrastructure Australia and Climate Change Authority.

Company secretary

Sean Ward

BEc, BComm, FGIA, FFin, MBA (Dist)

Sean Ward was appointed Company Secretary on 23 August 2013 and in May 2017 was also appointed Head of Risk. Sean joined Mirvac as Group Company Secretary in April 2013 and has more than 19 years' corporate experience. Prior to joining Mirvac, Sean was the Head of Subsidiaries at Westpac Banking Corporation, providing company secretarial support for all of Westpac's listed and unlisted entities and before this was a Senior Companies Advisor at ASX Limited. Sean completed his Masters of Business Administration with the Australian Graduate School of Management in 2016.

Directors' report

The Directors of Mirvac Limited present their report, together with the consolidated financial report of Mirvac Group (Mirvac or Group) for the year ended 30 June 2018. Mirvac comprises Mirvac Limited (parent entity) and its controlled entities, which include Mirvac Property Trust and its controlled entities.

Principal activities

The principal continuing activities of Mirvac consist of real estate investment, development, third party capital management and property asset management. Mirvac performs these activities across three major segments: Office & Industrial, Retail and Residential.

Directors

The Directors of Mirvac in office at any time during the financial year and up to the date of this report together with information on their qualifications and experience are set out on pages 44 to 45.

Remuneration report

The Remuneration report as required under section 300A (1) of the *Corporations Act 2001* is set out on pages 51 to 72 and forms part of the Directors' report.

Meetings of directors

The number of Directors' meetings held and attended by each Director during the year ended 30 June 2018 is detailed below:

	Board		Audit, Risk & Compliance Committee		Human Resources Committee		Nomination Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
John Mulcahy	13	13	6	6	5	5	2	2
Susan Lloyd-Hurwitz	13	13	–	–	–	–	–	–
Christine Bartlett	13	13	6	6	–	–	–	–
Peter Hawkins	13	13	6	6	5	5	2	2
Samantha Mostyn	13	12	–	–	5	5	–	–
James M. Millar AM	13	13	6	6	–	–	2	2
John Peters	13	13	–	–	5	5	–	–
Elana Rubin	13	13	6	6	–	–	2	2

Other directorships

Details of all directorships of other listed companies held by each Director in the three years immediately before 30 June 2018 are as follows:

Director	Company	Date appointed	Date ceased
John Mulcahy	ALS Limited (formerly Campbell Brothers Limited)	February 2012	Current
	Coffey International Limited	September 2009	January 2016
	GWA Group Limited	November 2010	Current
Susan Lloyd-Hurwitz	Nil		
Christine Bartlett	GBST Holdings Ltd	June 2015	Current
	Sigma Healthcare Limited	March 2016	Current
Peter Hawkins	Westpac Banking Corporation	December 2008	Current
	MG Responsible Entity Limited	April 2015	November 2016
James M. Millar AM	Helloworld Limited (formerly Jetset Travelworld Limited)	September 2010	January 2016
	Fairfax Media Limited	July 2012	Current
	Macquarie Media Limited	April 2015	Current
	Slater & Gordon Limited	December 2015	December 2017
Samantha Mostyn	Cover-More Group Limited	December 2013	April 2017
	Transurban Holdings Limited	December 2010	Current
	Virgin Australia Holdings Limited	September 2010	Current
John Peters	Nil		
Elana Rubin	Afterpay Touch Group Limited	March 2017	Current
	Slater & Gordon Limited	March 2018	Current
	Touchcorp Limited	January 2015	August 2017

Review of operations and activities

A review of the operations of the Group during the financial year and the results of those operations are detailed below.

FY18 Financial & Capital management highlights

Mirvac delivered a solid financial result for the year ended 30 June 2018, with its sustainable business model and prudent approach to capital management ensuring a strong capital position and flexible balance sheet.

Key financial highlights for the year ended 30 June 2018:

- profit attributable to the stapled securityholders of $1,089m; (June 2017: $1,164m), driven by a strong performance in the Group's Office & Industrial business;
- operating profit after tax increased by 9 per cent to $580m; (June 2017: $534m), representing 15.6 cents per stapled security (cpss);
- operating cash flow of $663m (June 2017: $513m);
- full-year distributions of $408m, representing 11.0 cpss; and
- net tangible assets per stapled security of $2.31 (June 2017: $2.13).

Key capital management highlights for the year ended 30 June 2018:

- gearing remained at the lower end of the Group's target range of 20.0 to 30.0 per cent, at 21.3 per cent;
- maintained substantial available liquidity, with $906m in cash and committed undrawn bank facilities held;
- weighted average debt maturity increased to 6.8 years from 6.2 years (June 2017), following the issuance of:
  - US$400m European medium term notes maturing in March 2027; and
  - HK$300m European medium term notes maturing in March 2028;
- average borrowing costs remained stable at 4.8 per cent per annum, including margins and line fees, following the issuance of new debt and the repayment of maturing debt;
- received a credit rating upgrade from Moody's Investors Service from Baa1 to A3; and
- received a revised credit rating outlook from Standard & Poor's from stable to positive, with the Group's BBB+ credit rating maintained.

Group outlook

Mirvac's diversified urban portfolio and proven asset creation capability across each of its sectors ensures it is well-placed for the future. Secured cash flows are supported by a modern investment portfolio with strong metrics, a robust commercial development pipeline and $2.2bn of exchanged residential pre-sales.

The Group's rigorous capital management is demonstrated by gearing within the Group's target range, a diversified debt portfolio with a long weighted average debt maturity, and clear visibility of future cash flows. Mirvac's focus on prudently managing its capital position will help to ensure the Group can continue to meet its strategic objectives without increasing its overall capital management risk profile.

Mirvac will continue to enhance its capabilities as a world-class Australian property group concentrating on a secure income stream from its investment portfolio, which underpins Group distributions, improving the return on invested capital achieved by its development activities, and positioning Mirvac for the future by investing in safety, technology, innovation, sustainability and its people.

Risks

As a property group involved in property investment, residential and commercial development and investment management, Mirvac faces a number of risks throughout the business cycle that have the potential to affect the achievement of its targeted financial outcomes.

Mirvac's risk management framework is integrated with its day-to-day business processes and is supported by a dedicated Group Risk function.

For the year ended 30 June 2018, the Group continued to ensure internal and external risks were identified and appropriate strategies were implemented to manage the impact of those risks. Further information on the material risks identified for each of the sectors is outlined on page 36-37.

FY18 Office & Industrial highlights

Mirvac's Office & Industrial portfolio has a focus on key urban markets, providing secure, recurring income to the Group.

For the year ended 30 June 2018, Mirvac's Office & Industrial division delivered earnings before interest and tax of $381m.

Office

Key highlights across the office portfolio for the year ended 30 June 2018 included:

- maintained high occupancy of 97.5 per cent[1], with a WALE of 6.6 years[2];
- achieved like-for-like net operating income growth of 12.7 per cent;
- completed 73 deals over approximately 74,850 square metres[3], with highlights including:
  - 275 Kent Street, Sydney NSW: renewed Westpac for 16,130 square metres for a six-year term;
  - 101 Miller Street, Sydney NSW: secured Genworth for 5,900 square metres for a five-year term and Allianz for 4,230 square metres for a 10-year term; and
  - Allendale Square, 77 St Georges Terrace, Perth WA: renewed Minter Ellison for approximately 3,500 square metres for a five-year term;
- total office asset revaluations provided an uplift of $381.0m (or 7.1 per cent) over the previous book value for the 12 months to 30 June 2018, supported by an overweight to prime assets in Sydney and Melbourne. On a like-for-like basis (excluding IPUC, acquisitions and disposals), the net uplift was $384.5m (or 7.7 per cent);
- maintained positive leasing spreads at 8.6 per cent;
- incentives remained low at 22 per cent (June 2017: 18.9 per cent); and
- exchanged contracts to acquire 75 George Street, Parramatta NSW for a total consideration of $86.3m.

In July 2018, Mirvac secured leading financial services provider, Suncorp, at its proposed development at 80 Ann Street in Brisbane QLD, with Suncorp pre-committing to over 39,600 square metres of office and retail space, representing approximately 66 per cent of the building's total net lettable area, for a 10-year term. Mirvac concurrently announced it had sold a 50 per cent interest in the development to M&G Real Estate for a total consideration of $418m.

1. By area, including investments in joint ventures and excluding assets held for development.
2. By income, including investments in joint ventures and excluding assets held for development. .
3. Excludes leasing of assets under development.

Directors' report

Continued

Review of operations and activities continued

Office continued

In line with Mirvac's mandate to create world-class office assets that generate development returns, the Group progressed its $3bn office development pipeline in FY18, which is 74 per cent pre-let. Progress on committed projects include:

- 664 Collins Street, Melbourne VIC: practical completion was achieved in June 2018, with the building 100 per cent leased prior to completion;
- 477 Collins Street, Melbourne VIC: construction is progressing well, with all demolition, excavation and foundation works completed, and concrete structural works complete to Level 10. The building is 58 per cent pre-leased, with major tenant, Deloitte, committing to 26,000 square metres of office space for a 12-year term, and global law firm, Norton Rose, committing to 5,000 square metres for a 10-year term. A further 1,100 square metres is currently under heads of agreement, which will take the building to 58 per cent pre-leased once executed. The Group remains on track to reach practical completion in FY20;
- Australian Technology Park, Sydney NSW: achieved the topping-out of Building 1 in February 2018, with facade works now complete and roof-feature works underway. Structural works on Building 2 and Building 3 are ongoing. Work on the public domain is progressing well with the first stage of Eveleigh Green complete and open to the public. The project's major tenant, Commonwealth Bank, has pre-committed to 100 per cent of office space for a 15-year lease term. Practical completion for Buildings 1 and 3 is targeted for FY19, and FY20 for Building 2; and
- 80 Ann Street, Brisbane QLD: received planning approval for the development of a 60,000 square metre tower over 31 levels. The Group is undertaking neighbour access rights to allow demolition works to commence on site. Practical completion is targeted for FY22.

Outlook[1]

Solid net absorption in a tight leasing market has resulted in reduced vacancy in Sydney and Melbourne, with double digit effective rental growth recorded over the past year. The Brisbane leasing market continues to show tangible signs of improvement with both public sector hiring and expenditure supporting the Brisbane economy. Perth is seeing signs of stabilisation, with better commodity prices and some commitment for resource expansion resulting in take-up of surplus office vacancy. Positive financial market movement, growth in the services sector and the desire from tenants to upgrade to modern, flexible and efficient space continues to result in take-up of prime grade space. Mirvac will continue to focus its high-quality portfolio on the key urban markets of Sydney and Melbourne, as well as creating innovative, collaborative and flexible workplaces that generate value for the Group.

Industrial

Key highlights across the industrial portfolio for the year ended 30 June 2018 included:

- achieved 100 per cent occupancy[2], with a WALE of 7.1 years[3];
- achieved like-for-like net operating income growth of 1.3 per cent;
- completed over 52,300 square metres of leasing activity[4];
- formed the Mirvac Industrial Logistics Partnership (MILP) with Morgan Stanley Real Estate Investing. The partnership was seeded by two industrial assets, 47 Westgate Drive, Altona North and 26 Harcourt Road, Altona, both in Victoria, that were sold by Mirvac to the partnership for a total consideration of $65.5m. Mirvac will retain a 10 per cent interest in the partnership;
- acquired a 16,600 square metre industrial asset in Campbelltown, Sydney NSW on behalf of MILP for a total consideration of $29m;
- completed the sale of 1900-2060 Pratt Boulevard, Chicago USA for a total consideration of $52.4m, slightly above previous book value, with settlement occurring in October 2017; and
- Calibre, Eastern Creek NSW: practical completion on Building 3, a 21,000 square metre facility, was achieved in April 2018, with online pet supplies company, Pet Circle, signing a lease prior to completion for a five-year term. Practical completion was also achieved on Building 4 in June 2018, with Sheldon & Hammond committing to the 31,000 square metre facility for a 10-year term. Construction on Building 2, a 17,000 square metre facility, commenced in early March 2018, with practical completion expected in the first half of FY19. The building is 100 per cent pre-leased to Miele for a seven-year term. Construction has commenced on Building 5, with practical completion targeted for the second half of FY19. Strong interest has been received for this facility.

Outlook[1]

Strong demand from logistics firms continues to support above-average leasing demand in the Sydney industrial markets. A limited availability of vacant stock in Sydney is starting to see upward pressure on rents for existing buildings. Mirvac's strategic overweight to the strong-performing Sydney market ensures that the industrial portfolio will continue to provide a secure stable income to the Group.

FY18 Retail highlights

The Group's Retail division is focused on densely populated urban catchment areas, with an overweight to the strong performing Sydney market.

For the year ended 30 June 2018, the Retail portfolio delivered operating earnings before interest and tax of $154m.

Key highlights across the retail portfolio for the year ended 30 June 2018 included:

- maintained high occupancy of 99.2 per cent[2]
- achieved comparable MAT sales growth of 3.1 per cent and comparable specialty sales growth of 3.7 per cent;
- increased comparable specialty sales productivity to $10,085 per square metre;
- executed lease deals across approximately 66,500 square metres, with leasing spreads of 2.3 per cent;
- specialty occupancy costs increased slightly to 15.3 per cent (June 2017: 15.0 per cent);
- acquired the remaining 50.1 per cent interest in East Village, Zetland NSW for a total consideration of $155.3m, following the purchase of a 49.9 per cent interest in July 2016. The centre continues to trade well and was ranked number 1 in Australia in the Shopping Centre News Little Guns survey for total centre sales per square metre for the second consecutive year;

1. These future looking statements should be read in conjunction with future releases to the ASX.
2. By area.
3. By income.
4. Excludes leasing of assets under development.

Review of operations and activities continued

Retail continued

- announced an agreement to acquire the remaining interest in the proposed South Village Shopping Centre, Kirrawee following an agreement to purchase a 50 per cent interest in October 2016. PAYCE will undertake development of the project, with Mirvac to pay an amount based on a 6.0 per cent capitalisation rate of the leased net income on completion. Mirvac will also provide development leasing services, including tenancy co-ordination and retail design management prior to practical completion, and will retain management rights and leasing services following practical completion; and
- completed the sale of a 50 per cent interest in Kawana Shoppingworld, Buddina QLD to ISPT in December 2017 for a total consideration of $186m, with Mirvac to retain property management, leasing and development management services.

The Group's retail development pipeline also progressed during the financial year, with updates including:

- Birkenhead Point Outlet Centre, Sydney NSW: completed the $19m development of Birkenhead Point Outlet Centre in August 2017, introducing a new premium precinct which includes Bally, Coach, Harrolds, Michael Kors and Peters of Kensington. The development was 100 per cent pre-leased on completion;
- Toombul, Nundah QLD: received development approval for the proposed dining and entertainment development. The project will deliver an alfresco urban dining precinct with multiple entertainment and lifestyle offers, expanding the centre by approximately 1,600 square metres. Construction works are expected to commence in the first half of FY19, subject to remaining approvals;
- Rhodes Waterside, Sydney NSW: commenced construction on the 3,700 square metre development, introducing ALDI and relocating Bing Lee to strengthen the fresh food and homewares offer. The project is 100 per cent pre-leased and is scheduled for completion in mid-FY19; and
- Kawana Shoppingworld, Buddina QLD: construction on the 6,900 square metre development commenced during the period, which will see the delivery of an Event cinema and an expanded dining precinct. The project is scheduled for completion in mid-FY19 and is 95 per cent pre-leased.

Outlook[1]

While the broader retail environment faces some challenges, shopping centres with strong catchment fundamentals continue to be well supported. Mirvac's retail portfolio is located in the service-based economies of Sydney, South East Queensland and Melbourne, which continue to record stronger employment and population growth than regional areas. In addition, well-performing centres that offer great customer experiences continue to attract quality tenants, ensuring secure income to the Group. Mirvac's focus on centres in urban catchments with strong fundamentals is expected to support continued solid performance in the retail sector.

FY18 Residential highlights

Mirvac's Residential business is founded on a reputation for delivering superior apartment and masterplanned communities projects in Australia's key cities of Sydney, Melbourne, Brisbane and Perth.

For the year ended 30 June 2018, Residential delivered earnings before interest and tax of $300m.

Key highlights across the residential business for the year ended 30 June 2018 included:

- settled 3,400 residential lots, in line with the Group's target of approximately 3,400 residential lot settlements in FY18. Defaults for the financial year remained at below 2 per cent;
- secured future income with residential pre-sales of $2.2bn[2]. Mirvac's existing pipeline supports over 12,000 lot settlements over the next four years;
- delivered gross development margins of 25.4 per cent[3], driven by the Group's ability to buy and sell at the right time, and in the right markets;
- released approximately 1,800 residential lots during the 12 months to 30 June 2018 across both new and existing projects, with 76 per cent of all released lots pre-sold. Successful releases included:
  - Tullamore, VIC: 64 per cent of released lots pre-sold;
  - Olivine, VIC: 92 per cent of released lots pre-sold;
  - Woodlea, VIC: 97 per cent of released lots pre-sold;
  - Brighton Lakes, NSW: 100 per cent of released lots pre-sold;
  - Alex Avenue, NSW: 92 per cent of released lots pre-sold; and
  - Crest, Gledswood Hills NSW: 100 per cent of released lots pre-sold; and
- supplemented the Group's residential pipeline of over 27,000 lots with the acquisition of approximately 1,900 lots at Olivine, VIC.

Outlook[1]

The outlook for capital city residential markets remains mixed, varying from state to state and at a sub-market level. Prices at an aggregate level have cooled, though mostly for premium, established dwellings. While lending criteria has tightened housing finance approvals for owner occupiers remain elevated. Quality residential projects in cities that offer good connection to employment opportunities and infrastructure, particularly Sydney and Melbourne to which Mirvac is overweight, are expected to continue to attract ongoing demand.

Significant changes in the state of affairs

Details of the state of affairs of the Group are disclosed on pages 47 to 49. Other than those matters disclosed, there were no significant changes to the state of affairs during the financial year.

Matters subsequent to the end of the year

As previously announced on 16 July 2018, the Group exercised a put-and-call option with Wee Hur to acquire 80 Ann Street, Brisbane QLD. The Group and M&G Real Estate will be tenants in common, with each party funding $39.5m for the acquisition based on their 50 per cent ownership share. Subject to FIRB approval, settlement is expected to occur in the first quarter of FY19.

No other events have occurred since the end of the year which have significantly affected or may significantly affect Mirvac's operations, the results of those operations, or Mirvac's state of affairs in future years..

1. These future looking statements should be read in conjunction with future releases to the ASX.
2. Adjusted for Mirvac's share of JVA and Mirvac managed funds.
3. Excludes previously provisioned projects.

Directors' report

Continued

Environmental regulations

Mirvac and its business operations are subject to compliance with both Commonwealth and State environment protection legislation. The Board is satisfied that adequate policies and procedures are in place to ensure Mirvac's compliance with the applicable legislation. In addition, Mirvac is also subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007* and *Building Energy Efficiency Disclosure Act 2010*. Mirvac is not aware of any incidents that have resulted in material non-compliance with environmental regulations during the financial year.

Corporate governance statement

Mirvac is committed to ensuring that its systems, procedures and practices reflect high standards of corporate governance. The Directors believe that a strong corporate governance framework is critical in 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 2018, Mirvac's corporate governance framework was consistent with the third edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council.

Mirvac's Corporate governance statement for the year ended 30 June 2018 and copies or summaries of the Group policies referred to in it are published on Mirvac's website at: www.mirvac.com/about/corporate-governance.

Tax governance statement

Mirvac has adopted the Board of Taxation's Tax Transparency Code (TTC). As part of the TTC, Mirvac has published a Tax governance statement (TGS) which details Mirvac's corporate structure and tax corporate governance systems. Mirvac's TGS can be found on Mirvac's website at: www.mirvac.com/about/corporate-governance.

Fraud, bribery and corruption

Mirvac has zero tolerance regarding fraud, bribery and corruption and requires all employees and service providers to adhere to the highest standards of honesty and integrity in the conduct of all its activities. Mirvac will uphold all laws relevant to countering bribery, fraud and corruption in the jurisdictions in which it operates.

Any allegation of a person from within or associated with Mirvac (notwithstanding the capacity in which they are acting), acting in a manner inconsistent with this statement will be treated seriously, regardless of the seniority of those involved. Disciplinary action including dismissal may result. Where it is believed that a criminal offence may have been committed, the police and other relevant bodies may be informed.

Non-audit services

From time to time, Mirvac may engage its external auditor, PricewaterhouseCoopers, to perform services additional to their statutory audit duties. Details of the amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services provided during the year ended 30 June 2018 are set out in note H5 to the consolidated financial statements.

In accordance with the advice received from the ARCC, the Board 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* and did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were reviewed by the ARCC to ensure they did not affect the impartiality and objectivity of the auditor; and
- none of the services undermined the general principles relating to auditor independence as set out in Accounting Professional & Ethical Standards 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.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 73 and forms part of the Directors' report.

Rounding of amounts

The amounts in the consolidated financial statements have been rounded off to the nearest million (m) dollars in accordance with ASIC Corporations Instrument 2016/191.

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

Susan Lloyd-Hurwitz

Susan Lloyd-Hurwitz
Director

Sydney
9 August 2018

Remuneration report

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Remuneration report

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1 Message from the Human Resources Committee

The HRC wishes to thank you for your support at last year's AGM and for sharing your views on our remuneration practices, and is pleased to present securityholders with the FY18 remuneration report. This report outlines Mirvac's approach to remuneration for its executives and in particular the link between Mirvac's strategy and its remuneration framework and the link between performance and reward.

Mirvac delivered excellent performance against key financial measures and key strategic objectives in FY18. This report outlines how Mirvac's performance has driven the remuneration outcomes for senior executives.

The HRC has oversight of Mirvac's People Strategy, Culture and key Human Resources practices, and Mirvac's remuneration framework is an integral component of our People Strategy. Our people are at the heart of what we do, and we recognise that our investment in their growth and development, along with fostering a positive culture, leads to better business outcomes.

Some of the FY18 highlights are below:

- We achieved an overall employee engagement score of 90 per cent in the Willis Towers Watson's engagement survey, placing us above the Global High Performing Norm, the survey's highest external benchmark. The results show our people are willing to work beyond what is required to assist Mirvac to succeed, strongly believe in our purpose and value our culture.
- We launched our new Mirvac values - these are cultural statements our employees identified as critical to us delivering on our purpose to 'Reimagine Urban Life' and business strategy. Our values are:
  - We put people first
  - We are passionate about quality and legacy
  - We collaborate
  - We are curious and bold
  - How we work matters
  - We are genuine and do the right thing.
- Mirvac is proud to be the first Australian property developer to become a 'White Ribbon Workplace'. This is an accreditation that signifies that violence in any form at Mirvac will not be tolerated and that we are committed to preventing and responding to violence and creating a safer and more respectful workplace.
- Mirvac has been awarded with the Employer of Choice for Gender Equality citation for the fourth year in a row. This prestigious citation acknowledges our ongoing commitment to gender equality.
- Our continued strategic focus on gender balance is having a positive impact on gender pay parity. The Group's annual gender pay parity review showed the organisation-wide pay gap has continued to decrease. It has decreased by 11 per cent in the last five years. Over the past three years, the by-level pay gap has reduced by three per cent, and the like-for-like gender pay gap is zero for the second year.
- As well as having diversity targets for female representation at various levels in the business, we are focused on having female talent in our succession plan for leadership roles, and require 50 per cent of candidates on leadership shortlists to be female. In FY18, we were delighted to exceed our target of women in senior leadership positions with 40 per cent of senior leadership roles held by women.
- Mirvac has undertaken a significant amount of work to mainstream flexibility and to empower our people to achieve better work/life quality. This year's engagement survey showed that 75 per cent of employees have some sort of flexible arrangement in place, evenly spread across both males and females.
- In addition to providing a flexible workplace, we continue to support employees as they transition back in to the workplace. We launched our new Shared Care Policy which provides benefits such as 20 weeks paid parental leave for primary carers up from 16 weeks, four weeks of paid parental leave for the secondary carer up from two weeks, and continuation of superannuation payments for the duration of the unpaid parental leave. We are also offering more flexibility in how employees take their paid parental leave so it does not have to be taken in a single block of time, providing Mirvac families with more options when it comes to caring for their children.

More on our People Strategy and how this supports Mirvac's performance can be found in the Our People section, page 30.

Throughout FY18, the HRC continued to oversee the performance and remuneration of the CEO/MD and other Executive Leadership Team members, along with the Group remuneration framework and incentive schemes, ensuring that the financial reward balances performance with prudent risk taking while also creating alignment between our securityholders and other stakeholders.

Mirvac's remuneration framework reflects our commitment to deliver competitive remuneration for excellent performance in order to attract the best and motivate and retain talented individuals, while aligning the interests of executives and securityholders.

At the heart of our remuneration framework are:

- incentives based on financial measures and strategic objectives that reflect key goals critical to sustained organisational success;
- consideration of business and operational risk through the design of performance objectives, clawbacks and the exercise of Board discretion;
- incentives that align the interests of executives to those of securityholders;
- vesting periods for deferred incentives that reflect the time horizons over which Mirvac invests, while providing appropriate stretch and incentive for executives; and
- best-practice governance and ensuring remuneration outcomes are reasonable taking into account community and stakeholder expectations.

During the year, a wholesale review of our Performance and Reward Framework was completed, resulting in some changes to our approach to executive pay. Many of the changes are reflected in our approach to performance management including the performance ratings (which apply to all employees), but some changes have been made to executive remuneration (that apply from 1 July 2018) which include increasing our mandatory minimum securityholding for Executive KMP; more explicit consideration of risk and risk culture in determining Executives' performance and reward outcomes; and adjusting the weightings of the LTI performance measures which are reflected in the CEO/MD's FY19 LTI award (further details are covered in the Key questions, section 3, of the remuneration report).

2 Who is covered by this report

This report covers the key management personnel (KMP) of Mirvac, who are the people responsible for determining and executing Mirvac's strategy. This includes both the Executive KMP (the CEO/MD, CFO and heads of business units who are part of the Executive Leadership Team) as well as Non-Executive Directors.

For FY18, the KMP were:

KMP	Position	Term as KMP
Non-Executive KMP		
John Mulcahy	Chair	Full Year
Christine Bartlett	Director	Full Year
Peter Hawkins	Director	Full Year
James M. Millar AM	Director	Full Year
Samantha Mostyn	Director	Full Year
John Peters	Director	Full Year
Elana Rubin	Director	Full Year
Executive KMP		
Susan Lloyd-Hurwitz	CEO/MD	Full Year
Brett Draffen	Chief Investment Officer	Full Year
Shane Gannon	Chief Financial Officer	Full Year
Campbell Hanan	Head of Office & Industrial	Full Year
Susan MacDonald	Head of Retail	Full Year
Stuart Penklis	Head of Residential	Full Year

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

3 Key questions

Key questions	Mirvac approach	Further info
Remuneration in FY18		
1. How is Mirvac's performance reflected in this year's remuneration outcomes?	Mirvac's remuneration outcomes are strongly linked to the delivery of sustainable securityholder value over the short and long term. *Short term:* Mirvac has delivered strong performance in terms of operating profit, ROIC and delivery of strategic objectives, which has resulted in above-target performance on our balanced scorecard and a corresponding higher than usual payout of short term incentives (STI). *Long term:* The three-year performance period for the FY16 long term incentives (LTI) completed on 30 June 2018. The FY16 LTI was divided into two components, with half tested against relative TSR and the other half tested against ROIC, both over a three-year period. Mirvac's absolute TSR performance of 30.63 per cent was at the 59th percentile of the comparator group, resulting in vesting of 68 per cent of the TSR component. Mirvac's ROIC performance of 12 per cent outperformed the stretch target of 10 per cent, resulting in 100 per cent vesting for this component. As a result, total vesting for the FY16 LTI award is 84 per cent. The Board is committed to ensuring executives' remuneration links to the achievement of sustainable value for securityholders and therefore will continue to use relative TSR and ROIC for the FY19 LTI award for the Executive KMP.	Section 4 Page 55 Section 7 Page 62
2. What changes have been made to the remuneration structure in FY18?	Susan MacDonald received a fixed pay increase from $700,000 to $800,000 per annum as at 1 October 2017. This increase is a reflection on Susan's experience and sustained performance in the Head of Retail role. The LTI broadly remained unchanged in FY18; however, the threshold performance level for the ROIC performance hurdle increased from 9 per cent to 9.5 per cent, and stretch increased from 10 per cent to 10.5 per cent. There were no changes to STI methodology.	Section 6 Page 58

Remuneration report

Continued

Key questions	Mirvac approach	Further info
3. Are any changes planned for FY19?	*STI:* There are no significant changes to STI however; in line with previous years, the Board will review and adjust the threshold and stretch performance levels for the performance objectives applicable to the STI awards.	Section 6 Page 58
	Effective from FY19, Mirvac's definition of operating profit will be updated to include the security-based payment expense. This change has been implemented to align with market practice (ASX top 20 and A-REIT sector).	Section 12 Page 68
	LTI: The Board is committed to ensuring executives' remuneration links to the achievement of sustainable long-term value for securityholders. After a wholesale review of our Performance and Reward Framework, the Board has concluded that relative TSR and ROIC continue to be the best LTI measures to achieve this, but the Board has decided to adjust the weighting of our LTI performance measures from 50:50 to 40 per cent for relative TSR and 60 per cent for ROIC. This re-weighting maintains focus on relative TSR, an important measure in aligning remuneration outcomes for Executives with securityholder outcomes, but increases focus on ROIC, which is the key long-term financial measure that underpins long-term decision making, long-term value creation, and best aligns the LTI hurdles with Mirvac's business and value-creation strategy. The comparator group for relative TSR will also no longer include Aveo and Lendlease and will only consist of the A-REIT constituents, so as to better align the peer group to the market in which we compete for capital. *Risk:* We have incorporated more explicit consideration of risk and risk culture in determining Executives' performance and reward outcomes, and for determining the Group STI pool. *Minimum securityholding requirement:* The minimum securityholding requirement has increased from: – 100 per cent to 150 per cent of fixed remuneration for the CEO/MD; – 50 per cent to 100 per cent of fixed remuneration for other Executives; and – 25,000 securities to 50,000 securities for Non-Executive Directors. Executives will have five years from the commencement of their role on the Executive Leadership Team, or for current Executives five years from 1 July 2018, to establish their Mirvac security ownership to the minimum. Non-Executive Directors have three years from their date of appointment to the Board, or for current Non-Executive Directors three years from 12 December 2017, to acquire securities up to the minimum.	Section 16 Page 71
Remuneration framework		
4. Where does Mirvac's remuneration sit relative to the market?	Fixed and variable pay are both aimed at the market median, with remuneration opportunities for outstanding performance extending up to the 75th percentile of the market.	Section 6 Page 58
5. What proportion of remuneration is "at risk"?	The majority of Executive KMP's remuneration is based on performance, and is therefore at risk. The remuneration package for the CEO/MD is 70 per cent performance related pay, and for other Executives the remuneration package is, on average, 58 per cent performance related pay.	Section 5 Page 58
6. Are there any clawback provisions for incentives?	Yes, if there is a material financial misstatement, any unvested LTI or deferred STI awards can be clawed back.	Section 6 Pages 60 and 61
7. What is Mirvac's minimum securityholding requirement?	The minimum securityholding requirement has increased from: – 100 per cent to 150 per cent of fixed remuneration for the CEO/MD; – 50 per cent to 100 per cent of fixed remuneration for other Executives; and – 25,000 securities to 50,000 securities for Non-Executive Directors. Executives will have five years from the commencement of their role on the Executive Leadership Team, or for current Executives five years from 1 July 2018, to establish their Mirvac security ownership to the minimum. Non-Executive Directors have three years from their date of appointment to the Board, or for current Non-Executive Directors three years from 12 December 2017, to acquire securities up to the minimum.	Section 12 Page 68 Section 16 Page 71

Key questions	Mirvac approach	Further info
Short term incentives (STI)		
8. Are any STI payments deferred?	Yes, 25 per cent of STI for Executive KMP are awarded as rights over Mirvac securities, half of which vest in one year and half in two years. If the Executive resigns before the vesting period ends, the rights do not vest and are forfeited.	Section 5 Page 58 Section 6 Page 59
9. Are STI payments capped?	Yes, an Executive's STI is capped at double their STI target, achievable only in circumstances of both exceptional individual and Group performance.	Section 6 Page 59
Long term incentives (LTI)		
10. What are the performance measures for the LTI?	For existing awards, performance is measured over a three-year period with 50 per cent of the award subject to relative TSR and 50 per cent of the award subject to ROIC, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance. The FY19 LTI award will be 40 per cent subject to relative TSR and 60 per cent subject to ROIC measured over a three-year performance period.	Section 6 Page 60
11. Does the LTI have re-testing?	No, there is no re-testing.	Section 6 Page 60
12. Are dividends/distributions paid on unvested LTI awards?	No, dividends/distributions are not paid on unvested LTI awards. This ensures that Executives are only rewarded when performance hurdles have been achieved at the end of the performance period.	Section 6 Page 60
13. Is the size of LTI grants increased in light of performance conditions?	No, there is no adjustment to reflect the performance conditions. The grant price for allocation purposes is not reduced based on performance conditions. Mirvac uses a 'face value methodology' for allocating performance rights to each Executive KMP, being the average security price for the month leading up to grant, discounted for the assumed value of dividends and distributions not paid during the three-year performance period.	Section 6 Page 60
14. Can LTI participants hedge their unvested LTI?	No, this is prohibited.	Section 6 Page 60
15. Does Mirvac buy securities or issue new securities for security-based awards?	For deferred STI awards, securities are purchased on-market. For LTI awards, the Board has discretion to issue new securities or buy securities on-market.	Section 6 Page 58
16. Does Mirvac issue share options?	No, Mirvac uses performance rights for the deferred STI and LTI awards.	Section 6 Page 58
Executive service agreements		
17. What is the maximum an executive can receive on termination?	Executive KMP termination entitlements are limited to 12 months' fixed remuneration.	Section 14 Page 70

4 Our remuneration strategy and the link to business strategy

At Mirvac, our remuneration is linked to the drivers of our business strategy, helping to create sustainable value for securityholders.

Mirvac's remuneration strategy is designed to support and reinforce its business strategy. The at-risk components of remuneration are tied to measures that reflect the successful execution of our business strategy in both the short and long term.

Our strategic drivers are reflected in STI performance measures and LTI performance measures. So, Mirvac's actual performance directly affects what executives are paid.

Our strategic drivers…	Are reflected in STI performance measures…	And LTI performance measures…	Result…
CAPITAL EFFICIENCY AND FINANCIAL PERFORMANCE Reflects the alignment of business strategy to create sustainable value for securityholders.		**RELATIVE TOTAL SHAREHOLDER RETURN** Measures the performance of Mirvac securities over time, relative to other entities in a comparison group. **RETURN ON INVESTED CAPITAL** Reflects how efficiently Mirvac is using its assets to generate earnings. It is calculated by dividing Total Return by average Invested Capital.	✓
	OPERATING PROFIT Reflects how much revenue the business has generated for the year, less operating costs and represents a key driver of securityholder value. **RETURN ON INVESTED CAPITAL** Reflects how efficiently Mirvac is using its assets to generate earnings. It is calculated by dividing Total Return by average Invested Capital.		✓
OPERATIONAL EXCELLENCE	Ensures management delivers on core initiatives relating to Group strategy and operating model. Measures include performance against Group or divisional specific initiatives and/or integrated projects.		✓
CUSTOMER AND INVESTOR SATISFACTION Provide customers and investors an experience that delivers excellence, consistently exceeds expectations and engenders loyalty.	Represents how well Mirvac is meeting the expectations of key external stakeholders. Measures include retail customer, office tenant and residential customer satisfaction surveys, as well as qualitative feedback from key institutional investors and third party capital investors.		✓
PEOPLE & LEADERSHIP Have an engaged and motivated workforce with superior skills and capabilities.	There is a strong correlation between high levels of employee engagement and a positive culture delivering securityholder returns. Measures include engagement, key talent retention, gender diversity and flexibility targets.		✓
INNOVATION LEADERSHIP	A culture of innovation will drive and safeguard long term securityholder returns. Measures include performance against agreed innovation missions.		✓
HSE&S LEADERSHIP Be recognised as a leader in sustainability. Provide workplaces free from harm and supported by a culture where safety remains an absolute priority.	Mirvac is committed to providing a safe workplace for its employees, suppliers and communities and to ensuring its activities do not have an adverse impact on the environment. Measure include lost time injury frequency rate, total recordable injury frequency rate, timely incident reporting and sustainability targets.		✓

Mirvac's actual performance...
Measures include

Directly affects what executives are paid

FROM FY16-FY18
- Mirvac's absolute TSR performance of 30.63 per cent was at the 59th percentile relative to its comparator group.
- Mirvac's average annual ROIC was 12% over the period.

IN FY18
- Operating profit was $580m, up from $534m in FY17.
- ROIC was 11.4% down from 12.4% in FY17.

LTI VESTING OUTCOME FOR EXECUTIVE KMP IN FY18 = 84% OF TARGET

CAPITAL PARTNERSHIPS
- In July 2017, entered into an agreement with Suntec REIT to sell a 50 per cent interest in Olderfleet, 477 Collins Street, Melbourne VIC for a total consideration of $414m.
- In August 2017, formed the Mirvac Industrial Logistics Partnership (MILP) with an investment vehicle sponsored by Morgan Stanley Real Estate Investing. The partnership was seeded by two industrial assets, 47 Westgate Drive, Altona North and 26 Harcourt Road, Altona, both in VIC, that were sold by Mirvac to the partnership for a total consideration of $65.5m. Mirvac will retain a 10 per cent interest in the partnership.
- In December 2017, completed the sale of a 50 per cent interest in Kawana Shoppingworld, Buddina QLD to ISPT Pty Ltd (ISPT) for a total consideration of $186m. ISPT are also partners at 2 Riverside Quay, Melbourne VIC.
- In July 2018, entered into an agreement with M&G Asia Property Fund for the sale of a 50 per cent interest in 80 Ann Street, Brisbane QLD for a total consideration of $418m.
- Other partners include Ping An (The Finery and St Leonards Square, Sydney NSW), Keppel REIT (8 Chifley, Sydney NSW and David Malcolm Justice Centre, Perth WA). Mirvac is also the asset manager of the LAT portfolio through an agreement with CIC.

Overall a successful year for operational excellence initiatives in terms of delivering new capabilities and functionality within budget. Key initiatives and agreed outcomes delivered successfully throughout FY18.

Customer satisfaction targets set for each of our key divisions were exceeded.

Continued positive feedback being received from investors on our delivery of our strategy.

CEO/MD STI OUTCOME IN FY18 = 133% OF TARGET

- Employee engagement score of 90 per cent, placing Mirvac above the Global High Performing Norm, the survey's highest external benchmark.
- 40 per cent of senior leadership positions held by females.
- 75 per cent of employees have some sort of flexible arrangement in place, evenly spread across both males and females.
- Our continued strategic focus on gender balance is having a positive impact on gender pay parity, the organisation-wide pay gap has continued to decrease (11 per cent in the last five years) and the like-for-like gender pay gap is zero for the second year.
- Attrition of employees identified as key talent is 4 per cent.

The Hatch innovation program is a platform to facilitate a strategic approach to innovation at Mirvac and ensure it is supported by a robust innovation process, funding, resources, and innovation strategy. Some of the mission highlights for FY18:
- Cultivate, the first urban farm in a basement carpark (200 George St), was launched attracting 200 urban farmers.
- The Third Space, an innovative new co-working space was launched at Broadway.
- The success of the Hatch initiative Shopping Nanny continues, the service is performing well at four Mirvac Shopping Centres, including Rhodes, Kawana, Broadway, and Birkenhead Point.
- Pet Concierge will be launching in August at Green Square. Pet Concierge will be an Australian first service for pet owners and is in partnership with the RSPCA NSW.
- Hatch supported the first ever "Hatch 4 Good" project – an ideation session for our Victorian charity partner Think Pink.

SUSTAINABILITY
The Group exceeded the sustainability performance hurdle. In FY18, Mirvac's This Changes Everything sustainability strategy delivered significant outcomes. This included impacts like:
- Ranked most sustainable real estate company in the world by Dow Jones Sustainability Index.
- Sirius, ACT, was the first Australian building to achieve 6 star trifecta (NABERS Energy and Water, and Green Star Performance), without Green Power or external recycled water.
- Launched our first Reconciliation Action Plan.
- House With No Bills constructed and family moved in, in late June 2018.
- Volunteering participation almost double industry average, and more than four times higher than Australian average.
- Over 20,000 people supported with early literacy and numeracy, mentoring and career readiness through our Smith Family partnership.

HSE
Mirvac's thorough and proactive approach to safety resulted in another year of positive results in FY18. We have continued to see a steady improvement of both the lost time injury frequency rate (LTIFR) and the total recordable injury frequency rate (TRIFR). More details can be found in the Our People section, page 30.

AVERAGE STI IN FY18 FOR OTHER ELIGIBLE EXECUTIVES FY18 = 137% OF TARGET

Remuneration report

Continued

5 Executive KMP remuneration at Mirvac

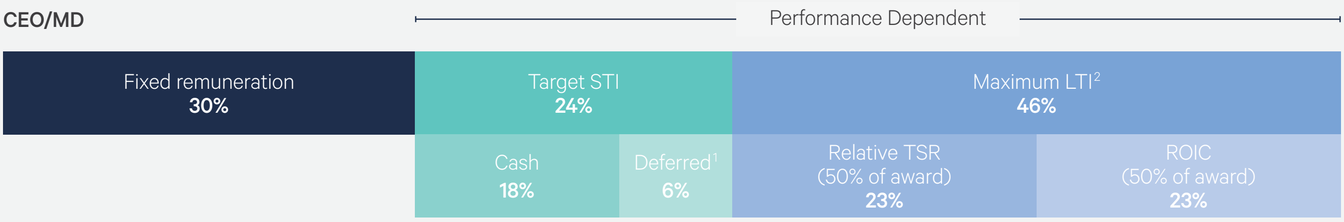
Mirvac's executive remuneration approach is strongly performance focused. A significant proportion of executive remuneration is based on sustained performance, aligned with the business strategy.

Executive remuneration at Mirvac is:

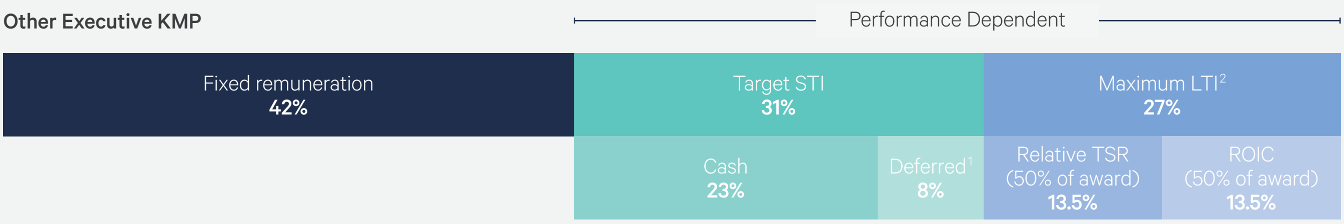
- performance based: more than 50 per cent of total remuneration is at risk;
- equity focused: 52 per cent of the CEO/MD's total remuneration is paid in equity and about one third of other Executive KMP members' total remuneration is paid in equity;
- encouraging an ownership mindset: as a minimum securityholding:
  - the CEO/MD is required to hold 100 per cent of fixed remuneration as Mirvac securities, increasing to 150 per cent from 1 July 2018; and
  - all other Executive KMP are required to hold 50 per cent of their fixed remuneration as Mirvac securities, increasing to 100 per cent from 1 July 2018; and
- multi-year focused: 50 per cent of STI deferral is subject to a one year holding lock and the remaining 50 per cent to a two year holding lock. LTI performance is measured over a three-year period.

The graphs below set out the remuneration structure and mix for the CEO/MD and other Executive KMP members at Mirvac:

CEO/MD



Other Executive KMP



1. Deferred STI: 50 per cent deferred for 12 months and 50 per cent deferred for 24 months. Subject to clawback.
2. LTI granted as performance rights with performance measured over a three-year period. Subject to clawback.

6 How remuneration is structured

Market positioning of fixed and total remuneration

Mirvac has adopted a market positioning strategy designed to attract and retain talented employees, and to reward them for delivering strong performance. The market positioning strategy also supports fair and equitable outcomes between employees.

Fixed remuneration acts as a base-level reward for a competent level of performance. It includes cash, compulsory superannuation and any salary-sacrificed items (including FBT). Fixed remuneration at Mirvac is targeted at the median (50th percentile), with flexibility based on:

- the size and complexity of the role;
- the criticality of the role to successful execution of the business strategy;
- role accountabilities;
- skills and experience of the individual; and
- market pay levels for comparable roles.

Total target remuneration (being fixed remuneration, STI and LTI) is positioned at the median (50th percentile), with the opportunity to earn total remuneration up to the upper quartile (75th percentile) in the event that both the individual and the business exceed stretch targets.

When determining the relevant market for each role, Mirvac considers the companies from which it sources talent, and to whom it could potentially lose talent. From time to time, the Board engages its independent remuneration advisor to provide remuneration benchmarking data as input into setting remuneration for Executive KMP. Refer section 15, page 70.

For business roles

- primary comparison group: A-REIT sector, plus Lendlease; and
- secondary comparison group: general industry with a similar market capitalisation (50 per cent to 200 per cent of Mirvac's 12 month average market capitalisation).

For corporate roles

- primary comparison group: general industry with a similar market capitalisation (50 per cent to 200 per cent of Mirvac's 12 month average market capitalisation). The use of general industry reflects the greater transferability of skills for these roles; and
- secondary comparison group: specific peers in the A-REIT sector, plus Lendlease.

STI: how does it work?

Purpose	Motivate and reward employees for contributing to the delivery of annual business performance.
Eligibility	All permanent Mirvac employees are eligible to participate in the STI plan, subject to having more than three months' active service during the financial year and remaining employed on the award date.
Target, minimum and maximum STI opportunity	A target STI is set for each individual, which will be earned if Group and individual performance meets the stretch targets. Actual STI awards depend on Group and individual performance but can range from zero up to the maximum of 200 per cent of the target opportunity.
Group STI scorecard/ pool funding	Group operating profit must be at least 90 per cent of plan before any STI payments are made. The STI pool funding is calculated based on operating profit and ROIC (both with 50 per cent weighting) and moderated by the Board, based on achievement of strategic objectives. The targets for the individual strategic objectives are not disclosed as some are commercially sensitive however, our performance against targets will be disclosed retrospectively as we have done this year on pages 56 and 57. The objectives are quantitative in nature and are set in line with the short and medium term strategic objectives.

Category	Measure	Rationale for using	Measurement
Financial measures	Operating profit	Reflects the underlying performance of Mirvac's core business operations and represents a key driver of securityholder value.	For both financial performance measures on the Group STI scorecard, a threshold, plan and stretch goal is set at the start of the financial year, with the outcome calculated based on the following scale:
	ROIC	Reflects how efficiently Mirvac is using its assets to generate earnings.	

Performance level	Group STI score % target
<Threshold	0%
Threshold	75%
Plan	100%
Stretch	150%

A sliding scale operates between threshold and plan, and between plan and stretch.

At the start of the year, a scorecard of objectives is agreed with management. At the end of the year, the Board makes a rigorous assessment, taking into account quantitative and qualitative factors. The Board has discretion to increase or decrease the pool funding taking into account performance against these strategic objectives and the Group's risk framework and tolerance.

Category	Measure	Rationale for using	Measurement
Strategic objectives	Financial performance and capital efficiency	Reflects the alignment of business strategy to create sustainable value for securityholders.	Progress on strategic capital allocation initiatives, and third party funds under management growth.
	Operational excellence	Ensures management delivers on core initiatives relating to Group strategy and operating model.	Measures include performance against Group or divisional specific initiatives and/or integrated projects.
	Customer and investor satisfaction	Represents how well Mirvac is meeting the expectations of key external stakeholders.	Measures include retail customer, office tenant and residential customer satisfaction surveys, as well as qualitative feedback from key institutional investors and third party capital investors.
	High-performing people and culture	There is a strong correlation between high levels of employee engagement and a positive culture with securityholder returns.	Measures include engagement, key talent retention, gender diversity and flexibility targets.
	Innovative culture	A culture of innovation will drive and safeguard long term securityholder returns.	Measures include performance against agreed innovation missions.
	HSE&S leadership	Mirvac is committed to providing a safe workplace for its employees, suppliers and communities and to ensuring its activities do not have an adverse impact on the environment.	Measure include lost time injury frequency rate, environmental incident frequency rate, timely incident reporting and sustainability targets.

Remuneration report

Continued

Individual performance objectives	Each Executive KMP agrees an individual scorecard of performance objectives at the start of the year against which their performance will be assessed. Individual performance objectives are set based on the specific responsibilities of each role.
Deferral	For Executive KMP: – 75 per cent is paid as cash; and – 25 per cent of any STI award is deferred into performance rights over Mirvac securities (granted on the same date as the cash payment is made). The rights vest in two tranches: 50 per cent after one year and 50 per cent after two years. If the deferred rights vest, entitlements may be satisfied by the purchase of existing securities on-market. Executives are expected to retain the resulting securities they receive until they satisfy the minimum securityholding guidelines.
Termination/ forfeiture	The deferred portion of a STI award is forfeited if an employee resigns or is dismissed for performance reasons prior to the vesting date. Unvested deferred STI awards may be retained if an employee leaves due to circumstances such as retirement, redundancy, agreed transfer to an investment partner, total and permanent disablement or death.
Clawback policy	Mirvac has in place a clawback policy for Executive KMP (and other Executives capable of influencing the results of the Group). The policy gives the Board the ability to claw back incentives in the event of a material financial misstatement.
Hedging	Consistent with the *Corporations Act 2001*, participants are prohibited from hedging their unvested performance rights.

LTI: how does it work?

Purpose	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.	
Eligibility	LTI grants are generally restricted to those Executives who are most able to influence securityholder value. Non-Executive Directors are not eligible to participate in the LTI plan.	
Instrument	Awards under this plan are made in the form of performance rights. A performance right is a right to acquire one fully paid Mirvac security provided a specified performance hurdle is met. No dividends/distributions are paid on unvested LTI awards. This ensures that Executives are only rewarded when performance hurdles have been achieved at the end of the performance period.	
LTI opportunity	The maximum LTI opportunity during FY18 was equivalent to: – 150 per cent of fixed remuneration for the CEO/MD; and – 50 per cent to 90 per cent of fixed remuneration for other Executive KMP.	
Grant value/price	Mirvac uses a 'face value methodology' for allocating performance rights to each Executive KMP, being the average security price for the month leading up to grant, discounted for the assumed value of dividends and distributions not paid during the three-year performance period. The grant price for allocation purposes is not reduced based on performance conditions.	
Performance period	Performance is measured over a three-year period. The FY18 grant has a performance period commencing 1 July 2017 and ending 30 June 2020.	
Performance hurdles	The HRC reviews the performance conditions annually to determine the appropriate hurdles based on Mirvac's strategy and prevailing market practice. Two performance measures apply to the LTI grants made during FY18:	
	Relative TSR (50 per cent of the LTI allocation) Relative TSR is used because it is an objective measure of securityholder value creation and is widely understood and accepted by the various key stakeholders. Mirvac's TSR performance is measured relative to a comparison group consisting of the A-REIT constituents plus Aveo and Lendlease.	**ROIC** (50 per cent of the LTI allocation) ROIC is used because it is aligned to Mirvac's strategic drivers, in particular financial performance and capital efficiency. ROIC is calculated as Total Return divided by average Invested Capital. In FY18, the threshold performance level for ROIC was increased from 9 per cent to 9.5 per cent, with stretch increasing from 10 per cent to 10.5 per cent, to reflect Mirvac's aspirations for returns through this part of the cycle.

Vesting schedule

	Relative TSR		ROIC	
Performance level	Relative TSR (percentile)	Percentage of TSR-tested rights to vest	Average annual ROIC (%)	Percentage of ROIC-tested rights to vest
<Threshold	<50th	Nil	<9.5%	Nil
Threshold	50th	50	9.5%	50
Threshold to maximum	>50th to 75th	Pro-rata between 50 and 100 per cent	>9.5% to 10.5%	Pro-rata between 50 and 100 per cent
Maximum	75th and above	100	10.5% and above	100

Vesting/ delivery	Vesting of LTI grants is dependent on achieving relative TSR performance and ROIC targets over a three-year period, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance. The performance rights will automatically exercise if and when the Board determines the performance conditions are achieved. If the performance rights vest, entitlements will be satisfied by either an allotment of new securities to participants or by the purchase of existing securities on-market. Any performance rights that do not vest at the end of the performance period will lapse. There is no re-testing. Executive KMP members will be expected to retain the resulting securities until they satisfy the minimum securityholding guidelines.
Termination/ forfeiture	Resignation or dismissal: all unvested performance rights are forfeited. Retirement, redundancy, agreed transfer to an investment partner, 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. Change of control event: the Board, in its absolute discretion, determines the number of performance rights that vest, if any, taking into account the performance from the date of grant to the event.
Clawback policy	Mirvac has in place a clawback policy for Executive KMP (and other Executives capable of influencing the results of the Group). The policy gives the Board the ability to claw back incentives in the event of a material financial misstatement.
Dilution	Dilution that may result from securities being issued under Mirvac's LTI plan is capped at the limit set out in ASIC Class Order 14/1000, which provides that the number of unissued securities under those plans must not exceed 5 per cent of the total number of securities of that class as at the time of the relevant offer.
Hedging	Consistent with the *Corporations Act 2001*, participants are prohibited from hedging their unvested performance rights.

Remuneration report

Continued

7 Business and executive remuneration outcomes

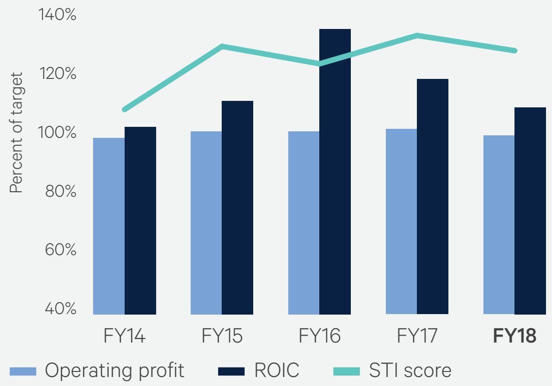
How the Group's performance has translated into STI awards

Performance was strong across the Group in FY18, with operating profit and ROIC outperforming targets set by the Board. The Group's STI scorecard of 130 per cent (of a potential 150 per cent) reflects the strong financial results.

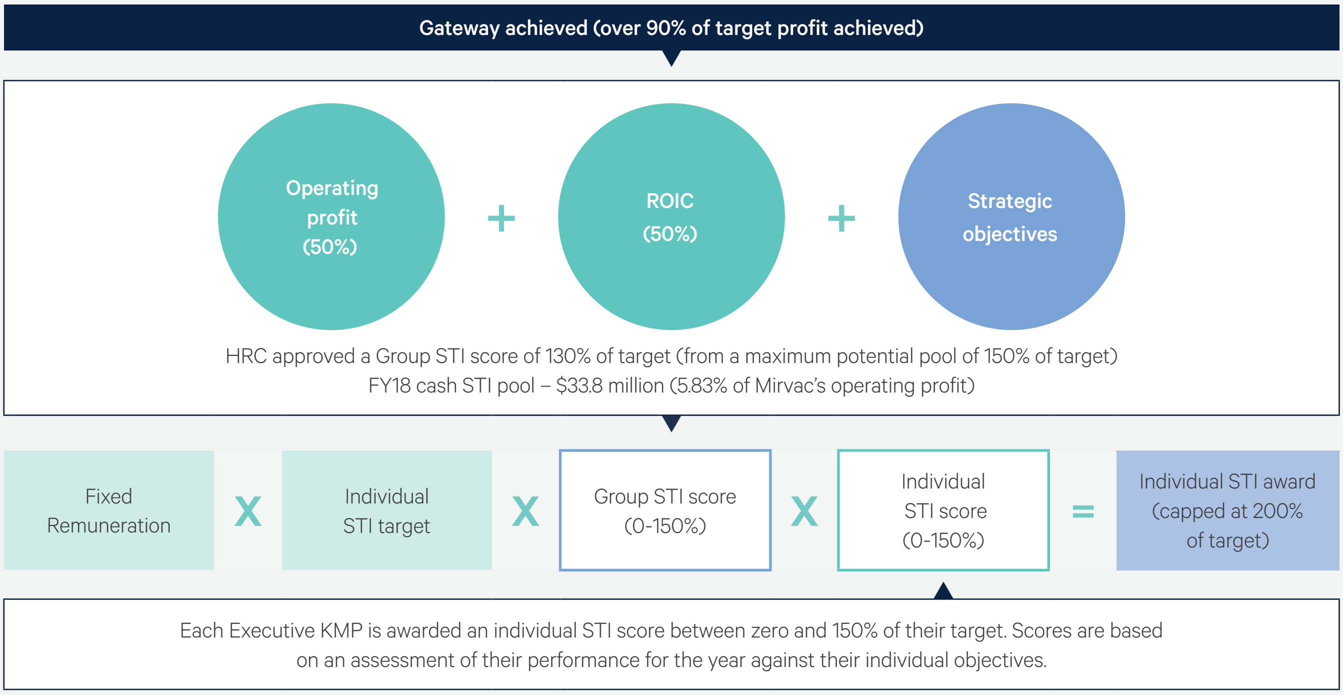
Mirvac's financial performance directly affects the STI awards in two ways:
- The STI has a gateway requirement of Group operating profit being at least 90 per cent of target.
- The Group's STI scorecard has two financial measures, each worth 50 per cent of the total pool: operating profit and ROIC.

This graph shows how the average STI outcome for all employees has been closely tied to performance on these two measures.

Financial performance in each case is expressed as a percentage of the business target set for the year, while the STI outcome represents the average STI award to participants that year as a percentage of target.



The diagram below sets out Mirvac's performance and the resulting STI outcomes:



How the Group's performance has translated into LTI awards

Mirvac's financial and security price performance directly affects the vesting of the LTI awards:
- half of the LTI is subject to a relative TSR performance measure; and
- the remaining half is subject to ROIC.

Vesting of LTI grants is dependent on achieving relative TSR performance and ROIC targets over a three-year period, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance.

The three years to 30 June 2018 saw strong performance against both measures for the FY16 award:
- Mirvac's absolute TSR performance of 30.63 per cent was at the 59th percentile of the comparator group, resulting in vesting of 68 per cent of the TSR component.
- The Group ROIC performance was 12 per cent which outperformed the stretch target of 10 per cent, resulting in 100 per cent vesting of the ROIC component.
- As a result, total vesting for the FY16 award was 84 per cent.

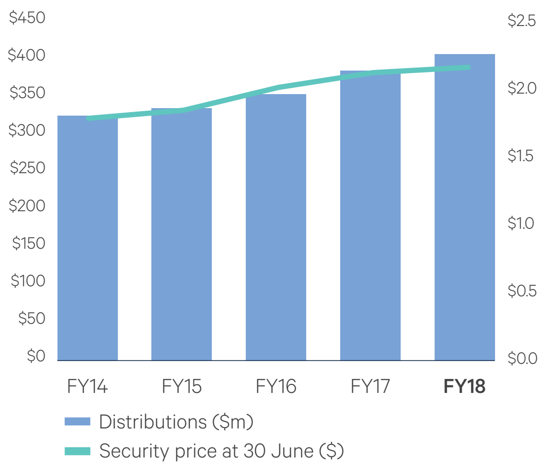
The diagram below sets out the Group's performance and the resulting LTI outcomes for the Executive KMP:

FY16 LTI grants to eligible participants and relative TSR and ROIC performance hurdles are set

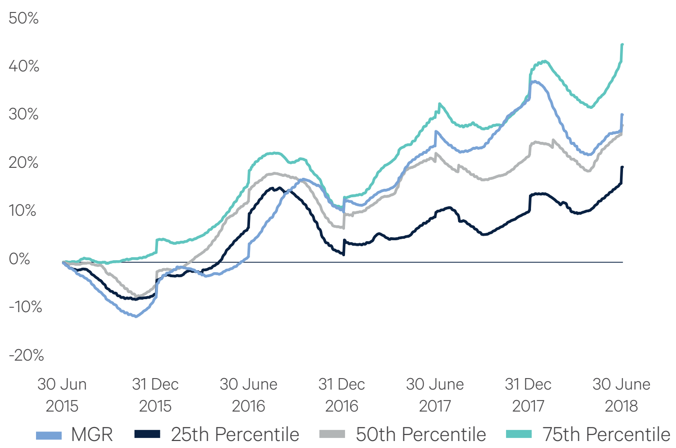
30 June 2018: three-year performance period ends for the FY16 grants and performance is measured for relative TSR and ROIC

RELATIVE TSR

Mirvac's security price and distributions over the past five years



Mirvac TSR (1 July 2015 to 30 June 2018)



Mirvac's absolute TSR performance of 30.63 per cent was at the 59th percentile of the comparator group.

68 per cent of the performance rights linked to the relative TSR measure vested

+

ROIC

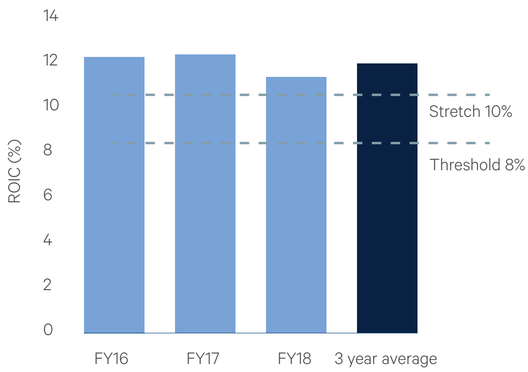
ROIC Performance

Mirvac's ROIC has been consistent over the past three years:

- FY16 exceeded the threshold;
- FY17 exceeded the threshold; and
- FY18 exceeded the threshold.

Mirvac's average annual ROIC over the three-year performance period was 12 per cent, resulting in the stretch target being exceeded.

Mirvac's ROIC performance over the three years



100 per cent of the performance rights linked to the ROIC measure vested

=

84 per cent of the total FY16 LTI award vested

Remuneration report

Continued

Executive KMP vesting outcomes for the past three years

A summary of vesting under Mirvac's performance based equity grants that have vested in the last three years is shown in the following table:

Grant year	Performance hurdle	Performance period	Performance period ended	Vested %
FY14	Relative TSR and ROIC	3 years	30 June 2016	47
FY15	Relative TSR and ROIC	3 years	30 June 2017	50
FY16	Relative TSR and ROIC	3 years	30 June 2018	84

Past financial performance

The table below provides summary information on the Group's earnings and securityholders' wealth for the five years to 30 June 2018:

	FY18	FY17	FY16	FY15	FY14
Profit attributable to the stapled securityholders of Mirvac ($m)	**1,089**	1,164	1,033	610	447
Operating profit ($m)	**580**	534	482	455	438
Distributions paid ($m)	**408**	386	355	336	326
Security price at 30 June ($)	**2.17**	2.13	2.02	1.85	1.79
Operating earnings per stapled security (EPS) – diluted (cents)	**15.6**	14.4	13.0	12.3	11.9
Statutory EPS – basic (cents)	**29.4**	31.4	27.9	16.5	12.2

8 Summary of FY18 remuneration

CEO/MD remuneration	The CEO/MD's remuneration was not changed during FY18. Remuneration for the CEO/MD in the table in section 9 increased from $4.9m to $5.9m in FY18 due to the vesting of the FY16 LTI award (84 per cent vesting of the FY16 award v 50 per cent vesting of the FY15 award).
Fixed and total target remuneration	Susan MacDonald received a fixed pay increase from $700,000 to $800,000 per annum as at 1 October 2017. This increase is a reflection on Susan's experience and sustained performance in the Head of Retail role. There were no increases to the fixed remuneration or total target remuneration for any other Executive KMP during FY18.
STI	Strong results across all operating metrics resulted in an above-target STI pool of 130 per cent, down from 135 percent in FY17. The STI pool in FY18 was driven by: – operating profit increasing to $580m from $534m in FY17; – ROIC performance of 11.4 per cent down from 12.4 per cent in FY17; and – strong performance against the scorecard of the strategic objectives. The STI pool was lower despite strong overall performance of the Group reflecting increasingly stretching targets set by the HRC.
LTI	Vesting of LTI grants is dependent on achieving relative TSR performance and ROIC targets over a three-year period, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance. The three years to 30 June 2018 saw strong performance against both measures for the FY16 award. Mirvac's absolute TSR performance of 30.63 per cent was at the 59th percentile of the comparator group, resulting in vesting of 68 per cent of the TSR component. The Group ROIC performance was 12 per cent which outperformed the stretch target of 10 per cent, resulting in 100 per cent vesting of the ROIC component. As a result, total vesting for the FY16 award was 84 per cent.
Non-Executive Director fees	No changes.

9 Actual remuneration received in FY18

The following table sets out the actual value of the remuneration received by Executive KMP members during the year.

The figures in this table are different from those shown in the accounting table in section 10 which includes an apportioned accounting value for all unvested STI and LTI grants during the year (some of which remain subject to satisfaction of performance and service conditions and may not ultimately vest). The table below, on the other hand, shows the:

- **cash STI:** the cash portion of STI payments to be made in September 2018 in recognition of performance during FY18;
- **deferred STI vested:** the value of the deferred STI from prior years that vested in FY18 (being the number of rights that vested multiplied by the security price on the vesting date); and
- **LTI:** the value of performance rights whose performance period ended 30 June 2018 (being the number of performance rights that vested multiplied by the security price on 29 June 2018, being the last business day of the performance period).

Actual remuneration received in FY18

	Year	Fixed remuneration $	Cash STI $	Deferred STI vested $	LTI vested $	Other[1] $	Total $
Executive KMP							
Susan Lloyd-Hurwitz	**FY18**	**1,500,000**	**1,199,250**	**514,572**	**2,680,427**	**24,585**	**5,918,834**
	FY17	1,500,000	1,249,715	535,796	1,555,965	24,659	4,866,135
Brett Draffen[2]	**FY18**	**950,000**	**770,250**	**349,028**	**1,018,623**	**15,307**	**3,103,208**
	FY17	950,000	804,215	332,683	591,282	15,328	2,693,508
Shane Gannon[3]	**FY18**	**900,000**	**731,250**	**291,485**	**965,010**	**14,618**	**2,902,363**
	FY17	900,000	763,715	225,323	560,162	14,665	2,463,865
Campbell Hanan[4]	**FY18**	**800,000**	**575,250**	**105,091**	**–**	**12,953**	**1,493,294**
	FY17	800,000	601,715	–	–	12,996	1,414,711
Susan MacDonald[2,5]	**FY18**	**775,000**	**558,188**	**199,757**	**416,980**	**12,953**	**1,962,878**
	FY17	700,000	530,840	99,855	242,045	11,330	1,584,070
Stuart Penklis[6,7]	**FY18**	**700,000**	**507,000**	**–**	**238,273**	**10,520**	**1,455,793**
	FY17	116,667	412,715	–	128,214	11,319	668,915

1. Includes long service leave accrued during the year.
2. Brett Draffen and Susan MacDonald elected to purchase additional leave, the amount shown above reflects fixed remuneration before deducting the purchased leave.
3. In FY17, Shane Gannon elected to purchase additional leave and took a period of unpaid leave, the amount shown above reflects fixed remuneration before deducting the purchased leave and unpaid leave.
4. Campbell Hanan took a period of unpaid leave during FY18, the amount shown above reflects fixed remuneration before deducting the unpaid leave period.
5. Susan MacDonald received a fixed remuneration increase from $700,000 to $800,000 per annum effective 1 October 2017.
6. Stuart Penklis commenced his role and therefore became an Executive KMP on 1 May 2017.
7. Stuart Penklis cashed out $78,000 of annual leave during FY18, the amount shown above reflects fixed remuneration before the addition of the cashed out leave.

Executive KMP STI awards in FY18

The following table shows the actual STI outcomes (including any deferred component) for each of the Executive KMP for FY18:

Executive KMP	STI target % of fixed remuneration	STI max % of fixed remuneration	Actual STI % max	STI forfeited % max	Actual STI (total) $
Susan Lloyd-Hurwitz	80	160	67	33	1,599,000
Brett Draffen	80	160	68	32	1,027,000
Shane Gannon	80	160	68	32	975,000
Campbell Hanan	70	140	68	32	767,000
Susan MacDonald	70	140	69	31	744,250
Stuart Penklis	70	140	69	31	676,000

Remuneration report

Continued

10 Total remuneration in FY18

The following table shows the total remuneration for members of the Executive KMP for FY18 and FY17. These disclosures are calculated in accordance with the accounting standards and accordingly differ from the information presented in the actual remuneration received in FY18 table in section 9.

		Short term benefits			Post-employment	Security-based payments		Other long term benefits			
	Year	Cash salary and fees[1] $	Cash STI[2] $	Non-cash benefits[3] $	Super-annuation contributions $	Value of LTI rights[4] $	Value of deferred STI rights[4] $	Long service leave[5] $	Termination benefits $	Total remuneration $	Performance related remuneration % of total remuneration
Executive KMP											
Susan Lloyd-Hurwitz	**FY18**	**1,479,951**	**1,199,250**	**–**	**20,049**	**1,926,221**	**416,725**	**24,585**	**–**	**5,066,781**	**70%**
	FY17	1,464,997	1,249,715	15,388	19,616	2,167,066	366,478	24,659	–	5,307,919	71%
Brett Draffen[6]	**FY18**	**847,852**	**770,250**	**9,022**	**20,049**	**731,979**	**270,633**	**15,307**	**–**	**2,665,092**	**67%**
	FY17	884,824	804,215	9,022	19,616	823,509	249,454	15,328	–	2,805,968	67%
Shane Gannon[7]	**FY18**	**879,951**	**731,250**	**–**	**20,049**	**693,454**	**256,965**	**14,618**	**–**	**2,596,287**	**65%**
	FY17	823,038	763,715	–	19,616	780,167	228,047	14,665	–	2,629,248	67%
Campbell Hanan[8]	**FY18**	**754,554**	**575,250**	**–**	**20,049**	**221,423**	**207,923**	**12,953**	**–**	**1,792,152**	**56%**
	FY17	780,384	601,715	–	19,616	101,473	206,328	12,996	–	1,722,512	53%
Susan MacDonald[6]	**FY18**	**741,105**	**558,188**	**–**	**20,049**	**311,492**	**185,660**	**12,953**	**–**	**1,829,447**	**58%**
	FY17	666,923	530,840	–	19,616	337,109	157,048	11,330	–	1,722,866	59%
Stuart Penklis[9]	**FY18**	**677,258**	**507,000**	**80,770**	**20,049**	**206,777**	**117,813**	**10,520**	**–**	**1,620,187**	**51%**
	FY17	113,397	412,715	–	3,269	186,692	51,042	11,319	–	778,434	84%

1. Cash salary and fees includes accrued annual leave paid out as part of salary.
2. STI payments relate to cash portion of STI awards accrued for the relevant year, payable September 2018.
3. Non-cash benefits include salary-sacrificed benefits and related FBT where applicable. In the case of Stuart Penklis, this also reflects annual leave cashed out.
4. Valuation of rights is conducted by an independent advisor.
5. Long service leave relates to amounts accrued during the year.
6. In both FY17 and FY18, Brett Draffen and Susan MacDonald elected to purchase additional leave. The amount shown above reflects the accounting expense relating to cash salary and is therefore net of any purchased leave amounts. There was no change to fixed remuneration for Brett Draffen, however Susan MacDonald received a fixed remuneration increase from $700,000 to $800,000 per annum effective 1 October 2017.
7. In FY17, Shane Gannon elected to purchase additional leave and took a period of unpaid leave, the amount shown above reflects the accounting expense relating to cash salary and is therefore net of any purchased leave amounts. There was no change to fixed remuneration.
8. Campbell Hanan took a period of unpaid leave during FY18, the amount shown above reflects the accounting expense relating to cash salary and is therefore net of any unpaid leave period. There was no change to fixed remuneration.
9. Stuart Penklis commenced his role and therefore became an Executive KMP on 1 May 2017.

11 LTI grants in FY18

The table below shows LTI grants made during FY18, subject to performance conditions over the three-year performance period ending 30 June 2020. Accounting standards require the estimated valuation of the grants be recognised over the performance period. The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

	LTI max as a % of fixed remuneration	Performance measure	Number of performance rights granted	Fair value per performance right $	Maximum total value of grant[1] $
Susan Lloyd-Hurwitz		Relative TSR	530,660	1.38	732,311
		ROIC	530,660	1.64	867,629
Total	**150**		**1,061,320**		**1,599,940**
Brett Draffen		Relative TSR	201,651	1.38	278,278
		ROIC	201,651	1.64	329,699
Total	**90**		**403,302**		**607,977**
Shane Gannon		Relative TSR	191,038	1.38	263,632
		ROIC	191,038	1.64	312,347
Total	**90**		**382,076**		**575,979**
Campbell Hanan		Relative TSR	94,340	1.38	130,189
		ROIC	94,340	1.64	154,246
Total	**50**		**188,680**		**284,435**
Susan MacDonald		Relative TSR	94,340	1.38	130,189
		ROIC	94,340	1.64	154,246
Total	**50**		**188,680**		**284,435**
Stuart Penklis		Relative TSR	82,547	1.38	113,915
		ROIC	82,547	1.64	134,964
Total	**50**		**165,094**		**248,879**

1. The value of performance rights reflects the fair value at the time of grant. For the LTI grants subject to ROIC, 75 per cent vesting is assumed in the above valuation.

Key inputs used in valuing performance rights granted during FY18 were as follows:

Grant date	7 December 2017	Exercise price	$nil
Performance hurdles	Relative TSR and ROIC	Expected life	2.6 years
Performance period start	1 July 2017	Volatility	17%
Performance period end	30 June 2020	Risk-free interest rate (per annum)	1.87%
Security price at grant date	$2.47	Dividend/distribution yield (per annum)	4.80%

The fair value is determined by Ernst & Young using a Monte-Carlo simulation for the relative TSR component and a Binomial tree methodology for the ROIC component.

Remuneration report

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12 Equity instrument disclosures relating to KMP

Securityholdings

Executive KMP members are expected to establish and maintain a minimum securityholding (excluding performance rights) to the value of 100 per cent of fixed remuneration for the CEO/MD and 50 per cent of fixed remuneration for all other Executive KMP members.

From 1 July 2018, the minimum securityholding requirement is increasing to the value of 150 per cent of fixed remuneration for the CEO/MD and 100 per cent of fixed remuneration for all other Executive KMP members. Executive KMP members have five years to build up their securityholding to the expected level.

As at 30 June 2018, the number of ordinary securities in Mirvac held by Executive KMP, including their personally related parties, is set out below:

	Balance 1 July 2017	Changes	Balance 30 June 2018	Value 30 June 2018 $	Minimum securityholding guideline $[1]	Date securityholding to be attained[1]
Executive KMP						
Susan Lloyd-Hurwitz	1,523,235	631,677	2,154,912	4,676,159	1,500,000	November 2017
Brett Draffen	1,047,840	214,652	1,262,492	2,739,608	475,000	July 2017
Shane Gannon	245,335	138,303	383,638	832,494	450,000	December 2018
Campbell Hanan	–	145,181	145,181	315,043	400,000	February 2021
Susan MacDonald	462,593	99,516	562,109	1,219,777	350,000	July 2019
Stuart Penklis[2]	2,272	–	2,272	4,930	350,000	May 2022

1. Attainment date is based on the minimum securityholding requirement effective for FY18.
2. Balance as at 1 July 2017 is different to the closing balance of 43,988 reported in the FY17 remuneration report. 41,716 securities were sold on market in FY17 and should have been excluded from his closing balance, leaving the remaining balance of 2,272 securities as reported above.

Options

No options (i.e. a right to acquire a security upon payment of an exercise price) were granted as remuneration during FY18 and no unvested or unexercised options were held by Executive KMP as at 30 June 2018.

Performance rights held during the year

The number of performance rights in Mirvac held during the year by each Executive KMP, including their personally related parties, is set out below:

		LTI		Deferred STI		
	Balance 1 July 2017	Rights issued	Rights relating to performance period ended 30 June 2018	Rights issued	Rights vested/ forfeited	Balance 30 June 2018
Executive KMP						
Susan Lloyd-Hurwitz	3,023,704	1,061,320	(1,470,500)	206,223	(221,226)	2,599,521
Brett Draffen	1,241,904	403,302	(558,823)	132,708	(150,055)	1,069,036
Shane Gannon	1,159,797	382,076	(529,411)	126,025	(125,316)	1,013,171
Campbell Hanan	311,356	188,680	–	99,293	(45,181)	554,148
Susan MacDonald	547,774	188,680	(228,758)	87,597	(85,880)	509,413
Stuart Penklis	241,215	165,094	(130,718)	68,104	–	343,695

Details of the movement in the number and value of performance rights held by Executive KMP during the year are set out below:

						Vested			Lapsed		
	Plan	Grant date	Number of rights granted	Value at grant date[1]	Vesting date	Number of rights	% of total grant	Value of rights	Number of rights	% of total grant	Value of rights
Executive KMP											
Susan	STI	18 Sep 15	132,341	201,158	18 Sep 17	132,341	100%	201,158	–	0%	–
Lloyd-Hurwitz	LTI	7 Dec 15	1,470,500	1,146,990	30 Jun 18	1,235,220	84%	963,472	235,280	16%	183,518
	STI	23 Sep 16	88,885	186,659	23 Sep 17	88,885	100%	186,659	–	0%	–
	STI	23 Sep 16	88,885	178,659	23 Sep 18	–		–	–		–
	LTI	6 Dec 16	1,243,093	1,712,360	30 Jun 19	–		–	–		–
	STI	25 Sep 17	103,112	220,660	26 Sep 18	–		–	–		–
	STI	25 Sep 17	103,111	210,346	26 Sep 19	–		–	–		–
	LTI	7 Dec 17	1,061,320	1,599,940	30 Jun 20	–		–	–		–
Total			**4,291,247**	**5,456,772**		**1,456,446**		**1,351,289**	**235,280**		**183,518**
Brett Draffen	STI	18 Sep 15	89,403	135,893	18 Sep 17	89,403	100%	135,893	–	0%	–
	LTI	7 Dec 15	558,823	435,882	30 Jun 18	469,411	84%	366,141	89,412	16%	69,741
	STI	23 Sep 16	60,652	127,369	23 Sep 17	60,652	100%	127,369	–	0%	–
	STI	23 Sep 16	60,651	121,909	23 Sep 18	–		–	–		–
	LTI	6 Dec 16	472,375	650,696	30 Jun 19	–		–	–		–
	STI	25 Sep 17	66,354	141,998	26 Sep 18	–		–	–		–
	STI	25 Sep 17	66,354	135,362	26 Sep 19	–		–	–		–
	LTI	7 Dec 17	403,302	607,977	30 Jun 20	–		–	–		–
Total			**1,777,914**	**2,357,086**		**619,466**		**629,403**	**89,412**		**69,741**
Shane Gannon	STI	18 Sep 15	67,758	102,992	18 Sep 17	67,758	100%	102,992	–	0%	–
	LTI	7 Dec 15	529,411	412,941	30 Jun 18	444,705	84%	346,870	84,706	16%	66,071
	STI	23 Sep 16	57,558	120,872	23 Sep 17	57,558	100%	120,872	–	0%	–
	STI	23 Sep 16	57,557	115,690	23 Sep 18	–		–	–		–
	LTI	6 Dec 16	447,513	616,449	30 Jun 19	–		–	–		–
	STI	25 Sep 17	63,013	134,848	26 Sep 18	–		–	–		–
	STI	25 Sep 17	63,012	128,544	26 Sep 19	–		–	–		–
	LTI	7 Dec 17	382,076	575,979	30 Jun 20	–		–	–		–
Total			**1,667,898**	**2,208,315**		**570,021**		**570,734**	**84,706**		**66,071**
Campbell Hanan	STI	23 Sep 16	45,181	94,880	23 Sep 17	45,181	100%	94,880	–	0%	–
	STI	23 Sep 16	45,181	90,814	23 Sep 18	–		–	–		–
	LTI	6 Dec 16	220,994	304,419	30 Jun 19	–		–	–		–
	STI	25 Sep 17	49,647	106,245	26 Sep 18	–		–	–		–
	STI	25 Sep 17	49,646	101,278	26 Sep 19	–		–	–		–
	LTI	7 Dec 17	188,680	284,435	30 Jun 20	–		–	–		–
Total			**599,329**	**982,071**		**45,181**		**94,880**	**–**		**–**
Susan	STI	18 Sep 15	46,113	70,092	18 Sep 17	46,113	100%	70,092	–	0%	–
MacDonald	LTI	7 Dec 15	228,758	178,431	30 Jun 18	192,156	84%	149,882	36,602	16%	28,549
	STI	23 Sep 16	39,767	83,511	23 Sep 17	39,767	100%	83,511	–	0%	–
	STI	23 Sep 16	39,766	79,930	23 Sep 18	–		–	–		–
	LTI	6 Dec 16	193,370	266,367	30 Jun 19	–		–	–		–
	STI	25 Sep 17	43,799	93,730	26 Sep 18	–		–	–		–
	STI	25 Sep 17	43,798	89,348	26 Sep 19	–		–	–		–
	LTI	7 Dec 17	188,680	284,435	30 Jun 20	–		–	–		–
Total			**824,051**	**1,145,844**		**278,036**		**303,482**	**36,602**		**28,549**
Stuart Penklis	LTI	7 Dec 15	130,718	101,960	30 Jun 18	109,803	84%	85,646	20,915	16%	16,314
	LTI	6 Dec 16	110,497	152,210	30 Jun 19	–		–	–		–
	STI	25 Sep 17	34,052	72,871	26 Sep 18	–		–	–		–
	STI	25 Sep 17	34,052	69,466	26 Sep 19	–		–	–		–
	LTI	7 Dec 17	165,094	248,879	30 Jun 20	–		–	–		–
Total			**474,413**	**645,386**		**109,803**		**85,646**	**20,915**		**16,314**

1. The calculation of the value of performance rights used the fair value as determined at the time of grant. For the LTI grants subject to ROIC performance, the initial accounting treatment for the FY15 and FY16 grants assumes 50 per cent vesting, and from FY17 onwards the grant assumes 75 per cent vesting, which is reflected in the above valuation.

Remuneration report

Continued

13 Other transactions with KMP

There are a number of transactions between KMP and 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 goods 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.

14 Service agreements for the Executive KMP

Each Executive KMP member, including the CEO/MD, has a formal contract, known as a service agreement. These agreements are of a continuing nature and have no fixed term of service.

There were no changes to the service agreements for Executive KMP in FY18.

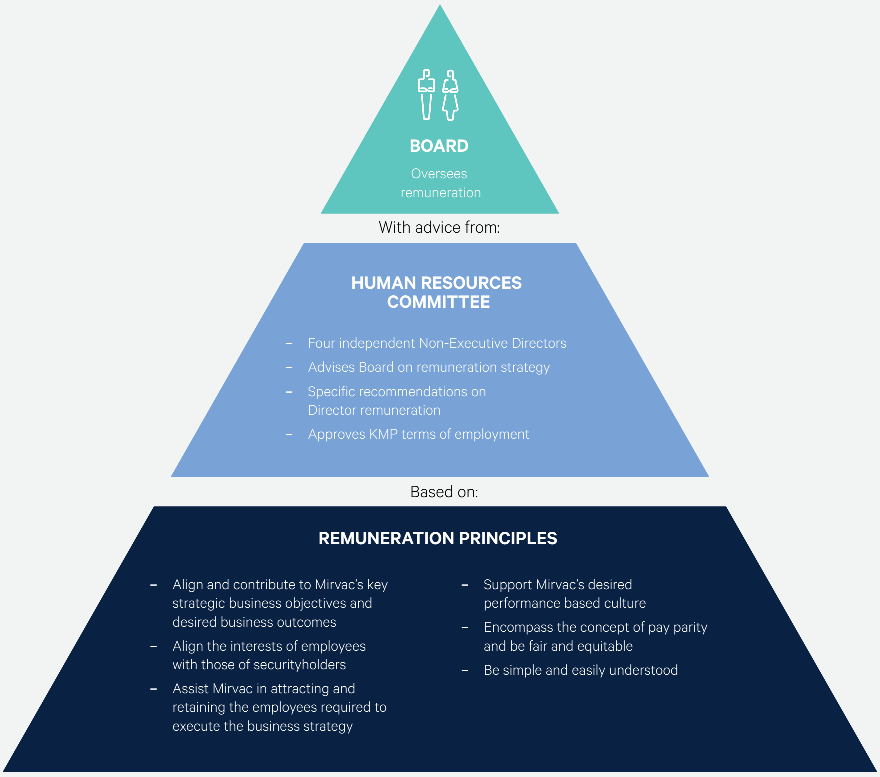
The key terms of the service agreements for the CEO/MD and other Executive KMP members are summarised below:

		Notice period		
	Contract term	**Employee**	**Group**	**Termination payment**[1]
Susan Lloyd-Hurwitz	No fixed term	6 months	6 months	6 months
Other Executive KMP	No fixed term	3 months	3 months	9 months

1. Payable if Mirvac terminates employee with notice, for reasons other than unsatisfactory performance.

15 Governance and how remuneration decisions are made

The Board, HRC, advisors and management work closely to apply our remuneration principles and ensure our strategy supports sustainable securityholder value.



The HRC has appointed Ernst & Young as its external remuneration advisor. Ernst & Young provides both information on current market practice and independent input into key remuneration decisions.

Ernst & Young's terms of engagement include specific measures designed to protect its independence. To effectively perform its role, Ernst & Young needs to interact with members of Mirvac management, particularly those in the Human Resources team. However, to ensure independence, members of Mirvac's management are precluded from requesting services that would be considered to be a 'remuneration recommendation' as defined by the *Corporations Act 2001*.

During FY18, Ernst & Young provided the HRC with:

- fair value calculations for equity awards;
- market remuneration benchmarking and information, used as an input to the review remuneration framework; and
- regulatory updates and market trend analysis.

No remuneration recommendations were provided by Ernst & Young or any other advisor during the year.

16 Non-Executive Directors' remuneration

Approach to Non-Executive Director fees

In contrast to Executive KMP remuneration, the remuneration of Mirvac's Non-Executive Directors is not linked to performance. This is consistent with Non-Executive Directors being responsible for objective and independent oversight of the Group.

Mirvac Limited's Constitution provides that Non-Executive Directors may determine their own remuneration but the total amount provided to all Directors (not including the CEO/MD and any other Executive Directors) must not exceed the sum agreed by securityholders at a general meeting. The maximum aggregate remuneration of $2.25m per annum was approved by securityholders at the 2014 AGM.

Non-Executive Directors have not received any fees other than those described in this section, and do not receive bonuses or any other incentive payments or retirement benefits.

The Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of Mirvac.

The schedule of fees for Non-Executive Directors during FY18 is set out in the table below and fees are annual fees, unless otherwise stated:

Board/committee	$
Mirvac Limited and Mirvac Funds Limited Board Chair	480,000[1]
Mirvac Limited and Mirvac Funds Limited Board member	185,000
ARCC and HRC Chair	30,000[2]
Committee member	18,000[3]
Due Diligence Committee (per diem fee)	4,000

1. Chair fee covers all Board and committee responsibilities.
2. The ARCC and HRC Chair fee is in addition to the committee member fee.
3. The single committee fee is paid once for all committee memberships.

Actual remuneration for Non-Executive Directors

		Short term benefits	Post-employment[1]	
Non-Executive Directors	**Year**	**Cash salary and fees $**	**Superannuation contributions $**	**Total $**
John Mulcahy	**FY18**	**459,951**	**20,049**	**480,000**
	FY17	460,384	19,616	480,000
Christine Bartlett	**FY18**	**185,388**	**17,612**	**203,000**
	FY17	185,388	17,612	203,000
Peter Hawkins	**FY18**	**212,951**	**20,049**	**233,000**
	FY17	213,384	19,616	233,000
James M. Millar AM	**FY18**	**212,951**	**20,049**	**233,000**
	FY17	213,384	19,616	233,000
Samantha Mostyn	**FY18**	**186,269**	**16,731**	**203,000**
	FY17	185,388	17,612	203,000
John Peters	**FY18**	**181,616**	**21,384**	**203,000**
	FY17	171,142	31,858	203,000
Elana Rubin	**FY18**	**185,388**	**17,612**	**203,000**
	FY17	185,388	17,612	203,000
Total	**FY18**	**1,624,514**	**133,486**	**1,758,000**
	FY17	1,614,458	143,542	1,758,000

1. Relates to payments required under superannuation legislation.

Remuneration report

Continued

Minimum securityholding for Non-Executive Directors and actual securityholding

In order to further strengthen the alignment of interests between Non-Executive Directors and securityholders, the Board established minimum Mirvac Securityholding Guidelines which recommend Non-Executive Directors build up to a minimum securityholding level. In December 2017, this minimum securityholding level was increased from 25,000 Mirvac securities to 50,000 Mirvac securities. Non-Executive Directors appointed to the Mirvac Board will have three years to establish their securityholding to the minimum level from their date of appointment.

In addition to this minimum securityholding requirement, in FY18 a voluntary Non-Executive Director Fee Sacrifice Rights Plan was introduced to further encourage Directors to build an ownership stake in Mirvac.

	Balance 1 July 2017	Changes	Balance 30 June 2018	Minimum securityholding requirement	Date securityholding to be attained
John Mulcahy	25,000	75,000	100,000	50,000	December 2020
Christine Bartlett	25,000	25,000	50,000	50,000	December 2020
Peter Hawkins	596,117	–	596,117	50,000	December 2020
James M. Millar AM	40,714	9,286	50,000	50,000	December 2020
Samantha Mostyn	15,000	4,676	19,676	50,000	December 2020
John Peters	30,000	40,000	70,000	50,000	December 2020
Elana Rubin	34,343	20,000	54,343	50,000	December 2020

17 Additional required disclosures

Other benefits

Fees paid by Mirvac for Directors' and Officers' liability insurance are not itemised for each Director as their disclosure would breach the terms of the policy.

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.

Terms used in this remuneration report

Term	Meaning
A-REIT	S&P/ASX 200 Australian Real Estate Investment Trust Index.
Clawback	Mirvac's clawback policy gives the HRC the ability to claw back incentives in the event of a material financial misstatement. The clawback provisions apply to unvested STI and LTI awards received after the introduction of the policy in February 2013.
Executive KMP	Includes the CEO/MD, Chief Financial Officer, Chief Investment Officer, Head of Office and Industrial, Head of Residential and the Head of Retail.
Executives	Members of Mirvac's Executive Leadership Team (including the Executive KMP).
Invested Capital	Invested Capital equals investment properties, inventories and indirect investments, less fund through adjustments (deferred revenue) and deferred land payable. Average invested capital is the average of the current period and the prior two reporting periods.
KMP	Key management personnel are those people with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.
Performance right	A right to a Mirvac security at the end of a performance period, subject to the satisfaction of performance measures.
ROIC	ROIC is calculated as Total Return divided by average Invested Capital.
Total Return	Total Return is the profit for the year attributable to securityholders adjusted for development interest costs and other interest costs; net gain or loss on financial instruments; and income tax expense.
TSR	Total Shareholder Return measures the percentage growth in a company's security price together with the value of dividends/distributions received during the period, assuming that all of those dividends/distributions are reinvested into new securities.

Auditor's independence declaration

For the year ended 30 June 2018

Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2018, 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.

JReilly

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
9 August 2018

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Financial report

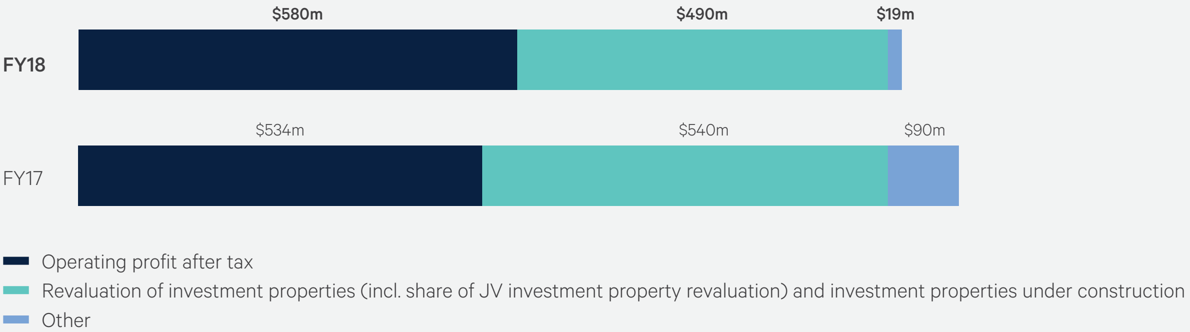
Consolidated statement of comprehensive income

For the year ended 30 June 2018

	Note	2018 $m	2017 $m
Revenue	B2	**2,159**	2,275
Other income			
Revaluation of investment properties and investment properties under construction	C2	**478**	516
Share of net profit of joint ventures	C3	**143**	147
Gain on financial instruments	B2	**22**	83
Total revenue and other income		**2,802**	3,021
Development expenses		**1,035**	1,210
Investment properties expenses and outgoings		**181**	163
Employee and other expenses	B3	**178**	169
Selling and marketing expenses		**40**	45
Depreciation and amortisation expenses		**41**	34
Finance costs	B3	**161**	162
Loss on financial instruments	B3	**–**	134
Profit before income tax		**1,166**	1,104
Income tax (expense)/benefit	B5	**(77)**	60
Profit for the year attributable to stapled securityholders	B1	**1,089**	1,164
Other comprehensive income that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations, net of tax	E3	**(2)**	(1)
Changes in the fair value of cash flow hedges	E3	**(4)**	–
Other comprehensive income for the year		**(6)**	(1)
Total comprehensive income for the year attributable to stapled securityholders		**1,083**	1,163
Earnings per stapled security (EPS) attributable to stapled securityholders		**Cents**	Cents
Basic EPS	H2	**29.4**	31.4
Diluted EPS	H2	**29.4**	31.4

The above consolidated statement of comprehensive income (SoCI) should be read in conjunction with the accompanying notes.

Profit for the year attributable to stapled securityholders



Consolidated statement of financial position

As at 30 June 2018

	Note	2018 $m	2017 $m
Current assets			
Cash and cash equivalents		**221**	106
Receivables	F1	**192**	97
Inventories	C4	**599**	662
Derivative financial assets	D3	**3**	2
Other financial assets	F2	**80**	130
Other assets		**33**	30
Total current assets		**1,128**	1,027
Non-current assets			
Receivables	F1	**76**	72
Inventories	C4	**1,171**	1,005
Investment properties	C2	**9,294**	8,278
Investments in joint ventures	C3	**943**	1,078
Derivative financial assets	D3	**118**	116
Other financial assets	F2	**41**	25
Property, plant and equipment		**40**	34
Intangible assets	F3	**78**	78
Deferred tax assets	B5	**456**	395
Total non-current assets		**12,217**	11,081
Total assets		**13,345**	12,108
Current liabilities			
Payables	F4	**578**	462
Deferred revenue	B2	**98**	57
Borrowings	D2	**135**	200
Derivative financial liabilities	D3	**1**	6
Provisions	F5	**239**	219
Total current liabilities		**1,051**	944
Non-current liabilities			
Payables	F4	**51**	107
Deferred revenue	B2	**250**	46
Borrowings	D2	**2,938**	2,765
Derivative financial liabilities	D3	**77**	83
Deferred tax liabilities	B5	**313**	179
Provisions	F5	**10**	12
Total non-current liabilities		**3,639**	3,192
Total liabilities		**4,690**	4,136
Net assets		**8,655**	7,972
Equity			
Contributed equity	E2	**6,825**	6,819
Reserves	E3	**33**	36
Retained earnings		**1,797**	1,117
Total equity attributable to the stapled securityholders		**8,655**	7,972

The above consolidated statement of financial position (SoFP) should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2018

		Attributable to stapled securityholders			
	Note	Contributed equity $m	Reserves $m	Retained earnings $m	Total equity $m
Balance 1 July 2017		**6,819**	**36**	**1,117**	**7,972**
Profit for the year		–	–	1,089	1,089
Other comprehensive income for the year		–	(6)	–	(6)
Total comprehensive income for the year		**–**	**(6)**	**1,089**	**1,083**
Transactions with owners of the Group					
Security-based payments					
Expense recognised – LTI and STI	E4	–	11	–	11
LTI vested	E2/E4	8	(7)	–	1
STI vested	E4	–	(1)	–	(1)
Legacy schemes vested	E2	1	–	(1)	–
Distributions	E1	–	–	(408)	(408)
Security buy-back	E2	(3)	–	–	(3)
Total transactions with owners of the Group		**6**	**3**	**(409)**	**(400)**
Balance 30 June 2018		**6,825**	**33**	**1,797**	**8,655**

Balance 1 July 2016		6,812	138	230	7,180
Profit for the year		–	–	1,164	1,164
Other comprehensive income for the year		–	(110)	109	(1)
Total comprehensive income for the year		–	(110)	1,273	1,163
Transactions with owners of the Group					
Security-based payments					
Expense recognised – EEP	E4	1	–	–	1
Expense recognised – LTI and STI	E4	–	14	–	14
LTI vested	E2/E4	5	(4)	–	1
STI vested	E4	–	(2)	–	(2)
Legacy schemes vested	E2	1	–	–	1
Distributions	E1	–	–	(386)	(386)
Total transactions with owners of the Group		7	8	(386)	(371)
Balance 30 June 2017		6,819	36	1,117	7,972

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

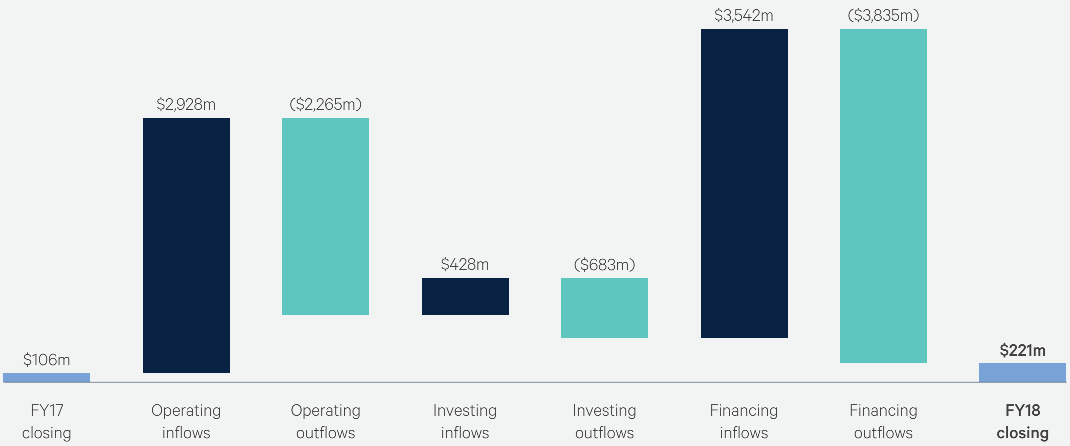
Consolidated statement of cash flows

For the year ended 30 June 2018

	Note	2018 $m	2017 $m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**2,834**	2,392
Payments to suppliers and employees (inclusive of GST)		**(2,107)**	(1,790)
		727	602
Interest received		**11**	13
Distributions received from joint ventures		**82**	50
Distributions received		**1**	1
Interest paid		**(155)**	(152)
Tax paid		**(3)**	(1)
Net cash inflows from operating activities	H4	**663**	513
Cash flows from investing activities			
Payments for investment properties		**(628)**	(430)
Payments for property, plant and equipment		**(14)**	(14)
Proceeds from sale of investment properties		**299**	–
Repayments of loans from unrelated parties		**55**	20
Contributions to joint ventures		**(34)**	(187)
Proceeds from joint ventures		**74**	34
Payments for investments		**(7)**	(1)
Net cash outflows from investing activities		**(255)**	(578)
Cash flows from financing activities			
Proceeds from borrowings		**3,542**	4,387
Repayments of borrowings		**(3,442)**	(4,196)
Distributions paid		**(390)**	(374)
Payments for security buy-back		**(3)**	–
Net cash outflows from financing activities		**(293)**	(183)
Net increase/(decrease) in cash and cash equivalents		**115**	(248)
Cash and cash equivalents at the beginning of the year		**106**	354
Cash and cash equivalents at the end of the year		**221**	106

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Cash flow movements



A Basis of preparation

Mirvac Group – stapled securities

A Mirvac Group stapled security comprises one Mirvac Limited share 'stapled' to one unit in Mirvac Property Trust (MPT) to create a single listed security traded on the ASX. The stapled securities cannot be traded or dealt with separately. Mirvac Limited (the deemed parent entity) and Mirvac Funds Limited (as responsible entity for MPT) have common directors and operate as Mirvac Group. Mirvac Limited and MPT have a Deed of Cooperation to recharge each other on a cost recovery basis, where permitted by law, to maintain the best interests of Mirvac as a whole.

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

- Mirvac Limited or MPT resolving by special resolution in a general meeting, and in accordance with its Constitution, to terminate the stapled security structure; or
- Mirvac Limited or MPT commencing winding up.

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

Mirvac Limited and MPT remain separate legal entities in accordance with the *Corporations Act 2001*. For accounting purposes, Mirvac Limited has been deemed the parent entity of MPT.

Statement of compliance

These consolidated financial statements are general purpose financial statements. They have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, the *Corporations Act 2001* and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

Mirvac Group is a for-profit entity for the purpose of preparing the financial statements.

These financial statements have been prepared on a going concern basis, using historical cost conventions except for investment properties, investment properties under construction, derivative financial instruments and other financial assets and financial liabilities which have been measured at fair value.

All figures in the financial statements are presented in Australian dollars and have been rounded to the nearest million (m) dollars in accordance with ASIC Corporations Instrument 2016/191, unless otherwise indicated.

Where necessary, comparative information has been restated to conform to the current year's disclosures.

Critical accounting estimates and judgements

The preparation of financial statements requires estimation and judgement. The areas involving a higher degree of estimation or judgement are discussed in the following notes:

	Note
Revenue	B2
Income tax	B5
Investment properties	C2
Investments in joint ventures	C3
Inventories	C4
Fair value measurement of financial instruments	D5
Security-based payments	E4
Intangible assets	F3

New and amended standards adopted by the Group

The new and amended standards adopted by the Group for the year ended 30 June 2018 have not had a significant impact on the current period or any prior period and are not likely to have a significant impact in future periods.

New standards not yet adopted by the Group

Certain new accounting standards have been published that are not mandatory for the year ended 30 June 2018 and have not been early adopted by the Group. The Group's assessment of the impact of these new standards is set out in the table below:

Accounting standard	**AASB 9 *Financial Instruments***
Nature of change	AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging and a new impairment model for financial assets.
Impact on financial statements	The Group has reviewed its financial assets and liabilities and is expecting the following impacts from the adoption of the new standard on 1 July 2018. There will be no impact on the Group's accounting for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The Group does not expect the new guidance to affect the classification and measurement of any other financial asset. Upon the adoption of AASB 9, the new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139 *Financial Instruments: Recognition and Measurement*. For Mirvac, the new ECL model applies to its trade receivables, loans to unrelated parties and loans to joint ventures. Based on the assessments undertaken to date, the Group expects a minimal increase in the loss allowance for trade debtors. The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as AASB 9 introduces a more principles-based approach. The Group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of AASB 9. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

A Basis of preparation

Continued

Mandatory application date	Mandatory for financial years commencing on or after 1 January 2018. Mirvac will adopt AASB 9 for the year ending 30 June 2019 retrospectively, with the practical expedients permitted under the standard. Comparatives for 30 June 2018 will not be restated.
Accounting standard	**AASB 15 *Revenue from Contracts with Customers***
Nature of change	AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. AASB 15 permits either a full retrospective or a modified retrospective approach for adoption.
Impact on financial statements	Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected: **Development revenue:** The Group expects that the impact of the below changes will be reflected as an increase to opening retained earnings at the transition date of 1 July 2018 of less than $10m with a corresponding increase in net assets. Commercial The Group has determined that revenue on commercial developments which are funded by a third party will move to recognition of revenue over-time compared to the current policy of recognition at practical completion. The revenue recognition on these commercial developments over-time or on practical completion will depend on individual development contracts. Residential Residential revenue on apartment and master planned communities will continue to be recognised at settlement unless the sale of land is completed prior to construction of a building. In that case, there are two performance obligations being the sale of the land, and development of the building. The revenue on the land sale will be recognised at a point in time, separate to any revenue recognised over-time for construction of a building. Sales commissions, previously expensed when incurred, will be capitalised and expensed when associated revenue is recognised. **Investment property rental revenue:** Currently, property rental revenue is recognised on a straight-line basis over the lease term. Investment properties rental revenue will be split and disclosed separately between lease and non lease components, with non lease components recognised and measured under AASB 15. This is not expected to change the measurement or timing of the investment property rental revenue. **Assets & funds management revenue:** The new standard will have minimal impact on the Group's assets and funds management revenue which is recognised upon delivery of services. Recognition will continue to remain the same for these income streams under the new standard.
Mandatory application date	Mandatory for financial years commencing on or after 1 January 2018. Mirvac will be required to adopt AASB 15 for the year ending 30 June 2019. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in 1 July 2018 opening retained earnings and comparatives will not be restated. The new standard also introduces expanded disclosure requirements and changes in presentation.
Accounting standard	**AASB 16 *Leases***
Nature of change	AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will result in almost all leases being recognised on the balance sheet of lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.
Impact on financial statements	**Group as lessee:** The Group enters into lease agreements as lessee for some commercial tenancies and operating equipment. These are currently disclosed as operating lease commitments in Note C5. An analysis of the Group's lease portfolio is underway, and it has not yet been determined the right-of-use assets and lease liabilities that will be recognised on adoption of the new standard, nor the impact on the consolidated SoCI going forward. **Group as lessor:** Where the Group is the lessor in a lease agreement, adjustments may be required to align accounting for these leases with the new definitions of lease term, variable lease payments, and extension/termination options. However, there are no significant impacts expected.
Mandatory application date	Mandatory for financial years commencing on or after 1 January 2019. Early adoption is permitted if AASB 15 is also adopted. The Group expects to adopt this standard for the year ending 30 June 2020.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

B Results for the year

This section explains the results and performance of the Group, including segmental analysis and detailed breakdowns.

B1 Segment information

The Group identifies its operating segments based on the internal reporting provided to the Executive Leadership Team, who are the Group's chief operating decision makers. The segments are consistent with those in the Annual Report for the year ended 30 June 2017.

The Group's operating segments are as follows:

Office & Industrial

Manages the Office & Industrial property portfolio to produce rental income along with developing office and industrial projects.

This segment also manages joint ventures and properties for third party investors and owners.

Residential

Designs, develops, markets and sells residential properties to external customers including Masterplanned Communities and Apartments in core metropolitan markets in conjunction with strategic partners.

Retail

Manages the Retail property portfolio, including shopping centres, to produce rental income.

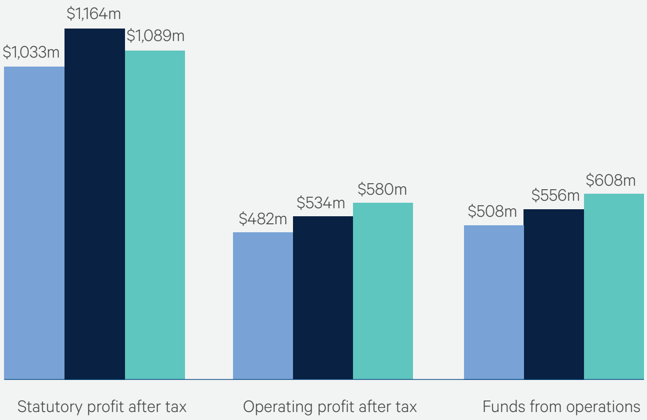
This segment also develops shopping centres and manages joint ventures and properties for third party investors and owners.

Corporate

Covers Group-level functions including governance, finance, legal, risk management and corporate secretarial. This segment holds an investment in the Tucker Box Hotel Group joint venture (refer to note C3).

Geographically, the Group operates predominantly in Australia. No single customer in the current or prior period provided more than 10 per cent of the Group's revenue.

Three-year performance review



Key highlights

Achieved:
- Statutory profit after tax in excess of $1bn for a third consecutive year;
- 9% increase from FY17 in operating profit after tax; and
- 9% increase from FY17 in funds from operations.

B Results for the year

Continued

B1 Segment information continued

Presented below are the key profit metrics, a breakdown of revenue by function and other required information for each segment:

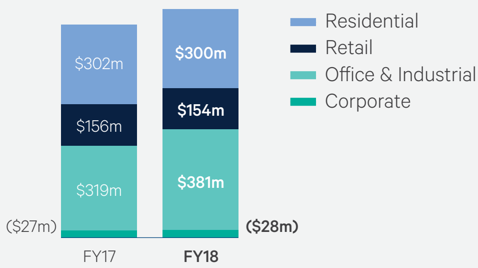
Key profit metrics

	Office & Industrial		Retail		Residential		Corporate		Total	
	2018 $m	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m
Property NOI	**316**	293	**166**	163	**–**	–	**18**	18	**500**	474
Development EBIT	**65**	36	**–**	–	**318**	319	**–**	–	**383**	355
Asset and funds management EBIT	**16**	8	**–**	5	**–**	–	**1**	–	**17**	13
Management and administration expenses	**(16)**	(18)	**(12)**	(12)	**(18)**	(17)	**(47)**	(45)	**(93)**	(92)
Earnings before interest and tax (EBIT)[1]	**381**	319	**154**	156	**300**	302	**(28)**	(27)	**807**	750
Development interest costs[2]	**(2)**	(1)	**–**	–	**(74)**	(86)	**–**	–	**(76)**	(87)
Other net interest costs[3]	**–**	–	**–**	–	**–**	–	**(74)**	(63)	**(74)**	(63)
Income tax expense	**–**	–	**–**	–	**–**	–	**(77)**	(66)	**(77)**	(66)
Operating profit after tax	**379**	318	**154**	156	**226**	216	**(179)**	(156)	**580**	534
Include security-based payments expense	**–**	–	**–**	–	**–**	–	**(13)**	(15)	**(13)**	(15)
Exclude amortisation[4,5]	**32**	30	**9**	7	**–**	–	**–**	–	**41**	37
Funds from operations[5]	**411**	348	**163**	163	**226**	216	**(192)**	(171)	**608**	556

1. EBIT includes share of net profit of joint ventures.
2. Includes cost of goods sold interest of $3m in Office & Industrial and $43m in Residential (2017: $1m in Office & Industrial and $53m in Residential).
3. Includes interest revenue of $10m (2017: $12m).
4. Includes amortisation of lease incentives and leasing costs.
5. FY17 has been restated to be consistent with the current period treatment of lease incentives.

Operating EBIT: FY17 to FY18

EBIT by segment



Revenue by function

	Office & Industrial		Retail		Residential		Corporate		Total	
	2018 $m	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m
Property rental revenue[1]	**387**	353	**280**	258	**–**	–	**–**	–	**667**	611
Development revenue[2]	**179**	194	**12**	13	**1,233**	1,398	**–**	–	**1,424**	1,605
Asset and funds management revenue[3]	**17**	10	**9**	10	**–**	–	**3**	2	**29**	22
Other revenue	**6**	4	**4**	3	**10**	9	**12**	14	**32**	30
Total operating revenue	**589**	561	**305**	284	**1,243**	1,407	**15**	16	**2,152**	2,268
Share of net profit of joint ventures	**26**	25	**1**	7	**61**	34	**19**	18	**107**	84
Other income	**26**	25	**1**	7	**61**	34	**19**	18	**107**	84
Total operating revenue and other income	**615**	586	**306**	291	**1,304**	1,441	**34**	34	**2,259**	2,352
Non-operating items[4]	**425**	442	**86**	111	**–**	–	**32**	116	**543**	669
Total statutory revenue and other income	**1,040**	1,028	**392**	402	**1,304**	1,441	**66**	150	**2,802**	3,021

1. Excludes straight-lining of lease revenue of $7m in Office & Industrial (2017: $7m in Office & Industrial).
2. Includes management fees.
3. Property management revenue incurred on the Group's investment properties of $8m in Office & Industrial and $8m in Retail has been eliminated (2017: $6m in Office & Industrial and $7m in Retail).
4. Relates mainly to fair value of investment properties and investment properties under construction.

Other information

	Office & Industrial		Retail		Residential		Corporate		Total	
	2018 $m	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m
Segment assets and liabilities										
Assets										
Investment properties[1]	**6,071**	5,371	**3,223**	2,907	**–**	–	**–**	–	**9,294**	8,278
Inventories	**351**	195	**10**	20	**1,409**	1,452	**–**	–	**1,770**	1,667
Indirect investments[2]	**573**	599	**3**	158	**347**	302	**229**	209	**1,152**	1,268
Other assets	**62**	23	**19**	24	**113**	38	**935**	810	**1,129**	895
Total assets	**7,057**	6,188	**3,255**	3,109	**1,869**	1,792	**1,164**	1,019	**13,345**	12,108
Total liabilities	**460**	155	**75**	63	**441**	387	**3,714**	3,531	**4,690**	4,136
Net assets	**6,597**	6,033	**3,180**	3,046	**1,428**	1,405	**(2,550)**	(2,512)	**8,655**	7,972
Other segment information										
Share of net profit of joint ventures	**44**	54	**1**	7	**60**	34	**38**	52	**143**	147
Depreciation and amortisation expenses	**18**	16	**15**	11	**1**	1	**7**	6	**41**	34
Acquisitions of investments and PPE	**460**	323	**261**	297	**32**	33	**12**	13	**765**	666

1. Includes investment properties under construction.
2. Includes carrying value of investments in joint ventures and other indirect investments.

Reconciliation of statutory profit to operating profit after tax

The following table shows how profit for the year attributable to stapled securityholders reconciles to operating profit after tax:

					2018	2017
	Office & Industrial $m	**Retail $m**	**Residential $m**	**Corporate $m**	**Total $m**	Total $m
Profit for the year attributable to stapled securityholders	**792**	**231**	**226**	**(160)**	**1,089**	**1,164**
Exclude specific non-cash items						
Revaluation of investment properties and investment properties under construction[1]	(405)	(85)	–	–	**(490)**	(540)
Share of net profit of joint ventures relating to movement of non-cash items[2]	(5)	–	–	(19)	**(24)**	(39)
Straight-lining of lease revenue[3]	(7)	–	–	–	**(7)**	(7)
Net (gain)/loss on foreign exchange and financial instruments	(9)	–	–	(13)	**(22)**	51
Amortisation[4]	13	8	–	–	**21**	16
Security-based payments expense[5]	–	–	–	13	**13**	15
Tax effect						
Tax effect of non-cash and significant items[6]	–	–	–	–	**–**	(126)
Operating profit after tax	**379**	**154**	**226**	**(179)**	**580**	**534**

1. Includes Mirvac's share in the joint venture's revaluation of investment properties which is included within Share of net profit of joint ventures.
2. Included within Share of net profit of joint ventures.
3. Included within Revenue.
4. Included within Depreciation and amortisation expenses.
5. Included within Management and administration expenses.
6. Included within Income tax expense/(benefit).

B Results for the year

Continued

B2 Revenue

The Group has two main revenue streams; development revenue and property rental revenue. Development revenue is derived from constructing and then selling properties. Property rental revenue comes from holding properties as investment properties and earning rental yields over time.

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade allowances and duties and taxes paid. Mirvac recognises revenue when it can be reliably measured, payment is probable and the specific criteria for each revenue stream have been met.

Development revenue

During construction, development projects are capitalised as inventories: refer to note C4. Revenue is recognised upon settlement of the development projects. Other revenue from development projects, such as project management fees, is recognised as services are performed.

Deferred revenue

Some development contracts on commercial projects are funded by a third party, generally known as fund through projects. Payments for these projects are received during construction. As revenue is only recognised on settlements, payments received are recognised as deferred revenue until settlement. Although deferred revenue is classified as a liability in the consolidated SoFP, on settlement it will be recognised in the consolidated SoCI. At 30 June 2018, the Group held $348m of deferred revenue which mainly related to Melbourne projects: The Eastbourne, 477 Collins Street and Sydney projects: Green Square and Australian Technology Park (2017: $103m mainly related to Green Square, Sydney and Australian Technology Park, Sydney projects).

Property rental revenue

Rental revenue from investment properties is recognised on a straight-line basis over the lease term, net of any incentives. For further details on lease incentives, refer to note C1.

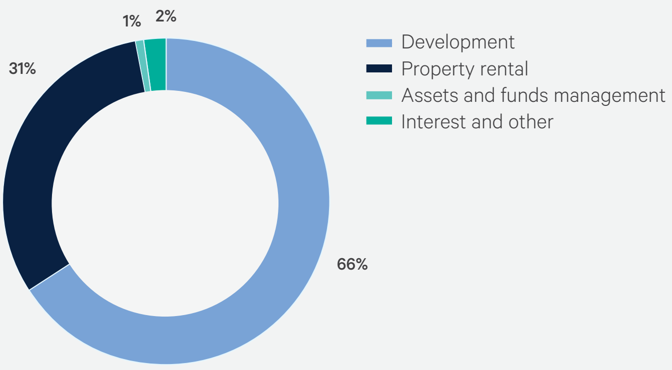
Asset and funds management revenue

Revenue is recognised as the service is delivered for property asset or investment funds management, property advisory and facilities management services.

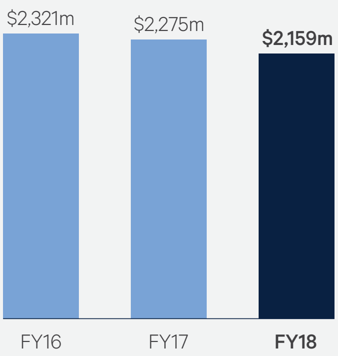
	2018 $m	2017 $m
Revenue		
Development revenue	**1,424**	1,605
Property rental revenue[1]	**674**	618
Asset and funds management revenue	**29**	22
Interest revenue	**10**	12
Other revenue	**22**	18
Total revenue	**2,159**	2,275

1. Includes straight-lining of lease revenue of $7m (2017: $7m).

FY18 Revenue by function



Revenue: FY16 to FY18



	2018 $m	2017 $m
Gain on financial instruments		
Gain on interest rate derivatives	**4**	40
Gain on assets at fair value through profit or loss	**9**	1
Gain on cross currency derivatives	**7**	–
Gain on foreign exchange	**2**	42
Total gain on financial instruments	**22**	83

B3 Expenses

Development expenses

Development expenses are recognised when the related revenue is recognised.

Investment properties expenses and outgoings

Expenses and outgoings include rates and taxes and are recognised on an accruals basis.

Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis over the estimated useful life of the asset. They are depreciated as follows:

- plant and equipment 3-15 years; and
- land is not depreciated.

Profit before income tax includes the following specific expenses:	2018 $m	2017 $m
Employee and other expenses		
Employee benefits expenses	**105**	96
Security-based payments expense	**13**	15
Total employee expenses	**118**	111
Compliance, consulting and professional fees	**25**	23
Rent, office and administration expenses	**24**	24
IT Infrastructure and other expenses	**11**	11
Total other expenses	**60**	58
Total employee and other expenses	**178**	169
Finance costs		
Interest paid/payable (net of inventory provision release)	**152**	143
Interest capitalised[1]	**(40)**	(38)
Interest previously capitalised and now expensed (net of inventory provision release)[2]	**46**	54
Borrowing costs amortised	**3**	3
Total finance costs	**161**	162
Loss on financial instruments		
Loss on other financial instruments	**–**	134
Total loss on financial instruments	**–**	134

1. Relates to Residential $26m (2017: $28m) and commercial projects $14m (2017: $10m).
2. Relates to Residential $44m (2017: $53m) and commercial projects $2m (2017: $1m).

B4 Events occurring after the end of the year

As previously announced on 16 July 2018, the Group exercised a put-and-call option with Wee Hur to acquire 80 Ann Street, Brisbane QLD. The Group and M&G Real Estate will be tenants in common, with each party funding $39.5m for the acquisition based on their 50 per cent ownership share. Subject to FIRB approval, settlement is expected to occur in the first quarter of FY19.

No other events have occurred since the end of the year which have significantly affected or may significantly affect Mirvac's operations, the results of those operations, or Mirvac's state of affairs in future years.

B Results for the year

Continued

B5 Income tax

Most of the Group's profit is earned by trusts which are not subject to taxation. Income from the trusts is instead attributed to unitholders who pay income tax at their marginal tax rates.

Accounting for income tax

Income tax expense is calculated at the applicable tax rate (currently 30 per cent in Australia) and recognised in the profit for the year, unless it relates to other comprehensive income or transactions recognised directly in equity.

The tax expense comprises both current and deferred tax. Broadly, current tax represents the tax expense paid or payable for the current year. Deferred tax accounts for tax on temporary differences. Temporary differences generally occur when income and expenses are recognised by tax authorities and for accounting purposes in different periods.

Deferred tax assets, including those arising from tax losses, are only recognised to the extent it is probable that sufficient taxable profits will be available to utilise the losses in the foreseeable future. Deferred tax is not recognised on the initial recognition of goodwill.

Mirvac estimates future taxable profits based on reviewed budgets and forecasts extending five years. Future taxable profits are influenced by a variety of general economic and business conditions, which are outside the control of Mirvac. A change in any of these assumptions could have an impact on the future profitability of the Group and may affect the recovery of deferred tax assets.

Tax consolidation legislation

Mirvac Limited and its wholly-owned Australian controlled entities are in a tax consolidated group. The entities in the tax consolidated group have 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 in the tax consolidated group have also entered into a tax funding agreement to fully compensate/be compensated by Mirvac Limited for current tax balances and the deferred tax assets for unused tax losses and credits transferred.

Income tax analysis

Reconciliation to effective tax rate	2018 $m	2017 $m
Profit before income tax	**1,166**	1,104
Less: MPT profit not subject to taxation	**(921)**	(934)
Profit which is subject to taxation	**245**	170
Income tax expense calculated at 30 per cent	**74**	51
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Non-deductible expenses	**1**	5
Recognition of deferred tax assets for prior year tax losses[1]	**–**	(121)
Other non-deductible/non-assessable items	**2**	3
	77	(62)
Under provision in prior years	**–**	2
Income tax expense/(benefit)[2]	**77**	(60)
Effective tax rate[3]	**31%**	36%

1. Management determined it appropriate during the prior period to recognise a Deferred Tax Asset on some its past tax losses on the basis that it is probable that there will be sufficient future taxable profits to utilise those tax losses.
2. The income tax expense/(benefit) represents both current and deferred tax.
3. Effective tax rate is calculated as the income tax expense divided by the profit which is subject to taxation. The effective tax rate for 2017 was calculated by excluding the tax benefit recognised on prior period tax losses to reflect a normalised effective tax rate.

Reconciliation of income tax expense/(benefit) to tax paid	**2018 $m**	2017 $m
Current tax	**3**	1
Deferred tax	**74**	(61)
Total income tax expense/(benefit)	**77**	(60)
Temporary differences		
Unearned progress billings	**101**	(19)
Inventories	**(137)**	(43)
Unrealised derivative financial instrument revaluations	**2**	35
Unrealised foreign currency translation revaluations	**–**	(12)
Other temporary differences	**2**	1
Transfer (from)/to tax losses	**(42)**	99
Tax paid[1]	**3**	1

1. The current tax paid relates to tax payable in the USA.

Unrecognised tax losses	**2018 $m**	2017 $m
Unused tax losses which have not been recognised as deferred tax assets due to uncertainty of utilisation	**265**	226
Potential tax benefit at 30 per cent	**80**	68

Movement in deferred tax	Balance 1 July 2016 $m	Recognised in profit or loss $m	Recognised on acquisition $m	**Balance 30 June 2017 $m**	Recognised in profit or loss $m	Recognised in other comprehensive income $m	**Balance 30 June 2018 $m**
Unearned gains and losses with joint ventures	10	5	–	**15**	1	–	**16**
Accruals	26	(1)	–	**25**	(2)	–	**23**
Employee provisions and accruals	7	1	–	**8**	1	–	**9**
Deferred revenue	54	(19)	–	**35**	101	–	**136**
Derivative financial instruments	33	(2)	–	**31**	3	–	**34**
Impairment of loans to unrelated parties	4	–	–	**4**	(2)	–	**2**
PPE	2	(1)	–	**1**	–	–	**1**
Tax losses	156	99	–	**255**	(42)	–	**213**
Foreign exchange translation losses	33	(12)	–	**21**	–	1	**22**
Deferred tax assets	325	70	–	**395**	60	1	**456**
Investments in joint ventures	(5)	1	–	**(4)**	2	–	**(2)**
Inventories	(86)	(43)	(1)	**(130)**	(137)	–	**(267)**
Derivative financial instruments	(72)	37	–	**(35)**	(1)	–	**(36)**
Land and buildings	–	(4)	–	**(4)**	3	–	**(1)**
Other	(6)	–	–	**(6)**	(1)	–	**(7)**
Deferred tax liabilities	(169)	(9)	(1)	**(179)**	(134)	–	**(313)**
Net deferred tax assets	156	61	(1)	**216**	(74)	1	**143**

Deferred tax assets expected to be recovered after more than 12 months are $421m (2017: $329m).

C Property and development assets

This section includes investment properties, investments in joint ventures and inventories. They represent the core assets of the business and drive the value of the Group.

C1 Property portfolio

Mirvac holds a property portfolio for long term rental yields. Depending on the specific arrangements for each property, they are classified as investment properties or properties held through joint ventures.

Refer to note I1 for a detailed listing of Mirvac's property portfolio.

Investment properties

Investment properties are properties owned by Mirvac and not occupied by the Group. Investment properties include investment properties under construction, which will become investment properties once construction is completed.

Mirvac accounts for its investment properties at fair value and revaluations are recognised as other income in the consolidated SoCI.

Investments in joint ventures (JV)

Mirvac enters into arrangements with third parties to jointly own investment properties.

If Mirvac has joint control over the activities and joint rights to the net assets of an arrangement, then it is classified as a JV.

The JV hold investment property at fair value and Mirvac recognises its share of the JV's profit or loss as other income. For further details on accounting for JV, refer to note C3.

Judgements in fair value estimation

Fair value is based on the highest and best use of an asset – for all of Mirvac's property portfolio, the existing use is its highest and best use.

The fair values of properties are calculated using a combination of market sales comparison, discounted cash flow and capitalisation rate. To assist with calculating reliable estimates, Mirvac uses external valuers on a rotational basis. Approximately half of the portfolio is externally valued each year with management internally estimating the fair value of the remaining properties.

The fair values are a best estimate but may differ to the actual sales price if the properties were to be sold. The key judgements for each valuation method are explained below:

Market sales comparison: Utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile.

Discounted cash flow (DCF): Projects a series of cash flows over the property's life and a terminal value, discounted using a discount rate to give the present value.

The projected cash flows incorporate expected rental income (based on contracts or market rates), operating costs, lease incentives, lease fees, capital expenditure, and a terminal value from selling the property. The terminal value is calculated by applying the terminal yield to the net market income. The discount rate is a market rate reflecting the risk associated with the cash flows, the nature, location and tenancy profile of the property relative to comparable investment properties and other asset classes.

Capitalisation rate: Capitalises the fully-leased net income for a property into perpetuity at an appropriate capitalisation rate.

The fully-leased net income is based on contracted rents, market rents, operating costs and future income on vacant space. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market evidence and sales of comparable properties.

There generally is not an active market for investment properties under construction, so fair value is measured using DCF or residual valuations. DCF valuations for investment properties under construction are as described above but also consider the costs and risks of completing construction and letting the property.

Residual: Estimates the value of the completed project, less the remaining development costs which include construction, finance costs and an allowance for developer's risk and profit. This valuation is then discounted back to the present value.

Note C2 explains the key inputs and sensitivity to changes.

Lease incentives

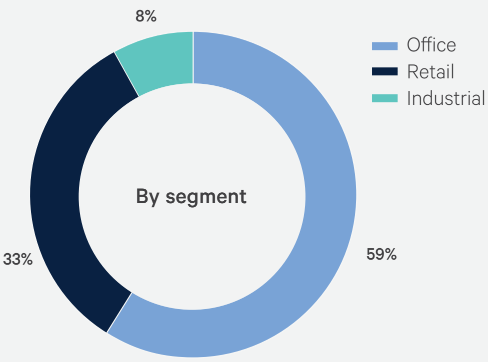
The carrying amount of properties includes lease incentives provided to tenants. Lease incentives are deferred and recognised on a straight-line basis over the lease term.

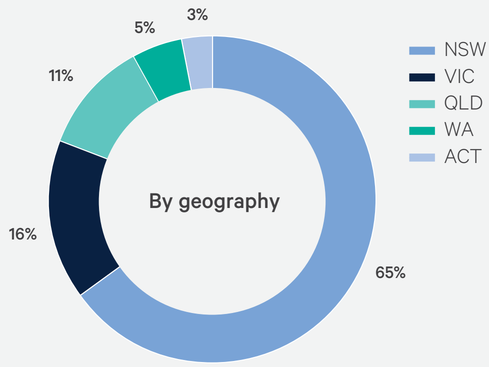
Breakdown of Mirvac's property portfolio by sector

		2018				2017
	Note	Office $m	Industrial $m	Retail $m	Total $m	Total $m
Investment properties		5,046	793	3,172	**9,011**	8,064
Investment properties under construction		216	16	51	**283**	214
Total investment properties	C2	5,262	809	3,223	**9,294**	8,278
Investment in JV[1]		457	–	–	**457**	594
Total property portfolio		**5,719**	**809**	**3,223**	**9,751**	8,872

1. Represents Mirvac's share of the JV's investment properties which is included within the carrying value of investments in JV.

Property portfolio as at 30 June 2018





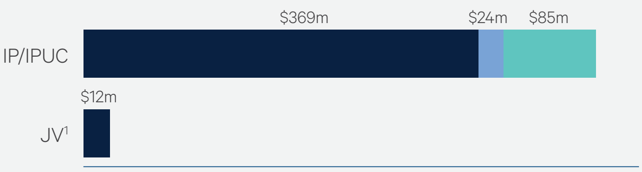
Office
- $782m increase in Office assets
- 7.2% net valuation uplift
- Weighted average capitalisation rate of 5.69%

Industrial
- 3.0% net valuation uplift
- Weighted average capitalisation rate of 6.19%

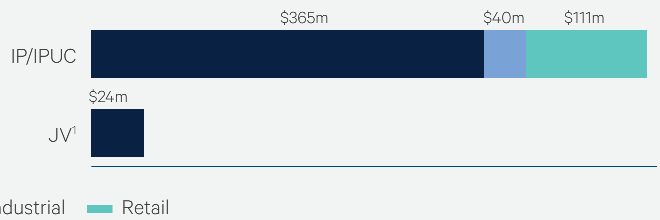
Retail
- $161m increase Retail assets
- 3.0% net valuation uplift
- Weighted average capitalisation rate of 5.49%

Revaluation of property portfolio

FY18 Net revaluation gain ($490m)



FY17 Net revaluation gain ($540m)



1. Represents Mirvac's share of the JV's revaluation gain which is included within the share of net profit of JV.

C Property and development assets

Continued

C2 Investment properties

Investment properties, including investment properties under construction, are held at fair value and any gains or losses are recognised in revenue and other income. The fair value movements are non-cash and do not affect the Group's distributable income.

				2018	2017
	Office $m	Industrial $m	Retail $m	**Total $m**	Total $m
Balance 1 July	4,498	873	2,907	**8,278**	7,100
Expenditure capitalised	348	30	97	**475**	359
Acquisitions	91	–	164	**255**	106
Disposals	–	(115)	(185)	**(300)**	–
Net revaluation gains from fair value adjustments	369	24	85	**478**	516
Exchange differences on translation of foreign operations	–	(1)	–	**(1)**	(2)
Transfer from/(to) inventories	–	–	15	**15**	(42)
Transfer from joint venture	–	–	156	**156**	–
Transfer from property, plant and equipment	–	–	–	**–**	284
Amortisation	(44)	(2)	(16)	**(62)**	(43)
Balance 30 June	5,262	809	3,223	**9,294**	8,278

Fair value measurement and valuation basis

Investment properties are measured as Level 3 financial instruments. Refer to note D5 for explanation of the levels of fair value measurement.

The discounted cash flow, capitalisation rate and residual valuation methods all use unobservable inputs in determining fair value; ranges of the inputs are included below:

		Inputs used to measure fair value				
Segment	Level 3 fair value $m	Net market income $/sqm	10-year compound annual growth rate %	Capitalisation rate %	Terminal yield %	Discount rate %
2018						
Office	5,262	418 – 1,415	3.19 – 3.77	5.00 – 8.00	5.25 – 8.25	6.50 – 8.50
Industrial	809	98 – 450	2.86 – 3.00	5.22 – 7.25	5.47 – 7.50	6.92 – 8.25
Retail	3,223	203 – 1,402	3.35 – 4.30	4.50 – 8.00	4.75 – 8.25	6.50 – 9.50
2017						
Office	4,498	342 – 1,410	2.72 – 3.95	5.00 – 9.50	5.25 – 10.00	6.75 – 9.75
Industrial	873	52 – 393	2.00 – 3.00	5.25 – 7.75	5.75 – 8.00	7.25 – 8.25
Retail	2,907	214 – 1,361	3.19 – 4.36	4.75 – 8.00	5.00 – 8.25	7.25 – 9.50

Movement in any of the unobservable inputs is likely to have an impact on the fair value of investment property. The higher the net market income or 10-year compound annual growth rate, the higher the fair value. The higher the capitalisation rate, terminal yield or discount rate, the lower the fair value.

C3 Investments in joint ventures

A joint venture (JV) is an arrangement where Mirvac has joint control over the activities and joint rights to the net assets. Refer to note G1 for details on how Mirvac decides if it controls an entity.

Mirvac initially records JV at the cost of the investment and subsequently accounts for them using the equity method. Under the equity method, the Group's share of the JV's profit or loss is added to/deducted from the carrying amount each year. Distributions received or receivable are recognised by reducing the carrying amount of the JV.

When transactions between Mirvac and its JV create an unrealised gain, the Group eliminates the unrealised gain relating to Mirvac's proportional interest in the JV. Unrealised losses are eliminated in the same way unless there is evidence of impairment, in which case the loss is realised.

Judgement in testing for impairment of investments in JV

JV are tested for impairment at the end of each year, and impaired if necessary, by comparing the carrying amount to the recoverable amount. The recoverable amount is calculated as the estimated present value of future distributions to be received from the JV and from its ultimate disposal.

At 30 June 2018, none of the investments in JV is considered to be impaired (2017: none).

All JV are established or incorporated in Australia. Information relating to JV is at follows:

Movements in the carrying amount of JV

C Property and development assets

Continued

C3 Investments in joint ventures continued

The tables below provide summarised financial information for those JV that are significant to the Group. The Group does not have any associates. The information presented reflects the total amounts presented in the financial statements of the relevant JV and not the Group's share, unless otherwise stated. The information has been amended to reflect any unrealised gains or losses on transactions between Mirvac and its JV.

	Joynton North Property Trust[1]		Mirvac 8 Chifley Trust[2]		Mirvac (Old Treasury) Trust[2]		Mirvac SLS Development Trust[2]		Tucker Box Hotel Group		Other joint ventures		Total	
	2018 $m	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m
Principal activities	Property investment		Property investment		Property investment		Residential development		Hotel investment		Various			
Summarised SoFP														
Cash and cash equivalents	**–**	2	**2**	2	**5**	6	**13**	14	**2**	4	**70**	115	**92**	143
Other current assets	**–**	1	**1**	1	**1**	1	**–**	1	**7**	7	**165**	142	**174**	153
Total current assets	**–**	3	**3**	3	**6**	7	**13**	15	**9**	11	**235**	257	**266**	296
Total non-current assets	**–**	310	**485**	460	**429**	419	**234**	165	**627**	582	**249**	405	**2,024**	2,341
Borrowings	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**52**	–	**52**	–
Other current liabilities	**–**	2	**3**	3	**5**	7	**9**	2	**10**	11	**50**	111	**77**	136
Total current liabilities	**–**	2	**3**	3	**5**	7	**9**	2	**10**	11	**102**	111	**129**	136
Borrowings	**–**	–	**–**	–	**–**	–	**–**	–	**176**	173	**9**	54	**185**	227
Other non-current liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**1**	1	**1**	2	**2**	3
Total non-current liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**177**	174	**10**	56	**187**	230
Net assets	**–**	311	**485**	460	**430**	419	**238**	178	**449**	408	**372**	495	**1,974**	2,271
Group's share of net assets in %	**–**	50	**50**	50	**50**	50	**51**	51	**50**	50				
Group's share of net assets in $	**–**	155	**243**	230	**215**	210	**121**	91	**225**	204	**190**	240	**994**	1,130
Carrying amount in Group's SoFP	**–**	155	**226**	213	**208**	203	**106**	78	**224**	203	**179**	226	**943**	1,078

1. Joynton North Property Trust is no longer accounted for as a JV and is consolidated as part of the Group. Refer to the Transfers Out section below for further details.
2. The difference between the carrying amount and the Group's share in the net assets of its investment is a result of elimination due to the Group's transactions with its investment.

	Joynton North Property Trust[1]		Mirvac 8 Chifley Trust		Mirvac (Old Treasury) Trust		Mirvac SLS Development Trust		Tucker Box Hotel Group		Other joint ventures		Total	
	2018 $m	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m	**2018 $m**	2017 $m
Summarised SoCI														
Revenue	**3**	23	**55**	77	**43**	40	**–**	2	**86**	116	**524**	315	**711**	573
EBITDA	**2**	15	**25**	25	**25**	25	**(1)**	(5)	**44**	43	**152**	83	**247**	186
Interest income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1**	1	**1**	1
Interest expense	**–**	–	**–**	–	**–**	–	**–**	–	**7**	7	**10**	15	**17**	22
Income tax expense	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**1**	–	**1**	–
Profit after tax	**2**	14	**50**	73	**36**	35	**(1)**	(5)	**76**	106	**141**	70	**304**	293
Non-operating items	**–**	1	**(25)**	(48)	**(11)**	(10)	**–**	–	**(39)**	(70)	**1**	(1)	**(74)**	(128)
Operating profit after tax	**2**	15	**25**	25	**25**	25	**(1)**	(5)	**37**	36	**142**	69	**230**	165
Profit after tax	**2**	14	**50**	73	**36**	35	**(1)**	(5)	**76**	106	**141**	70	**304**	293
Other comprehensive income	**–**	–		–	**–**	–	**–**	–	**–**	–	**–**	1	**–**	1
Total comprehensive income	**2**	14	**50**	73	**36**	35	**(1)**	(5)	**76**	106	**141**	71	**304**	294
Distributions received/ receivable by Group from JV	**1**	6	**13**	12	**13**	12	**–**	–	**17**	16	**40**	3	**84**	49

1. Joynton North Property Trust is no longer accounted for as a JV and is consolidated as part of the Group. Refer to the Transfers Out section below for further details.

Transfers out

Following the acquisition of 49.9 per cent of the units in Joynton North Property Trust (JNPT) during the year ended 30 June 2017, the remaining 50.1 per cent of the units in JNPT were acquired on 18 August 2017 JNPT is therefore no longer accounted for as a joint venture and is consolidated as part of the Group.

At the acquisition date, the carrying amount of the Group's previously held 49.9 per cent equity interest in JNPT approximated its fair value of $156m. Accordingly, no gain or loss as a result of the remeasurement of the equity interest in JNPT to fair value was recognised in profit or loss.

A cash consideration of $156m was paid to acquire the remaining 50.1 per cent of units in JNPT and no goodwill arose from the acquisition as the consideration approximated the fair value of assets acquired and liabilities assumed. On completion of the acquisition, the Group consolidated the assets and liabilities held by JNPT which included an investment property measured at fair value of $310m.

Capital expenditure commitments

At 30 June 2018, the Group's share of its JV's capital commitments which have been approved but not yet provided for was $nil (2017: $nil).

C4 Inventories

The Group develops some residential and commercial properties for sale, and not to hold as an investment property.

Inventories are classified as current if they are expected to be settled within 12 months or otherwise classified as non-current.

Development projects

Development projects are valued at the lower of cost and net realisable value (NRV). No inventories required write-downs to NRV during the year (2017: nil).

Cost includes the costs of acquisition, development, interest capitalised and all other costs directly related to specific projects. An allocation of direct overhead expenses is also included.

Judgement in calculating NRV of inventories

NRV is the estimated selling price in the ordinary course of business less the estimated costs to complete and sell the development. NRV is estimated using the most reliable evidence available at the time including expected fluctuations in selling price and estimated costs to complete and sell.

C Property and development assets

Continued

C4 Inventories continued

	2018		2017	
	Current $m	**Non-current $m**	Current $m	Non-current $m
Residential apartments				
Acquisition costs	**51**	**226**	113	170
Development costs	**192**	**414**	273	275
Interest capitalised during development	**10**	**42**	30	43
NRV write-downs provision	**(2)**	**(60)**	(2)	(74)
Total residential apartments	**251**	**622**	414	414
Residential masterplanned communities				
Acquisition costs	**118**	**308**	97	380
Development costs	**45**	**50**	63	68
Interest capitalised during development	**13**	**28**	17	37
NRV write-downs provision	**(20)**	**(6)**	(2)	(36)
Total residential masterplanned communities	**156**	**380**	175	449
Total Residential	**407**	**1,002**	589	863
Office & Industrial				
Acquisition costs	**39**	**55**	18	68
Development costs	**143**	**108**	47	55
Interest capitalised during development	**4**	**2**	3	4
NRV write-downs provision	**–**	**–**	–	–
Total Office & Industrial	**186**	**165**	68	127
Retail				
Acquisition costs	**–**	**–**	–	15
Development costs	**6**	**4**	5	–
Interest capitalised during development	**–**	**–**	–	–
Total Retail	**6**	**4**	5	15
Total inventories	**599**	**1,171**	662	1,005

Residential

- Key movements in inventory during the year included Green Square, Sydney Olympic park (Pavilions), The Eastbourne, Yarra's Edge and Tullamore
- 3,400 lots settled during the year

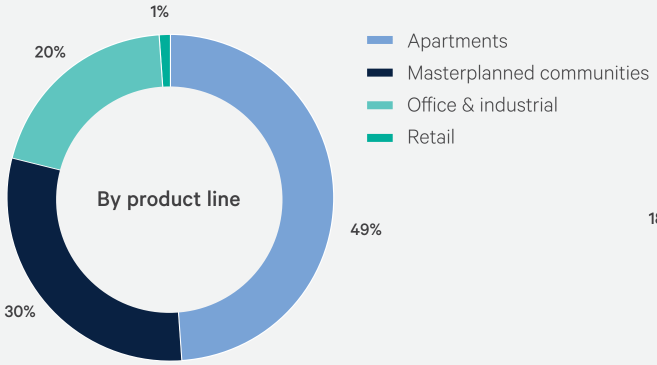
Office & Industrial

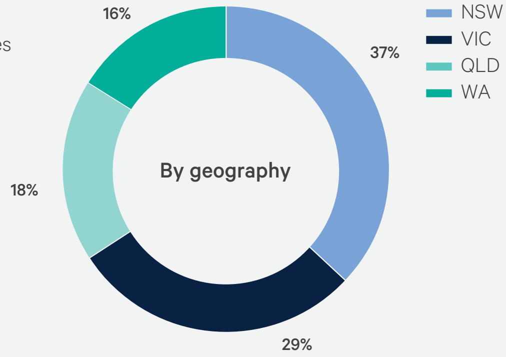
- Practical completion achieved for:
  - 664 Collins St, Melbourne, VIC (Office); and
  - Warehouse 1, 3 and 4 for Calibre, NSW (Industrial)
- Key active developments: Australian Technology Park, Calibre and 477 Collins St

Retail

- Key Retail active developments: Kawana Shoppingworld – Cinema & Dining

Inventories as at 30 June 2018





Inventory movement	2018 $m	2017 $m
Balance 1 July	**1,667**	1,598
Costs incurred	**1,159**	1,271
Settlements	**(1,067)**	(1,261)
Provision utilisation	**26**	17
Transfer (to)/from investment properties	**(15)**	42
Balance 30 June	**1,770**	1,667

C5 Commitments

Capital expenditure commitments

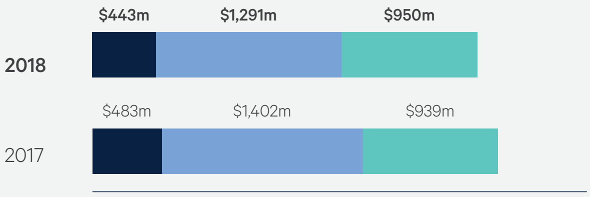
At 30 June 2018, capital commitments on Mirvac's existing property portfolio were $237m (2017: $383m). There are no properties pledged as security by the Group (2017: nil).

Lease commitments

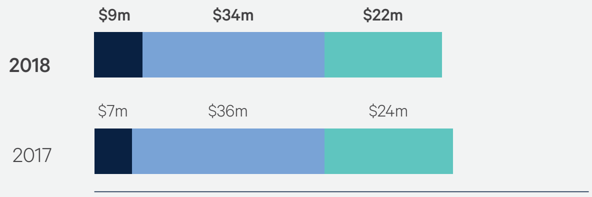
Property rental revenue is accounted for as operating leases. The revenue and expenses are recognised in the consolidated SoCI on a straight-line basis over the lease term. Payments for operating leases are made net of any lease incentives.

The future receipts and payments are shown as undiscounted contractual cash flows.

Future operating lease receipts as a lessor



Future operating lease payments as a lessee



Within one year   Between one and five years   Later than five years

D Capital structure and risks

This section outlines the market, credit and liquidity risks that the Group is exposed to and how it manages these risks. Capital comprises stapled securityholders' equity and net debt (borrowings less cash).

D1 Capital management

Mirvac has a capital management framework, approved and monitored by the Board. The framework aims to address the market, credit and liquidity risks while also meeting the Group's strategic objectives.

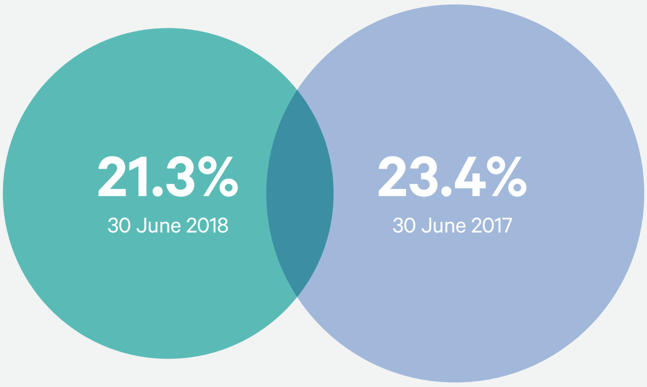
The Group seeks to maintain a minimum investment grade credit rating of BBB+ or Baa1 to reduce the cost of capital and diversify its sources of debt capital. The Group's target gearing ratio is between 20 and 30 per cent.

If the Group wishes to change its gearing ratio, it could adjust its dividends/distributions, issue new equity (or buy back securities), or sell property to repay borrowings.

At 30 June 2018, the Group was in compliance with all regulatory and debt covenant ratios.

The Group uses derivatives to hedge its underlying exposures to changes in interest rates on its new borrowings and to changes in foreign exchange rates on its foreign currency transactions.

Gearing Ratio



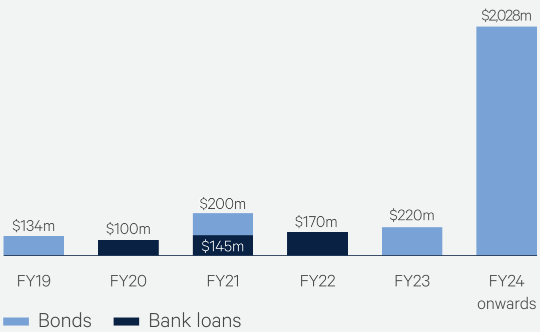
D2 Borrowings and liquidity

The Group takes out borrowings at both fixed and floating interest rates and also uses interest rate derivatives to reduce interest rate risks.

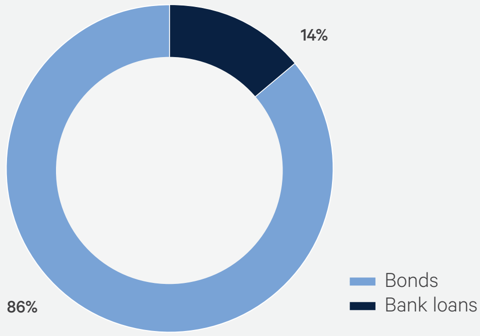
During the period, the Group completed over $600m of new financing including EMTN issuances and a financing with Clean Energy Finance Corporation. The capital raised was predominantly applied towards repaying $200m of bonds expiring during the year and allowed the Group to decrease its bank loan facility limits from $1,400m to $1,100m.

At 30 June 2018, the Group had $906m of cash and committed undrawn bank facilities available.

Drawn debt maturities as at 30 June 2018



Drawn debt sources as at 30 June 2018



Borrowings

Borrowings are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Under the amortised cost method, any difference between the initial amount recognised and the redemption amount is recognised in the consolidated SoCI over the period of the borrowings using the effective interest rate method.

	2018				2017			
	Current $m	Non-current $m	Total carrying amount $m	Total fair value $m	Current $m	Non-current $m	Total carrying amount $m	Total fair value $m
Unsecured bank facilities								
Bank loans	–	415	**415**	**415**	–	757	757	757
Bonds	135	2,523	**2,658**	**2,633**	200	2,008	2,208	2,182
Total unsecured borrowings	135	2,938	**3,073**	**3,048**	200	2,765	2,965	2,939
Undrawn bank facilities			**685**				643	

The fair value of the bank loans is considered to approximate their carrying amount; although some loans have fixed interest rates, the impact is immaterial. The fair value of the bonds is calculated as the expected future cash flows discounted by the relevant current market rates.

The following table sets out Mirvac's net exposure to interest rate risk by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

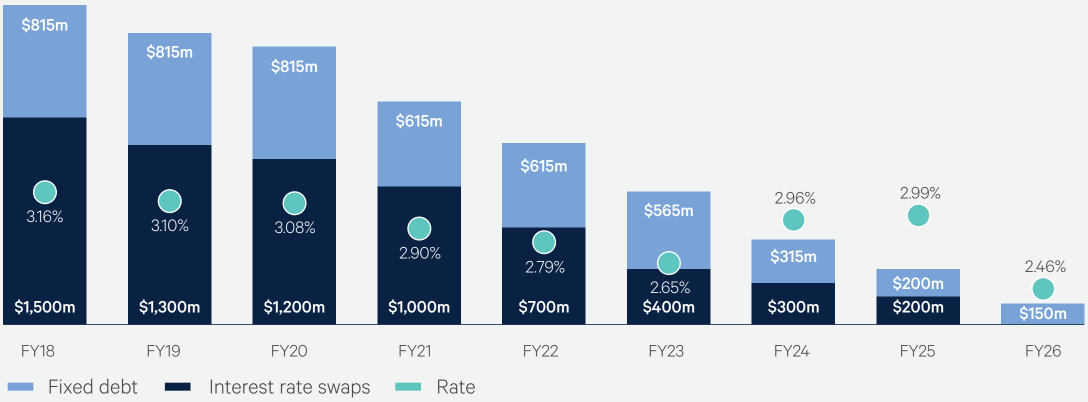
	2018						2017					
		Fixed interest maturing in:						Fixed interest maturing in:				
	Floating interest rate $m	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m	Floating interest rate $m	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m
Bank loans	415	–	–	–	–	**415**	757	–	–	–	–	757
Bonds	1,767	–	–	250	565	**2,582**	1,416	–	–	200	525	2,141
Interest rate derivatives	(1,500)	200	100	800	400	**–**	(1,400)	200	200	600	400	–
Total	682	200	100	1,050	965	**2,997**	773	200	200	800	925	2,898

D3 Derivative financial instruments

Mirvac uses derivative financial instruments to economically hedge its exposure to movements in interest and foreign exchange rates and not for trading or speculative purposes. Refer to note D4 for further details of how Mirvac manages financial risk.

The chart below shows the net amount of debt subject to fixed interest rates and the maximum average fixed interest rate payable each year:

Hedging profile at 30 June 2018



Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

D Capital structure and risks

Continued

D3 Derivative financial instruments continued

Derivatives that qualify for hedge accounting

Mirvac's treasury policy sets out the hedging strategy and objectives to manage exposures arising from fluctuations in interest rates and foreign currency exchange rates. During the year, Mirvac adopted hedge accounting for foreign currency bonds only. At implementation, Mirvac formally designates and documents the relationship between hedging instruments (cross-currency interest rate swaps only) and the hedged items (foreign currency bonds) as well as the proposed effectiveness of the risk management objective that the hedge relationship addresses. On an ongoing basis, Mirvac documents its assessment of retrospective and prospective hedge effectiveness of all hedge relationships for changes in fair values or cash flows.

Prior to the adoption of hedge accounting this year, although Mirvac used derivative financial instruments to economically hedge its borrowings, they were not formally designated as hedges for accounting purposes. The fair value movements were recognised in the consolidated SoCI, with a net fair value loss in June 2017 of $94m.

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability (such as a bond) that is attributable to a particular risk (such as movements in interest rates).

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

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or highly probable forecast transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity via the cash flow hedge reserve. Any gain or loss relating to the ineffective portion is recognised in the consolidated SoCI immediately.

All derivatives require settlement on a monthly or quarterly basis. Translation gains or losses on the net investment in foreign operations are recorded through the foreign currency translation reserve.

	2018		2017	
	Asset $m	**Liability $m**	Asset $m	Liability $m
Current				
Interest rate derivatives – through profit or loss	**–**	**1**	2	6
Cross currency interest rate swaps – cash flow hedges	**3**	**–**	–	–
Total current derivative financial instruments	**3**	**1**	2	6
Non-current				
Interest rate derivatives – through profit or loss	**2**	**39**	1	40
Cross currency interest rate swaps – through profit or loss	**–**	**–**	115	43
Cross currency interest rate swaps – cash flow hedges	**116**	**38**	–	–
Total non-current derivative financial instruments	**118**	**77**	116	83
Total derivative financial assets/liabilities	**121**	**78**	118	89

D4 Financial risk management

Mirvac's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. Mirvac seeks to minimise the potential impact of these financial risks on financial performance, for example by using derivative financial instruments to protect against interest rate and foreign exchange risk.

Financial risk management is carried out by a central treasury department (Mirvac Group Treasury) under policies approved by the Board. The Board provides overall risk management principles and policies covering specific areas. 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 table below summarises key financial risks and how they are managed:

Risk	Definition	Exposures arising from	Management of exposures
Market risk – interest rate	The risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates	– Borrowings issued at fixed rates and variable rates – Derivatives	– Interest rate derivatives manage cash flow interest rate risk by converting floating rate borrowings to fixed or capped rates with target of 55 per cent. – Mirvac does not manage the fair value risk for debt instruments from interest rates, as it does not have an impact on the cash flows paid by the business. – Refer to note D2 for details on the interest rate exposure for borrowings.
Market risk – foreign exchange	The risk that the fair value of a financial commitment, asset or liability will fluctuate due to changes in foreign exchange rates	– Bonds denominated in other currencies – Receipts and payments which are denominated in other currencies	– Cross currency interest rate swaps to convert non-Australian borrowings to Australian dollar exposures. These cross currency interest rate swaps have been designated as cash flow hedges with the movements in fair value recognised while they are still in an effective hedge relationship. – Foreign currency borrowings as a natural hedge for foreign operations.
Market risk – price	The risk that the fair value of other financial assets at fair value through profit or loss will fluctuate due to changes in the underlying share/unit price	– Other financial assets at fair value through profit or loss, with any resultant gain or loss recognised in other comprehensive income	– The Group is exposed to minimal price risk and so does not manage the exposures.
Credit risk	The risk that a counterparty will not make payments to Mirvac as they fall due	– Cash and cash equivalents – Receivables – Derivative financial assets – Other financial assets	– Setting credit limits and obtaining collateral as security (where appropriate). – Diversified trading spread across large financial institutions with investment grade credit ratings. – Regularly monitoring the exposure to each counterparty and their credit ratings. – Refer to note F1 for details on credit risk exposure on receivables. The Group deems the exposure to credit risk as immaterial for all other classes of financial assets and liabilities.
Liquidity risk	The risk that Mirvac will not be able to meet its obligations as they fall due	– Payables – Borrowings – Derivative financial liabilities	– Regular forecasts of the Group's liquidity requirements. Surplus funds are only invested in highly liquid instruments. – Availability of cash, marketable securities and committed credit facilities. – Ability to raise funds through issue of new securities through placements or DRP. – Refer to note D2 for details of liquidity risk of the Group's financing arrangements.

D Capital structure and risks

Continued

D4 Financial risk management continued

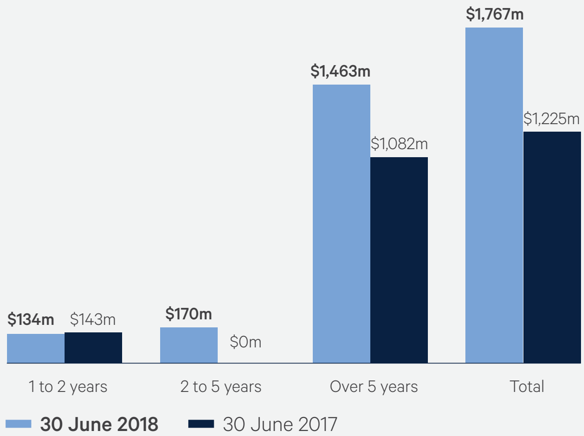
Market risk

Foreign exchange risk

The cross-currency interest rate swaps that are in place cover 100 per cent of the foreign denominated bonds (interest payments and redemption value) with the same maturity profiles as the bonds. This removes exposure to foreign exchange movements between the foreign currencies and the Australian dollar.

Foreign currency transactions are translated into the entity's functional currency using the exchange rate at the transaction date. Foreign exchange gains and losses resulting from settling foreign currency transactions and from translating foreign currency monetary assets and liabilities at year end are recognised in the consolidated SoCI.

Notional amount and expiry of CCIRS



Sensitivity analysis – interest rate risk and foreign exchange risk

This sensitivity analysis shows the impact on profit after tax and equity if Australian interest rates, USD:AUD, JPY:AUD and HKD:AUD exchange rates changed by 50 basis points (bp):

Total impact on profit after tax and equity		2018 50 bp ↑ $m	2018 50 bp ↓ $m	2017 50 bp ↑ $m	2017 50 bp ↓ $m
Sensitivity in:	**Changes in:**				
Interest rate risk[1]	Australian interest rates	**$27m increase**	**$28m decrease**	$28m increase	$28m decrease
Foreign exchange risk[2]	Foreign exchange rates	**$72m decrease**	**$76m increase**	$56m decrease	$59m increase

1. This calculation shows the impact on borrowings, cash and derivative financial instruments held as an economic hedge. It assumes that no interest is capitalised into qualifying assets as discussed in note B3. If fair value movements were excluded, operating profit would reduce if interest rates were to rise.
2. The profit or loss impact is due to fair value movements in the cross-currency swaps; operating profit would not be impacted by movements in US, Japanese or Hong Kong interest rates.

Liquidity risk

Maturities of financial liabilities and derivative financial assets

Mirvac's maturity of financial liabilities and derivative financial assets is provided in the following table. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2018 Maturing in: Less than 1 year $m	2018 Maturing in: 1 to 2 years $m	2018 Maturing in: 2 to 5 years $m	2018 Maturing in: Over 5 years $m	2018 Total $m	2017 Maturing in: Less than 1 year $m	2017 Maturing in: 1 to 2 years $m	2017 Maturing in: 2 to 5 years $m	2017 Maturing in: Over 5 years $m	2017 Total $m
Payables[1]	676	273	24	3	**976**	519	103	50	–	672
Unsecured bank loans	12	110	323	–	**445**	16	155	643	–	814
Bonds	245	106	751	2,448	**3,550**	294	214	425	1,949	2,882
Net settled derivatives										
Interest rate derivatives – floating to fixed	13	10	11	(1)	**33**	23	12	12	(2)	45
Interest rate derivatives – fixed to floating	–	–	–	–	**–**	(2)	–	–	–	(2)
Gross settled derivatives (cross currency swaps)										
– Outflow	205	71	392	1,815	**2,483**	48	184	160	1,392	1,784
– (Inflow)	(206)	(67)	(414)	(1,823)	**(2,510)**	(52)	(178)	(133)	(1,347)	(1,710)
	945	503	1,087	2,442	**4,977**	846	490	1,157	1,992	4,485

1. Includes deferred revenue.

D5 Fair value measurement of financial instruments

Mirvac measures various financial assets and liabilities at fair value which, in some cases, may be subjective and depend on the inputs used in the calculations. The different levels of measurement are described below:
- **Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;**
- **Level 2: not traded in an active market but calculated with significant inputs coming from observable market data; and**
- **Level 3: significant inputs to the calculation that are not based on observable market data (unobservable inputs).**

Mirvac holds no Level 1 financial instruments.

The methods and assumptions used to estimate the fair value of Mirvac's financial instruments are as follows:

Derivative financial instruments

Mirvac's derivative financial instruments are classified as Level 2, as the fair values are calculated based on observable market interest rates and foreign exchange rates. The fair values of interest rate derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves.

Other financial assets

Other financial assets include units in unlisted funds and loan notes issued by unrelated parties; refer to note F2 for further details. The carrying value of other financial assets is equal to the fair value.

Units in unlisted funds are traded in inactive markets and the fair value is determined by the unit price as advised by the trustee of the fund, based on the value of the fund's underlying assets. The fund's assets are subject to regular external valuations using the valuation methods explained in note C1.

The fair value of convertible notes and loan notes is calculated based on the expected cash inflows. Expected cash inflows are determined based on the repayment terms, interest rates, agreed project costs and credit risk.

The following table summarises the financial instruments measured and recognised at fair value on a recurring a basis:

	2018				2017			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets carried at fair value								
Units in unlisted funds	–	–	40	**40**	–	–	24	24
Other financial assets	–	–	81	**81**	–	–	131	131
Derivative financial assets	–	121	–	**121**	–	118	–	118
	–	**121**	**121**	**242**	–	118	155	273
Financial liabilities carried at fair value								
Derivative financial liabilities	–	78	–	**78**	–	89	–	89
	–	**78**	**–**	**78**	–	89	–	89

There were no transfers between the fair value hierarchy levels during the year. The following table presents a reconciliation of the carrying value of Level 3 instruments (excluding investment properties):

	2018		2017	
	Unlisted securities $m	**Other financial assets $m**	Unlisted securities $m	Other financial assets $m
Balance 1 July	**24**	**131**	23	131
Acquisitions	7	–	–	–
Net gain recognised in loss on financial instruments	9	–	2	–
Repayment	–	(50)	–	–
Return of capital	–	–	(1)	–
Balance 30 June	**40**	**81**	24	131

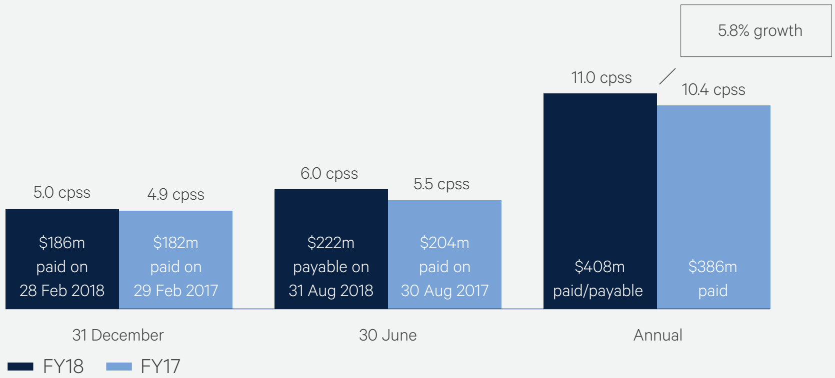
Refer to note C2 for a reconciliation of the carrying value of Level 3 investment properties.

E Equity

This section includes details of distributions, stapled securityholders' equity and reserves. It represents how the Group raised equity from its stapled securityholders (equity) in order to finance the Group's activities both now and in the future.

E1 Distributions

Half yearly ordinary distributions paid/payable and distribution per security were:



All distributions in the current and prior periods were unfranked. Franking credits available for future years, based on a tax rate of 30 per cent, total $23m (2017: $23m).

E2 Contributed equity

Mirvac's contributed equity includes ordinary shares in Mirvac Limited and ordinary units in MPT which are stapled to create stapled securities.

Each ordinary security entitles the holder to receive distributions when declared, to one vote at securityholders' meetings and on polls and to a proportional share of proceeds on winding up of Mirvac.

When new securities or options are issued, the directly attributable incremental costs are deducted from equity, net of tax.

Contributed equity

	2018		2017	
	No. securities m	**Securities $m**	No. securities m	Securities $m
Mirvac Limited – ordinary shares issued	**3,708**	**2,075**	3,703	2,074
MPT – ordinary units issued	**3,708**	**4,750**	3,703	4,745
Total contributed equity		**6,825**		6,819

The total number of stapled securities issued as listed on the ASX at 30 June 2018 was 3,710m (2017: 3,705m) which included 2m of stapled securities issued under the LTI plan and EIS (2017: 2m). Securities issued to employees under the Mirvac employee LTI plan and EIS are accounted for as options and are recognised in the security-based payments reserve, not in contributed equity.

Movements in paid up equity

	2018		2017	
	No. securities m	**Securities $m**	No. securities m	Securities $m
Balance 1 July	**3,703**	**6,819**	3,699	6,812
Securities issued under EEP	**–**	**–**	–	1
LTI vested	**6**	**8**	4	5
Legacy schemes vested	**–**	**1**	–	1
Security buy-back	**(1)**	**(3)**	–	–
Balance 30 June	**3,708**	**6,825**	3,703	6,819

Mirvac issues securities to employees as security-based payments; refer to note E3 for details.

E3 Reserves

Asset revaluation reserve (ARR)

Owner-occupied property is held at fair value but, unlike investment properties, revaluation gains are classified as other comprehensive income and held in ARR in equity.

Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on derivatives that qualify as cash flow hedges and that are recognised in other comprehensive income.

Foreign currency translation reserve (FCTR)

During the period, Mirvac had one controlled entity which holds an investment property in the USA and its functional currency is US dollars. The assets and liabilities are translated to Australian dollars using the exchange rate at year end; income and expenses are translated using an average exchange rate for the year. All exchange differences are recognised in other comprehensive income and the FCTR.

Security-based payments (SBP) reserve

The SBP reserve recognises the SBP expense. Further details on security-based payments are explained in note E4.

Non-controlling interests (NCI) reserve

The NCI reserve was used to record the discount received on acquiring the non-controlling interest in MREIT in December 2009.

$m	Note	ARR	Cash flow hedge reserve	FCTR	SBP reserve	NCI reserve	Capital reserve	Total reserves
Balance 1 July 2017		–	–	2	27	8	(1)	36
Cash flow hedge reserve movements		–	(4)	–	–	–	–	(4)
Foreign currency translation differences	D4	–	–	(2)	–	–	–	(2)
Security-based payment movements	E4	–	–	–	3	–	–	3
Balance 30 June 2018		**–**	**(4)**	**–**	**30**	**8**	**(1)**	**33**
Balance 1 July 2016		109	–	3	19	8	(1)	138
Reclassification of owner-occupied properties[1]		(109)	–	–	–	–	–	(109)
Foreign currency translation differences	D4	–	–	(1)	–	–	–	(1)
Security-based payment movements	E4	–	–	–	8	–	–	8
Balance 30 June 2017		–	–	2	27	8	(1)	36

1. In July 2016, Mirvac ceased its use of part of 60 Margaret Street, Sydney NSW as a head office. The property was therefore transferred from owner-occupied properties to investment properties and the ARR balance transferred to retained earnings during the year.

E4 Security-based payments

Mirvac currently operates the following SBP schemes:
- **Employee Exemption Plan (EEP);**
- **Long Term Incentive Plan (LTI); and**
- **Short term incentive (STI) awards.**

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.

EEP

The EEP provides eligible employees with up to $1,000 worth of Mirvac securities at no cost. Employees cannot sell the securities for three years or until they cease employment with the Group, in which case they keep any securities already granted. Other than the restriction on selling, holders have the same rights and benefits as other securityholders.

LTI

The LTI provides senior executives with performance rights to reward executives based on the Group's performance, thus retaining executives and providing them with an interest in the Group's securities. The performance rights vest based on Mirvac's TSR and ROIC performance over a three-year period.

Legacy EIS

The superseded EIS operated before 2006 and also provided interest-free loans but without an eight-year restriction. Both schemes had three-year vesting periods. If an employee resigns, they have to either repay the loan or forfeit the securities.

E Equity

Continued

E4 Security-based payments continued

Accounting for the SBP schemes

The EEP securities issued each year are recognised as an expense and directly in contributed equity immediately. The securities issued in FY18 were issued on 8 March 2018 when the stapled security price was $2.13. At 30 June 2018, a total of 7.7m (2017: 7.2m) stapled securities have been issued to employees under the EEP.

The LTI, STI and legacy EIS are accounted for as equity-settled SBP. The fair value is estimated at grant date and recognised over the vesting period as an expense and in the SBP reserve. When the SBP vest, ordinary securities are issued and recognised as a transfer from the SBP reserve to contributed equity.

Reconciliation of rights outstanding under SBP schemes

	Balance 1 July	Issued	Vested	Forfeited	Balance 30 June
LTI	15,820,721	6,737,496	6,660,067	2,292,946	13,605,204
STI	1,114,730	776,147	792,876	–	1,098,001
Total rights FY18	**16,935,451**	**7,513,643**	**7,452,943**	**2,292,946**	**14,703,205**
LTI	18,770,608	7,769,096	5,621,902	5,097,081	15,820,721
STI	1,394,525	723,245	877,394	125,646	1,114,730
Total rights FY17	20,165,133	8,492,341	6,499,296	5,222,727	16,935,451

The weighted average remaining contractual life at 30 June 2018 was 1.42 years (2017: 1.41 years).

SBP expense recognised within employee benefits expenses is as follows:

	2018 $m	2017 $m
LTI	**–**	2
STI	**11**	12
Total SBP expense taken to SBP reserve	**11**	14
EEP purchased via on market purchase	**2**	–
EEP recognised directly in contributed equity	**–**	1
Total SBP expense	**13**	15

The movements in the SBP reserve are as follows:

	2018 $m	2017 $m
Balance 1 July	**27**	19
Total SBP expense taken to SBP reserve	**11**	14
LTI vested and taken to contributed equity	**(7)**	(4)
STI vested	**(1)**	(2)
Balance 30 June	**30**	27

Judgement in calculating fair value of SBP

To calculate the expense for equity-settled SBP, the fair value of the equity instruments at grant date has to be estimated. The fair value is determined using the Monte-Carlo simulation for the relative TSR component; key judgements and assumptions include exercise price, vesting and performance criteria, security price at grant date, volatility, distribution yield and risk-free interest rate and a Binomial tree method for the ROIC component. These judgements and assumptions relating to fair value measurement may impact the SBP expense taken to profit or loss and reserves.

Assumptions used for the fair value of performance rights awarded during the current year are as follows:

Grant date	7 December 2017	Exercise price	$nil
Performance hurdles	Relative TSR and ROIC	Expected life	2.6 years
Performance period start	1 July 2017	Volatility	17%
Performance period end	30 June 2020	Risk-free interest rate (per annum)	1.87%
Security price at grant date	$2.47	Distribution yield (per annum)	4.80%

F Operating assets and liabilities

F1 Receivables

Receivables are initially recognised at fair value. Receivables are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment if required. Due to the short-term nature of current receivables, their carrying amount (less impairment provision) is assumed to be the same as their fair value. For the majority of the non-current receivables, the carrying amount is also not significantly different to their fair value.

Collectability of receivables is reviewed on an ongoing basis. A provision for impairment is recognised when there is objective evidence that collection of the receivable is doubtful. The provision is calculated as the difference between the carrying amount and the estimated future repayments, discounted at the effective interest rate where relevant. Receivables which are known to be uncollectable are written off.

		2018			2017		
	Note	**Gross $m**	**Provision for impairment $m**	**Net $m**	Gross $m	Provision for impairment $m	Net $m
Current receivables							
Trade receivables		151	(4)	**147**	46	–	46
Loans to related parties	H3	4	–	**4**	19	(4)	15
Loans to unrelated parties		22	(11)	**11**	12	(11)	1
Other receivables		30	–	**30**	35	–	35
Total current receivables		207	(15)	**192**	112	(15)	97
Non-current receivables							
Loans to related parties	H3	22	(22)	**–**	22	(22)	–
Other receivables		112	(36)	**76**	108	(36)	72
Total non-current receivables		134	(58)	**76**	130	(58)	72
Total receivables		341	(73)	**268**	242	(73)	169

Provision for impairment

	2018 $m	2017 $m
Balance 1 July	**(73)**	(71)
Provision for impairment recognised	**–**	(2)
Balance 30 June	**(73)**	(73)

Aging

		Days past due					
	Not past due $m	**1 – 30 $m**	**31 – 60 $m**	**61 – 90 $m**	**91 – 120 $m**	**Over 120 $m**	**Total $m**
Total receivables	295	3	2	–	3	38	341
Provision for impairment	(36)	(1)	(1)	–	(1)	(34)	(73)
Balance 30 June 2018	**259**	**2**	**1**	**–**	**2**	**4**	**268**
Total receivables	193	2	2	1	2	42	242
Provision for impairment	(40)	–	–	–	–	(33)	(73)
Balance 30 June 2017	153	2	2	1	2	9	169

The Group does not have any significant credit risk exposure to a single customer. The Group holds collateral over receivables of $300m (2017: $219m). The collateral held equals the carrying amount of the relevant receivables. Refer to note D4 for further details on the Group's exposure to, and management of, credit risk.

F Operating assets and liabilities

Continued

F2 Other financial assets

Units in unlisted funds

The Group may hold units in distribution funds which do not give Mirvac control, as explained in note G1, or significant influence, as explained in note C3. Distributions received are recognised in revenue and any changes in fair value are recognised in the gain or loss on foreign exchange and financial instruments in the consolidated SoCI.

Loan notes

Loan notes of $156m were issued as partial payment for the sale of non-aligned assets during FY15 with interest accrued on the notes. All capitalised interest and partial repayment of the original principal were made during FY16 with an additional $50m repayment received during FY18.

Fair value measurement

Other financial assets are carried at fair value. Fair value is estimated as explained in note D5.

Collectability of other financial assets is reviewed on the same basis as receivables. Refer to note F1 for details.

	2018 $m	2017 $m
Current		
Loan notes issued by unrelated parties	**80**	130
Total current other financial assets	**80**	130
Non-current		
Units in unlisted fund	**41**	25
Total non-current other financial assets	**41**	25

F3 Intangible assets

Mirvac has two types of intangible assets: goodwill and management rights.

The goodwill acquired in a business combination is attributable to the profitability of the acquired business, as well as benefits derived from the acquired workforce and other intangible assets that cannot be separately recognised. The goodwill is not expected to be deductible for income tax.

Management rights are the rights to manage properties and funds and have been initially recognised at fair value as part of business combinations. Management rights relating to Office & Industrial are estimated to have a useful life of 10 years and are carried at cost less accumulated amortisation and impairment losses. Management rights relating to Retail are considered to be open-ended and therefore have no expiry. Management considers the useful life as indefinite and the management rights are tested annually for impairment.

The breakdown of intangible assets by operating segment is set out below:

Carrying amounts	Balance 1 July 2016 $m	Amortisation of management rights $m	Balance 30 June 2017 $m	Additions $m	Amortisation of management rights $m	Balance 30 June 2018 $m
Goodwill						
Office & Industrial	62	–	62	–	–	**62**
Corporate	5	–	5	–	–	**5**
Total goodwill	67	–	67	–	–	**67**
Management rights						
Office & Industrial	9	(1)	8	1	(1)	**8**
Retail	3	–	3	–	–	**3**
Total management rights	12	(1)	11	1	(1)	**11**
Total intangible assets	79	(1)	78	1	(1)	**78**

Impairment testing

Goodwill and indefinite-life management rights are tested annually for impairment. Finite life management rights are tested when an indicator of impairment exists.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which goodwill is monitored for internal management purposes and allocated to cash generating units (CGU). The allocation is made to groups of CGU identified according to operating segments.

An asset is impaired if the recoverable amount, calculated as the value in use and the higher of fair value less costs to sell, is less than its carrying amount.

Key assumptions used to calculate value in use and the higher of fair value less costs to sell

Intangible assets are measured as Level 3 financial instruments. Refer to note D5 for explanation of the levels of value measurement.

The estimation of the recoverable amount depends on the nature of the CGU.

For CGU relating to the Group's property portfolio, the value in use is the discounted present value of estimated cash flows that the CGU will generate. The cash flow projections are based on approved forecasts covering a 10-year period. AASB 136 *Impairment of Assets* recommends that cash flow projections should cover a maximum period of 5-years, unless a longer period can be justified. As the cash flow projections used for budgeting and forecasting are based on long term, predictable and quantifiable leases, with renewal assumptions based on sector and industry experience, management is comfortable that a 10-year cash flow projection is more appropriate. The key assumptions used to determine the forecast cash flows included net market rent, capital expenditure, Capitalisation rate, growth rate, discount rate and market conditions. 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. A terminal growth rate of three per cent has also been applied.

The discount and growth rates applied to the cash flow projections are specific and reflect the risks of each segment. The growth rate applied beyond the initial period is noted in the table below. The growth rate does not exceed the long-term average growth rate for each CGU.

	2018		2017	
Cash generating units	**Growth rate[1] % pa**	**Pre-tax discount rate % pa**	Growth rate[1] % pa	Pre-tax discount rate % pa
Goodwill				
Office & Industrial	**–[2]**	**7.1**	–[2]	7.4
Corporate	**–[2]**	**8.9**	–[2]	9.8
Management rights				
Retail	**3.0**	**13.0**	3.0	13.0

1. Weighted average growth rate used to extrapolate cash flows beyond the forecast period.
2. The value is use calculation is based on forecasts approved by management covering a 10-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.

No intangible assets were impaired in 2018 (2017: nil).

The Directors and management have considered reasonably possible changes to the key assumptions and have not identified any reasonably possible changes that could cause an impairment.

F Operating assets and liabilities

Continued

F4 Payables

Trade payables due more than 12 months after year end are classified as non-current.

	2018 $m	2017 $m
Current		
Trade payables	**122**	134
Accruals	**311**	228
Deferred payment for land	**54**	17
Annual leave accrual	**15**	13
Other payables	**76**	70
Total current payables	**578**	462
Non-current		
Deferred payment for land	**36**	90
Other payables	**15**	17
Total non-current payables	**51**	107
Total payables	**629**	569

F5 Provisions

Long service leave (LSL)

Where the LSL provision is expected to be settled more than 12 months after year end, the expected future payments are discounted to present value. The corporate bond rates used to discount the expected future payments have maturities aligned to the estimated timing of future cash flows.

In calculating the LSL provision, management judgement is required to estimate future wages and salaries, on-cost rates and employee service periods.

Distributions payable

A provision is made for the amount of distributions declared at or before year end but not yet paid; refer to note E1.

Warranties

The Group is obliged to rectify any defective work during the warranty period of its developments. Warranties are also known as post-completion maintenance costs.

Movements in each class of provision during the year are set out below:

	Long service leave $m	Distributions payable $m	Warranties $m	Other $m	Total $m
Balance 1 July 2017	14	204	7	6	231
Additional provisions	–	408	6	–	414
Payments made/amounts utilised during the year	–	(390)	(6)	–	(396)
Balance 30 June 2018	**14**	**222**	**7**	**6**	**249**
Current	**10**	**222**	**7**	**–**	**239**
Non-current	**4**	**–**	**–**	**6**	**10**

G Group structure

This section explains how the Group is structured, the Deed of Cross Guarantee between Group companies and disclosures for the parent entity.

G1 Group structure and deed of cross guarantee

Controlled entities

The consolidated financial statements of Mirvac incorporate the assets, liabilities and results of all controlled entities. Controlled entities are all entities over which the Group has power to direct the activities of the entity and an exposure to and ability to influence its variable returns from its involvement with the entity.

Controlled entities are fully consolidated from the date of control is obtained until the date that control ceases. Inter-entity transactions and balances are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred.

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Mirvac considers that all funds and trusts in which it currently has an investment, or from which it currently earns income, to be structured entities. Depending on the Group's power to direct the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have some form of exposure to a structured entity but not consolidate it.

If Mirvac does not control a structured entity but has significant influence it is treated as an associate. The Group does not have any associates.

Funds and trusts

Mirvac invests in a number of funds and trusts which invest in real estate as investment properties. The funds and trusts finance their operations through borrowings and through equity issues. The Group determines whether it controls or has significant influence over these funds and trusts as discussed above.

Controlled entities

Mirvac Limited and certain wholly-owned entities (collectively the Closed Group) are parties to a Deed of Cross Guarantee. The members of the Closed Group guarantee to pay any deficiency in the event that another member winds up. Refer to note I2 for a list of Closed Group members.

Closed Group SoCI	**2018 $m**	2017 $m
Revenue	**1,695**	1,945
Other income		
Revaluation of investment properties and investment properties under construction	**3**	18
Share of net profit of joint ventures	**63**	36
Gain on financial instruments	**11**	81
Total revenue and other income	**1,772**	2,080
Development expenses	**1,118**	1,391
Investment properties expenses and outgoings	**14**	13
Employee and other expenses	**179**	153
Selling and marketing expenses	**40**	47
Depreciation and amortisation expenses	**10**	8
Finance costs	**146**	151
Loss on financial instruments	**4**	133
Net loss on sale of assets	**5**	–
Profit before income tax	**256**	184
Income tax (expense)/benefit	**(77)**	64
Profit for the year	**179**	248

G Group structure

Continued

G1 Group structure and deed of cross guarantee continued

Closed Group SoFP	2018 $m	2017 $m
Current assets		
Cash and cash equivalents	**189**	70
Receivables	**187**	111
Inventories	**679**	662
Derivative financial assets	**3**	2
Other assets	**19**	17
Total current assets	**1,077**	862
Non-current assets		
Receivables	**1,380**	1,301
Inventories	**1,231**	1,006
Investment properties	**568**	609
Investments in joint ventures	**289**	307
Derivative financial assets	**118**	116
Other financial assets	**523**	417
Property, plant and equipment	**40**	34
Intangible assets	**42**	42
Deferred tax assets	**463**	402
Total non-current assets	**4,654**	4,234
Total assets	**5,731**	5,096
Current liabilities		
Payables	**541**	545
Deferred revenue	**143**	56
Borrowings	**134**	200
Derivative financial liabilities	**1**	6
Provisions	**17**	16
Total current liabilities	**836**	823
Non-current liabilities		
Payables	**46**	158
Deferred revenue	**309**	62
Borrowings	**2,938**	2,765
Derivative financial liabilities	**77**	83
Deferred tax liabilities	**312**	174
Provisions	**10**	12
Total non-current liabilities	**3,692**	3,254
Total liabilities	**4,528**	4,077
Net assets	**1,203**	1,019
Equity		
Contributed equity	**2,075**	2,074
Reserves	**25**	21
Retained earnings	**(897)**	(1,076)
Total equity	**1,203**	1,019

G2 Parent entity

The financial information for the parent entity, Mirvac Limited, is prepared on the same basis as the consolidated financial statements, except as set out below:

Tax consolidation legislation – Mirvac Limited is the head entity of a tax consolidated group as discussed in note B5. As the head entity, Mirvac Limited recognises the current tax balances and the deferred tax assets for unused tax losses and credits assumed from other members as well as its own current and deferred tax amounts. Amounts receivable from or payable to the other members are recognised by Mirvac Limited as intercompany receivables or payables.

Parent entity	2018 $m	2017 $m
Current assets	**4,822**	4,359
Total assets	**5,243**	4,809
Current liabilities	**3,036**	2,590
Total liabilities	**3,037**	2,591
Equity		
Contributed equity	**2,075**	2,074
SBP reserve	**30**	27
Retained earnings	**101**	117
Total equity	**2,206**	2,218
(Loss)/profit for the year	**(17)**	119
Total comprehensive income for the year	**(17)**	119

The parent entity is party to the Deed of Cross Guarantee discussed in note G1 and therefore guarantees the debts of the other Closed Group members.

At 30 June 2018, the Group did not provide any other guarantees (2017: $nil), have any contingent liabilities (2017: $nil), or any capital commitments (2017: $nil).

H Other information

This section provides additional required disclosures that are not covered in the previous sections.

H1 Contingent liabilities

A contingent liability is a possible obligation that may become payable depending on a future event or a present obligation that is not probable to require payment/cannot be reliably measured. A provision is not recognised for contingent liabilities.

	2018 $m	2017 $m
Bank guarantees and performance bonds granted in the normal course of business	**280**	280
Health and safety claims	**1**	1

As at 30 June 2018, the Group had no contingent liabilities relating to joint ventures (2017: $nil).

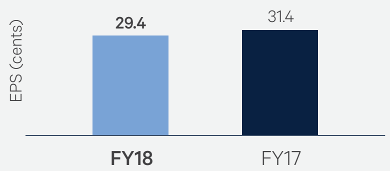
H2 Earnings per stapled security

Basic earnings per stapled security (EPS) is calculated by dividing:
- the profit attributable to stapled securityholders; by
- the weighted average number of ordinary securities (WANOS) outstanding during the year.

Diluted EPS adjusts the WANOS to take into account dilutive potential ordinary securities from security-based payments.

	2018	2017
Profit attributable to stapled securityholders used to calculate basic and diluted EPS ($m)	**1,089**	1,164
WANOS used in calculating basic EPS (m)	**3,708**	3,702
WANOS used in calculating diluted EPS (m)	**3,710**	3,705

Basic and diluted EPS



H3 Related parties

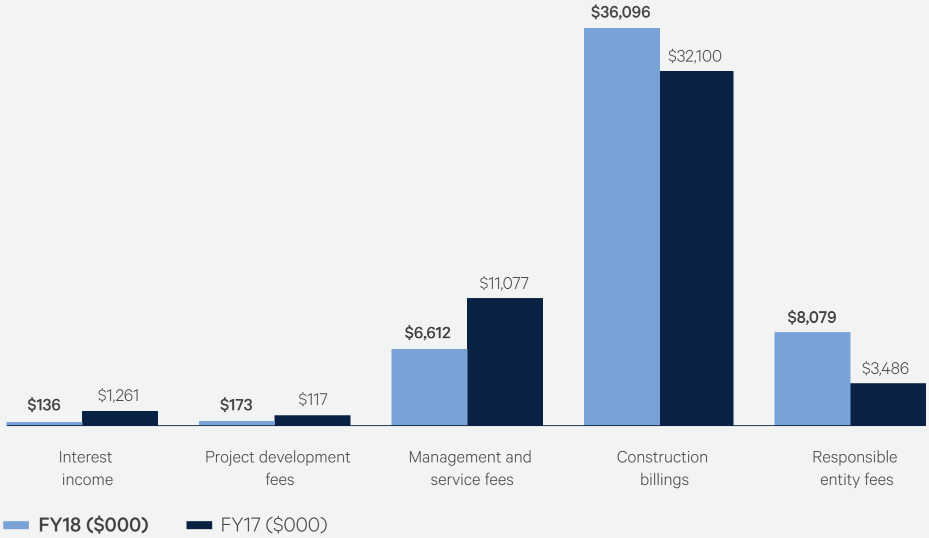
Key management personnel compensation

The Remuneration report on pages 51 to 72 provides detailed disclosures of key management personnel compensation. The total expense is summarised below:

	2018 $000	2017 $000
Short-term employment benefits	**11,436**	11,183
Security-based payments	**5,547**	5,654
Post-employment benefits	**254**	245
Other long-term benefits	**91**	90
Total key management personnel compensation	**17,328**	17,172

There are no outstanding loans to directors or employees (2017: nil).

Transactions with JV



	2018 $m	2017 $m
Loans due from JV		
Balance 1 July	**15**	39
Loans advanced	**6**	–
Loan repayments received	**(18)**	(25)
Interest capitalised	**1**	1
Balance 30 June	**4**	15

Transactions between Mirvac and its JV were made on commercial terms and conditions. Distributions received from JV were on the same terms and conditions that applied to other securityholders.

H4 Cash flow information

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash at bank and short term deposits at call.

Reconciliation of profit to operating cash flow

	2018 $m	2017 $m
Profit for the year attributable to stapled securityholders	**1,089**	1,164
Net (gain)/loss on financial instruments	**(20)**	92
Net gain on foreign exchange	**(2)**	(41)
Share of net profit of joint ventures	**(143)**	(148)
Joint venture distributions received	**82**	50
Revaluation of investment properties and investment properties under construction	**(478)**	(516)
Depreciation and amortisation expenses	**41**	34
Security-based payments expense	**13**	15
Change in operating assets and liabilities		
Increase in receivables	**(111)**	(47)
Increase in inventories	**(87)**	(105)
Increase in payables	**207**	70
Increase in provisions for employee benefits	**2**	1
Decrease/(increase) in tax effected balances	**72**	(59)
(Increase)/decrease in other assets/liabilities	**(2)**	3
Net cash inflows from operating activities	**663**	513

H Other information

Continued

H4 Cash flow information continued

Net debt reconciliation

	Cash $m	Current borrowings $m	Non-current borrowings $m	Net debt $m
Balance 1 July 2017	106	(200)	(2,765)	(2,859)
Net cash flow movements	115	200	(300)	15
Transfer from non-current to current	–	(134)	134	–
Other non-cash movements	–	(1)	(7)	(8)
Balance 30 June 2018	**221**	**(135)**	**(2,938)**	**(2,852)**

H5 Auditors' remuneration

	2018 $000	2017 $000
Audit services		
Audit and review of financial reports	**1,600**	1,565
Other assurance services	**626**	479
Total audit services	**2,226**	2,044
Other services		
Tax advice and compliance services	**145**	124
Advisory services	**16**	–
Total other services	**161**	124
Total auditors' remuneration	**2,387**	2,168

I Appendices

This section provides detailed listings of Mirvac's properties and controlled entities.

I1 Property listing

This table shows details of Mirvac's properties portfolio. Refer to notes C1 to C3 for further details.

	Book value		Capitalisation rate		Discount rate	
Office	**2018 $m**	2017 $m	**2018 %**	2017 %	**2018 %**	2017 %
1 Darling Island, Pyrmont NSW	**283**	236	**5.50**	6.00	**6.75**	7.25
101-103 Miller Street, North Sydney NSW (50% interest)	**255**	237	**5.75**	5.88	**7.00**	7.13
10-20 Bond Street, Sydney NSW (50% interest)	**290**	275	**5.25**	5.50	**6.75**	7.13
189 Grey Street, Southbank QLD	**85**	88	**7.00**	7.25	**7.50**	7.75
2 Riverside Quay, Southbank VIC (50% interest)	**129**	123	**5.25**	5.38	**7.00**	7.00
200 George Street, Sydney NSW (50% interest)	**442**	432	**5.00**	5.00	**6.75**	6.75
23 Furzer Street, Phillip ACT	**268**	270	**6.75**	6.75	**7.50**	7.50
275 Kent Street, Sydney NSW (50% interest)	**720**	516	**5.00**	5.25	**6.75**	7.25
340 Adelaide Street, Brisbane QLD	**65**	61	**7.25**	8.25	**7.75**	8.50
367 Collins Street, Melbourne VIC	**328**	289	**5.88**	5.88	**7.25**	7.25
37 Pitt Street, Sydney NSW	**87**	75	**6.00**	6.50	**7.00**	7.25
380 St Kilda Road, Melbourne VIC	**176**	166	**6.00**	6.50	**6.75**	7.50
40 Miller Street, North Sydney NSW	**151**	143	**6.25**	6.25	**7.00**	7.25
51 Pitt Street, Sydney NSW	**35**	28	**6.00**	6.50	**7.00**	7.25
55 Coonara Avenue, West Pennant Hills NSW	**78**	77	**8.00**	9.50	**8.25**	9.50
60 Margaret Street, Sydney NSW (50% interest)	**281**	256	**5.75**	5.75	**7.13**	7.13
65 Pirrama Road, Pyrmont NSW	**155**	146	**5.88**	6.25	**7.00**	7.50
664 Collins Street. Melbourne VIC (50% interest)[1]	**138**	–	**5.13**	–	**6.50**	–
6-8 Underwood Street, Sydney NSW	**19**	12	**6.00**	6.75	**7.00**	7.25
699 Bourke Street, Melbourne, VIC (50% interest)	**102**	91	**5.25**	5.50	**6.50**	7.25
75 George St, Paramatta NSW[2]	**88**	–	**5.75**	–	**7.00**	–
90 Collins Street, Melbourne VIC	**232**	224	**5.75**	5.75	**7.25**	7.25
Allendale Square, 77 St Georges Terrace, Perth WA	**243**	238	**7.00**	7.25	**7.50**	8.00
Australian Technology Park (Locomotive Street) Redfern NSW	**85**	85	**7.15**	7.15	**7.41**	7.41
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	**38**	37	**6.75**	6.81	**8.50**	8.50
Riverside Quay, Southbank VIC	**273**	243	**6.00**	6.50	**7.25**	7.50
Total investment properties	**5,046**	4,348				
477 Collins Street, Melbourne VIC (50% interest)[2]	**94**	55	**5.00**	5.00	**7.00**	7.00
664 Collins Street, Melbourne VIC (50% interest)	**–**	45	**–**	5.50	**–**	7.00
Australian Technology Park, Locomotive Street, Redfern NSW (33.3% interest)	**122**	50	**5.50**	5.50	**7.87**	7.75
Total investment properties under construction	**216**	150				
Total investment properties and investment properties under construction	**5,262**	4,498				
Investment in joint ventures						
8 Chifley Square, Sydney NSW (50% interest)	**242**	230	**5.00**	5.00	**6.63**	6.75
David Malcolm Justice Centre, 28 Barrack Street, Perth WA (50% interest)	**215**	209	**5.50**	5.50	**7.25**	7.50
Total investment in joint ventures	**457**	439				
Total Office	**5,719**	4,937				

I Appendices

Continued

I1 Property listing continued

Industrial	Book value 2018 $m	Book value 2017 $m	Capitalisation rate 2018 %	Capitalisation rate 2017 $m	Discount rate 2018 $m	Discount rate 2017 $m
1-47 Percival Road, Smithfield NSW	**44**	42	**6.75**	6.75	**8.00**	8.00
1900-2060 Pratt Boulevard, Chicago Illinois USA[3]	**–**	52	**–**	6.75	**–**	8.25
26-38 Harcourt Road, Altona, VIC3	**–**	37	**–**	6.25	**–**	7.50
271 Lane Cove Road, North Ryde NSW	**39**	38	**7.00**	7.75	**7.75**	8.00
274 Victoria Rd, Rydalmere NSW	**49**	48	**6.50**	6.75	**7.75**	8.00
34-39 Anzac Avenue, Smeaton Grange NSW	**28**	27	**7.25**	7.25	**8.25**	8.25
36 Gow Street, Padstow NSW	**33**	32	**6.25**	6.50	**7.25**	8.00
39 Britton Street, Smithfield NSW	**23**	23	**6.25**	6.75	**7.25**	7.75
39 Herbert Street, St Leonards NSW	**183**	170	**6.13**	6.39	**7.38**	7.75
47-67 Westgate Drive, Altona North VIC[3]	**–**	28	**–**	6.50	**–**	7.50
8 Brabham Drive, Huntingwood NSW	**23**	22	**6.75**	6.50	**7.50**	7.75
Calibre (Building 1), Eastern Creek NSW (50% interest)	**19**	18	**6.25**	6.25	**7.25**	7.25
Calibre (Building 3), Eastern Creek NSW (50% interest)[1]	**22**	–	**6.00**	–	**7.25**	–
Calibre (Building 4), Eastern Creek NSW (50% interest)[1]	**23**	–	**6.25**	–	**7.50**	–
Hoxton Distribution Park, Hoxton Park NSW (50% interest)	**170**	170	**5.22**	5.25	**6.92**	7.25
Nexus Industry Park (Building 1), Lyn Parade, Prestons NSW	**24**	23	**6.75**	6.75	**7.50**	7.75
Nexus Industry Park (Building 2), Lyn Parade, Prestons NSW	**17**	17	**6.75**	6.75	**7.75**	7.75
Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW	**30**	29	**6.75**	6.75	**7.50**	7.75
Nexus Industry Park (Building 4), Lyn Parade, Prestons NSW	**44**	44	**6.50**	6.50	**7.50**	7.50
Nexus Industry Park (Building 5), Lyn Parade, Prestons NSW	**22**	22	**6.75**	6.75	**7.75**	7.75
Total investment properties	**793**	842				
Calibre (Building 2), Eastern Creek NSW (50% interest)	**8**	–	**–**	–	**–**	–
Calibre (Building 5), Eastern Creek NSW (50% interest)	**8**	–	**–**	–	**–**	–
Calibre (Buildings 2-5), Eastern Creek NSW (50% interest)	**–**	31	**–**	6.50	**–**	7.25
Total investment property under construction	**16**	31				
Total investment properties and investment properties under construction	**809**	873				
Total Industrial	**809**	873				

Retail	Book value 2018 $m	Book value 2017 $m	Capitalisation rate 2018 %	Capitalisation rate 2017 %	Discount rate 2018 %	Discount rate 2017 %
1-3 Smail Street, Ultimo NSW (50% interest)	**32**	28	**5.50**	5.75	**6.75**	7.25
80 Bay St, Glebe, Sydney Retail (50% interest)	**12**	11	**5.50**	5.75	**6.75**	7.25
Birkenhead Point Outlet Centre, Drummoyne NSW[5]	**416**	375	**5.25**	5.50	**7.25**	7.50
Broadway Sydney, Broadway NSW (50% interest)	**422**	402	**4.50**	4.75	**6.50**	7.25
Cherrybrook Village, Cherrybrook NSW	**97**	99	**6.25**	6.25	**7.50**	7.75
Cooleman Court, Weston ACT	**60**	59	**6.50**	7.00	**7.50**	8.50
East Village, Zetland NSW[4]	**319**	–	**5.25**	–	**7.00**	–
Greenwood Plaza, North Sydney NSW (50% interest)	**117**	106	**5.75**	6.00	**7.50**	8.00
Harbourside, Sydney NSW	**262**	261	**5.75**	6.00	**6.75**	8.00
Kawana Shoppingworld, Buddina QLD (50% interest)[6]	**197**	360	**5.50**	5.50	**7.50**	7.75
Moonee Ponds Central, Moonee Ponds VIC	**84**	77	**6.00**	6.50	**7.25**	8.00
Orion Springfield Central, Springfield QLD	**370**	357	**5.50**	5.50	**7.50**	7.50
Rhodes Waterside, Rhodes NSW (50% interest)	**200**	179	**5.25**	5.75	**7.25**	7.75
St Marys Village, St Marys NSW	**49**	53	**6.50**	6.50	**7.50**	7.75
Stanhope Village, Stanhope Gardens NSW	**140**	136	**6.00**	6.00	**7.50**	7.75
Metcentre, Sydney NSW (50% interest)	**81**	78	**5.75**	5.75	**7.50**	7.75
Toombul, Nundah QLD	**269**	249	**6.00**	6.25	**7.50**	7.50
Tramsheds Sydney, Harold Park NSW	**45**	44	**5.50**	5.50	**7.25**	7.25
Total investment properties	**3,172**	2,874				
Orion Springfield Central, Springfield QLD	**18**	18	**–**	–	**–**	–
South Village, Kirrawee NSW – Stage 1[7]	**33**	15	**–**	–	**–**	–
Total investment properties under construction	**51**	33				
Total investment properties and investment properties under construction	**3,223**	2,907				
Investment in joint ventures						
East Village, Zetland NSW (49.9% interest)	**–**	155	**–**	5.25	**–**	7.50
Total Investment in joint ventures	**–**	155				
Total Retail	**3,223**	3,062				
Property portfolio						
Total investment properties and investment properties under construction	**9,294**	8,278				
Total investments in JV	**457**	594				
Total property portfolio	**9,751**	8,872				

1. Investment property reached practical completion during the year and was reclassified from investment properties under construction.
2. Investment property acquired during the year.
3. Investment property disposed of during the year.
4. The Group acquired the remaining 50.1per cent during the year, and reclassified from joint venture to investment property.
5. Book value includes Birkenhead Point Marina, Drummoyne NSW and 64 Roseby St, Drummoyne NSW. Birkenhead Point Marina capitalisation rate 8.00 per cent (2017: 8.00 per cent), discount rate 9.50 per cent (2017: 9.50 per cent).
6. During the year, 50 per cent of the property was sold.
7. During the year, 50 per cent was transferred from inventories.

I Appendices

Continued

I2 Controlled entities

All entities controlled by the Group are shown below. Unless otherwise noted, they are wholly owned and were incorporated or established in Australia during the current year and prior years.

Members of the Closed Group

197 Salmon Street Pty Limited
A.C.N. 087 773 859 Pty Limited
A.C.N. 110 698 603 Pty Limited
A.C.N. 150 521 583 Pty Limited
A.C.N. 165 515 515 Pty Limited
CN Collins Pty Limited
Fast Track Bromelton Pty Limited
Fyfe Road Pty Limited
Gainsborough Greens Pty Limited
Hexham Project Pty Limited
HIR Boardwalk Tavern Pty Limited
HIR Golf Club Pty Limited
HIR Golf Course Pty Limited
HIR Property Management Holdings Pty Limited
HIR Tavern Freehold Pty Limited
Hoxton Park Airport Limited
HPAL Holdings Pty Limited
Industrial Commercial Property Solutions (Constructions) Pty Limited
Industrial Commercial Property Solutions (Finance) Pty Limited
Industrial Commercial Property Solutions (Holdings) Pty Limited
Industrial Commercial Property Solutions (Queensland) Pty Limited
Industrial Commercial Property Solutions Pty Limited
JF ASIF Pty Limited
Magenta Shores Finance Pty Limited
Marrickville Projects Pty Ltd
Mirvac (Beacon Cove) Pty Limited
Mirvac (WA) Pty Limited
Mirvac (Walsh Bay) Pty Limited
Mirvac Advisory Pty Limited
Mirvac Aero Company Pty Limited
Mirvac AOP SPV Pty Limited
Mirvac Birkenhead Point Marina Pty Limited
Mirvac Capital Investments Pty Limited
Mirvac Capital Partners Investment Management Pty Limited
Mirvac Capital Partners Pty Limited[1]
Mirvac Capital Pty Limited
Mirvac Commercial Funding Pty Limited
Mirvac Commercial Sub SPV Pty Limited
Mirvac Constructions (Homes) Pty. Limited
Mirvac Constructions (QLD) Pty Limited
Mirvac Constructions (SA) Pty Limited
Mirvac Constructions (VIC) Pty Limited
Mirvac Constructions (WA) Pty Limited
Mirvac Constructions Pty Limited
Mirvac Design Pty Limited
Mirvac Developments Pty Limited
Mirvac (Docklands) Pty Limited
Mirvac Doncaster Pty Limited
Mirvac Energy Pty Limited
Mirvac ESAT Pty Limited
Mirvac Finance Limited
Mirvac Funds Limited[2]
Mirvac Funds Management Limited[2]
Mirvac George Street Holdings Pty Limited
Mirvac George Street Pty Limited
Mirvac Green Square Pty Limited
Mirvac Group Finance Limited
Mirvac Group Funding Limited
Mirvac Harbourtown Pty Limited
Mirvac Harold Park Pty Limited
Mirvac Holdings (WA) Pty Limited
Mirvac Holdings Limited
Mirvac Home Builders (VIC) Pty Limited
Mirvac Homes (NSW) Pty Limited
Mirvac Homes (QLD) Pty Limited
Mirvac Homes (SA) Pty Limited
Mirvac Homes (VIC) Pty Limited
Mirvac Homes (WA) Pty Limited
Mirvac Hotel Services Pty Limited
Mirvac ID (Bromelton) Pty Limited
Mirvac ID (Bromelton) Sponsor Pty Limited
Mirvac Industrial Developments Pty Limited
Mirvac International (Middle East) No. 2 Pty Limited
Mirvac Investment Manager Pty Ltd
Mirvac International Investments Limited
Mirvac International No. 3 Pty Limited
Mirvac JV's Pty Limited
Mirvac Kent Street Holdings Pty Limited
Mirvac Mandurah Pty Limited
Mirvac National Developments Pty Limited
Mirvac Newcastle Pty Limited
Mirvac Office Development Pty Ltd[3]
Mirvac Old Treasury Holdings Pty Limited
Mirvac (Old Treasury Development Manager) Pty Limited
Mirvac (Old Treasury Hotel) Pty Limited
Mirvac Pacific Pty Limited
Mirvac Parking Pty. Limited
Mirvac Precinct 2 Pty Limited
Mirvac Procurement Pty Limited
Mirvac Projects (Retail and Commercial) Pty Ltd
Mirvac Projects Dalley Street Pty Limited
Mirvac Projects George Street Pty Limited
Mirvac Projects No. 2 Pty. Limited
Mirvac Projects Pty Limited
Mirvac Properties Pty Limited
Mirvac Property Advisory Services Pty Limited
Mirvac Property Services Pty. Limited
Mirvac Queensland Pty Limited
Mirvac Real Estate Debt Funds Pty Limited
Mirvac Real Estate Pty Limited
Mirvac REIT Management Pty Limited
Mirvac (Retail and Commercial) Holdings Pty Ltd
Mirvac Retail Developments Pty Ltd[4]
Mirvac Retail Head SPV Pty Limited
Mirvac Residential (NSW) Development Pty Ltd[5]
Mirvac Retail Sub SPV Pty Limited
Mirvac Rockbank Pty Limited
Mirvac Services Pty Limited
Mirvac South Australia Pty Limited
Mirvac Spare Pty Limited
Mirvac Spring Farm Limited
Mirvac SPV 1 Pty Limited
Mirvac Trademarks Pty Limited
Mirvac Treasury Limited
Mirvac Treasury No. 3 Limited
Mirvac Victoria Pty Limited
Mirvac Wholesale Funds Management Limited
Mirvac Wholesale Industrial Developments Limited
Mirvac Woolloomooloo Pty Limited
MRV Hillsdale Pty Limited
MWID (Brendale) Pty Limited
MWID (Mackay) Pty Limited
Newington Homes Pty Limited
Oakstand No.15 Hercules Street Pty Limited
Planned Retirement Living Pty Limited
Spring Farm Finance Pty Limited
Springfield Development Company Pty Limited
SPV Magenta Pty Limited
TMT Finance Pty Limited
Tucker Box Management Pty Limited[6]

1. Previously registered as Mirvac Capital Partners Limited.
2. This entity is party to the Deed of Cross Guarantee as disclosed in note G1; however, the entity is still required to lodge separate financial statements.
3. Previously registered as Mirvac Elderslie Pty Limited.
4. Previously registered as Mirvac Parklea Pty Limited.
5. Previously registered as Mirvac Residential Projects Pty Ltd.
6. Previously registered as Mirvac Reserve Pty Limited.

Interests in controlled entities of Mirvac not included in the Closed Group

107 Mount Street Head Trust
107 Mount Street Sub Trust
477 Collins Street No. 2 Trust
699 Bourke Street Newco Pty Limited[1]
699 Bourke Street Services Pty Limited[1]
ASIF (WA) Pty Limited
ASIF Carbon Pty Limited
Banksia Unit Trust
BL Developments Pty Ltd
Domaine Investments Management Pty Limited[2]
Eveleigh Commercial Holdings Pty Limited
Eveleigh Commercial Pty Ltd
Eveleigh Precinct Pty Ltd
Gainsborough Greens Pty Limited
Googong Township Unit Trust
Joynton North Pty Ltd[3]
Joynton Properties Trust
JF ASIF Pty Limited
Kirrawee South Centre Pty Ltd
Kirrawee South Centre Trust
Magenta Shores Finance Pty Limited
Magenta Shores Unit Trust
Magenta Unit Trust
MFM US Real Estate Inc[4]
MGR US Real Estate Inc[4]
Mirvac 275 Kent Street Services Pty Ltd[1]
Mirvac 8 Chifley Pty Limited[2]
Mirvac Blue Trust
Mirvac Bourke Street No. 3 Sub-Trust[1]
Mirvac BTR Head SPV Pty Ltd
Mirvac BTR Head Trust
Mirvac BTR Sub SPV Pty Ltd
Mirvac BTR Sub Trust 1
Mirvac Chifley Holdings Pty Limited
Mirvac Green Trust
Mirvac Harbourside Sub Trust
Mirvac Harold Park Trust
Mirvac Hoist Pty Ltd[5]
Mirvac Industrial No. 2 Sub Trust
Mirvac King Street Pty Ltd
Mirvac Kirrawee Trust No. 3
Mirvac Living Investment Company Pty Ltd
Mirvac Living Investment Manager Pty Ltd
Mirvac Living Real Estate Services Pty Ltd
Mirvac Locomotive Trust
Mirvac Nike Holding Pty Ltd
Mirvac Parramatta Sub Trust No. 2
Mirvac Pennant Hills Residential Trust
Mirvac Precinct Trust
Mirvac Projects Dalley Street Trust
Mirvac Projects George Street Trust
Mirvac Projects Norwest Trust
Mirvac Projects Norwest No. 2 Trust
Mirvac Project Trust
Mirvac Showground Pty Ltd
Mirvac Showground Trust
Mirvac St Leonards Pty Limited
Mirvac St Leonards Trust
Mirvac Ventures Pty Limited[1]
MWID (Brendale) Unit Trust
Pigface Unit Trust
Rovno Pty Limited
Suntrack Holdings Pty Limited
Suntrack Property Trust
Taree Shopping Centre Pty Limited

1. This entity was incorporated/established during the year ended 30 June 2018.
2. The Group holds 50 per cent of this entity.
3. On 18 August 2017, the remaining 49.9 per cent of shares not held by Mirvac were purchased by Mirvac projects Pty Ltd.
4. This entity was incorporated in the USA.
5. Previously registered as MYBF Pty Ltd, on 2 May 2018 the remaining 50 per cent of shares not held by Mirvac were purchased by Mirvac JV's Pty Limited,

I Appendices

Continued

Interests in controlled entities of MPT

10-20 Bond Street Trust
1900-2000 Pratt Inc.[1]
367 Collins Street Trust
367 Collins Street No. 2 Trust
380 St Kilda Road Trust[2]
477 Collins Street No. 1 Trust
Australian Office Partnership Trust
Eveleigh Trust
James Fielding Trust
JFM Hotel Trust
Meridian Investment Trust No. 1
Meridian Investment Trust No. 2
Meridian Investment Trust No. 3
Meridian Investment Trust No. 4
Meridian Investment Trust No. 5
Meridian Investment Trust No. 6
Mirvac 90 Collins Street Trust
Mirvac Allendale Square Trust
Mirvac Ann Street Trust[3]
Mirvac Bay Trust
Mirvac Bourke Street No.1 Sub-Trust
Mirvac Broadway Sub-Trust
Mirvac Capital Partners 1 Trust
Mirvac Collins Street No.1 Sub-Trust
Mirvac Commercial No.3 Sub Trust
Mirvac Commercial Trust[2]
Mirvac Group Funding No.2 Pty Limited
Mirvac Group Funding No.3 Pty Limited
Mirvac Hoxton Park Trust[4]
Mirvac Industrial Fund
Mirvac Industrial No. 1 Sub Trust
Mirvac Kirrawee Trust No.1
Mirvac Kirrawee Trust No. 2
Mirvac Living Trust
Mirvac Padstow Trust No.1
Mirvac Parramatta Sub Trust No. 1[5]
Mirvac Pitt Street Trust
Mirvac Property Trust No.3
Mirvac Property Trust No.4
Mirvac Property Trust No.5
Mirvac Property Trust No.6
Mirvac Property Trust No.7
Mirvac Real Estate Investment Trust
Mirvac Retail Head Trust
Mirvac Retail Sub-Trust No. 1
Mirvac Retail Sub-Trust No. 2
Mirvac Retail Sub-Trust No. 3
Mirvac Retail Sub-Trust No. 4
Mirvac Rhodes Sub-Trust
Mirvac Rydalmere Trust No. 1
Mirvac Rydalmere Trust No. 2
Mirvac Smail St Trust
Mirvac Toombul Trust No. 1
Mirvac Toombul Trust No. 2
Old Treasury Holding Trust
Springfield Regional Shopping Centre Trust
The George Street Trust

1. This entity was incorporated in the USA.
2. One unit on issue held by Mirvac Limited as custodian for MPT.
3. This entity was established during the year ended 30 June 2018.
4. Previously registered as Mirvac Collins Street No.2 Sub-Trust.
5. Previously registered as Mirvac Bourke Street No.2 Sub-Trust.

Directors' declaration

For the year ended 30 June 2018

In the Directors' opinion:

(a) the financial statements and the notes set out on pages 74 to 121 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 consolidated entity's financial position at 30 June 2018 and of its performance for the financial year ended on that date;

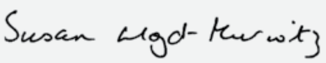
(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended Closed Group identified in note I2 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 G1.

The basis of preparation note confirms that the financial statements also comply with IFRS as issued by the IASB.

The Directors have been given the declarations by the CEO & 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.



Susan Lloyd-Hurwitz
Director

Sydney
9 August 2018

Independent auditor's report

For the year ended 30 June 2018

Independent auditor's report

To the stapled securityholders of Mirvac Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Mirvac Limited (the Company) and its controlled entities (together, the Group or Mirvac) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2018,
- the consolidated statement of comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- the notes to the consolidated financial statements, which include a summary of significant accounting policies; and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually, or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of $31.50 million, which represents approximately 5% of the adjusted profit before tax of the Group.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose adjusted profit before tax of the Group as, in our view, it is the metric against which the performance of the Group is most commonly measured.
- Profit before tax is adjusted for fair value movements in investment property, unlisted equity investments, derivatives and foreign exchange movements because they are non-cash items that are generally excluded when assessing the financial performance of a property investment group.
- We selected 5% based on our professional judgment noting that it is within the range of commonly acceptable profit related thresholds.

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group owns and manages investment property assets across Sydney, Melbourne, Brisbane and Perth. The Group's development activities also create and deliver commercial assets and residential projects across these locations. The accounting processes are structured around a Group finance function at its head office in Sydney. Our audit procedures were predominately performed at the Group head office, along with a number of property and development site visits being performed across the year.

Independent auditor's report

Continued

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. Amongst other relevant topics, we communicated the following key audit matters to the Audit, Risk and Compliance Committee:

Key audit matter	***How our audit addressed the key audit matter***
Carrying value of inventories *Refer to note C4 $1,770m*	
Inventories are stated at the lower of the cost and net realisable value for each development project. Cost is calculated using actual costs of acquisition, development, interest capitalised and all other costs directly related to specific projects. An allocation of direct overhead expenses is also included. The Group's estimate of net realisable value includes assumptions about future events which inherently are subject to the risk of change. These assumptions include future sales prices, future settlement rates, forecast costs of completion, selling costs, the nature and quality of inventory held, location, economic growth factors and rising/falling interest rates amongst other factors. Changes in the Group's estimates may have a material impact on net realisable value and therefore in determining whether the value of the project should be written down (impaired). In the same period that an item of inventory is sold, costs associated with that item of inventory are expensed to the income statement as development expenses. The quantum of costs expensed is based on the forecast profit margin for the development project as a whole and results in recognition of a profit (or loss) margin in that period. This was a key audit matter given the relative size of the inventory balance in the Consolidated Statement of Financial Position and the significant judgment	We performed a risk based assessment to determine those development projects at greater risk of being sold at a price below the cost of development to the Group. Our risk based selection criteria incorporates our knowledge of the life cycle of each project from prior years, site visits and our understanding of current economic conditions relevant to individual project locations. In addition to these risk conditions we select specific projects for testing which have previously been impaired, have a material current year inventory balance or are large contributors to revenue and profit in the year. Our audit procedures on the selected development projects included, amongst others: • Discussing project feasibilities with management to develop an understanding of project status and risks and their basis of estimates of net realisable value used. • Performing site visits to a selection of projects to develop our understanding of project status and risks. • Testing the capitalisation of expenses and interest into inventory. • Testing of key inputs into individual development project feasibility models, including:

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Key audit matter	*How our audit addressed the key audit matter*
involved in the estimates used to calculate net realisable value and the release of development expenses into the income statement.	- Comparing estimated sales prices to comparable sales data in similar locations. - Testing significant changes to cost assumptions from the prior year. • Assessing whether the carrying value was the lower of net realisable value and cost. • Recalculating costs recognised for a sample of settled sales based on the project's forecast profit margin.
Fair value of investment properties *Refer to note C2 - $9,294m* The carrying value of investment properties is based on the fair value of each property. The fair value of investment property is inherently subjective and impacted by, among other factors, prevailing market conditions, the individual nature and condition of each property, its location and the expected future income for each property. Amongst others, the capitalisation and discount rate assumptions used in the valuation process are key in establishing fair value. At each reporting period the Directors determine the fair value of the Group's investment property portfolio having regard to the Group's valuation policy which requires all properties to be externally valued by independent valuation experts at least once every two years. In the period between external valuations the Directors' valuation is supported by internal Mirvac valuation models (models). This was a key audit matter because the: • investment property balances are financially significant in the Consolidated Statement of Financial Position. • impact of changes in the fair value of investment properties can have a significant	We reconciled the Group's list of investment property values to our prior and current year supporting evidence to check compliance with the Group's policy that all properties had been externally valued at least once in the last two years. We read recent independent property market reports to develop our understanding of the prevailing market conditions in which the Group invests. We met with management and discussed the specifics of selected individual properties including, amongst other things, any new leases entered into during the year, lease expiries, capital expenditure and vacancy rates. For a sample of properties, we checked that the rental income data used in the valuation models tested was consistent with rental income for the property per the audited trial balance. For all properties externally valued at balance date we agreed the fair values of those properties to the external valuations, assessed the competency and capabilities of the relevant external valuer and checked that the Group followed its policy on rotation of valuation firms. We then focused our testing on the key assumptions in the external valuations and internal valuation models:

Independent auditor's report

Continued

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Key audit matter	*How our audit addressed the key audit matter*
effect on the consolidated entity's comprehensive income. • investment property valuations are inherently subjective due to the use of assumptions in the valuation methodology. • sensitivity of valuations to key input assumptions, specifically capitalisation and discount rates.	• We compared the capitalisation rates and discount rates used to an estimated range we independently determined via reference to benchmarks and market data. Where these rates fell outside of our anticipated ranges, we challenged the rationale by discussing with management the reasons to support the adopted value. We were satisfied that the variances appropriately related to the relative age, size or location of the property. • We considered the reasonableness of other assumptions in the valuations that were not so readily available, such as vacancies, rent free periods and let up allowances and incentives.
Recoverability of deferred tax assets *Refer to note B5 - $143m*	
Our audit has focused on the recoverability of deferred tax assets in the normal course of our audit, but also in light of the materiality of unused tax losses recognised by the Group within this balance. The Group carries an asset of $213m for the benefit expected to be received in the future from existing tax losses and also discloses a total of $80m in tax losses which have not been recognised due to uncertainty of utilisation. To assess whether the Group will receive the benefit from using these tax losses, the Group estimates and projects the likely taxable profits each year of Mirvac Limited (the parent entity of the Tax Consolidated Group) based on current and approved Board strategies. While Mirvac Property Trust generates taxable profits each year, this Trust income is distributed each year in full and is taxed in the hands of the stapled security holders as a Trust Distribution. This was a key audit matter as it involves the assessment of the Group's significant judgements on future taxation events. Changes in the Group's estimates also have a material impact on the deferred tax asset and the financial position of the Group.	We assessed the Group's ability to utilise the deferred tax assets by: • Obtaining calculations of forecast taxable income for the next five years and agreeing these to the latest Board approved budget and forecast. • Comparing the latest Board approved budget to historical performance to assess the consistency and accuracy of the Group's approach to budgeting as compared to prior periods. • Considering the key assumptions in the cashflow budget and forecasts. • Evaluating whether the cashflows had been appropriately adjusted for the differences between accounting profits, as presented in the approved Board budget and forecast, to taxable income. • Recalculating deferred tax asset balances which comprise a combination of timing differences between tax and accounting bases and tax losses.

Other information

The directors are responsible for the other information. The other information comprises all sections of the Group's Annual Report with the exception of the Remuneration Report, Auditor's Independence Declaration, Consolidated Financial Statements, Directors' Declaration and Independent Auditor's Report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Independent auditor's report

Continued

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 51 to 72 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Mirvac Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

Jane Reilly
Partner

Sydney
9 August 2018

Managing your securityholding

Securityholders with queries concerning their holding, distribution payments or other related matters should contact Mirvac's registry, Link Market Services Limited, as follows:

- Mirvac information line (toll free within Australia): +61 1800 356 444; or
- Website: www.linkmarketservices.com.au

When contacting the registry, please quote your current address details together with your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored or CHESS statements. The most efficient way to access your securityholding details is online at www.linkmarketservices.com.au. You will need your SRN or your HIN (this reference number is recorded in statements that you receive about your holding in Mirvac) when you log-in online.

You can do the following online at www.linkmarketservices.com.au:

- elect to receive important communications by email;
- choose to have your distribution payments paid directly into your bank account;
- provide your tax file number (TFN) or Australian Business Number (ABN);
- lodge your votes for securityholder meetings; and
- complete your Tax Residency Certification (CRS/FATCA).

Managing your securityholding online is speedier, cost-effective and environmentally friendly. If it is easier for you to update your securityholding information by post, you can download the forms from www.linkmarketservices.com.au or by contacting the Mirvac information line (toll free within Australia) on +61 1800 356 444 to request the appropriate forms to be sent out to you.

The information set out below was prepared at 31 July 2018 and applies to Mirvac's stapled securities (ASX code: MGR). As at 31 July 2018 there were 3,709,610,906 stapled securities on issue.

Substantial securityholders

As disclosed in substantial holding notices lodged with the ASX at 31 July 2018:

Name	Date of change	Number of stapled securities	Percentage of issued equity %[1]
BlackRock Group	18/10/2017	309,658,577	8.34
The Vanguard Group, Inc	01/06/2018	351,916,040	9.48

1. Percentage of issued equity held as at the date notice provided.

Range of securityholders

Range	Number of holders	Number of securities
1 to 1,000	6,228	2,859,746
1,001 to 5,000	9,524	26,391,664
5,001 to 10,000	4,854	35,546,247
10,001 to 100,000	5,713	133,400,945
100,001 and over	250	3,511,412,304
Total number of securityholders	26,569	3,709,610,906

Securityholder information

For the year ended 30 June 2018

20 largest securityholders

Name	Number of stapled securities	Percentage of issued equity %
HSBC Custody Nominees (Australia) Limited	1,708,875,254	46.07
J P Morgan Nominees Australia Limited	887,667,877	23.93
Citicorp Nominees Pty Limited	340,452,671	9.18
National Nominees Limited	200,316,651	5.40
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	94,152,239	2.54
BNP Paribas Noms Pty Ltd <DRP>	66,915,410	1.80
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	43,034,896	1.16
AMP Life Limited	21,830,085	0.59
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	14,991,904	0.40
Pacific Custodians Pty Limited <MGR Plans CTRL A/C>	10,532,474	0.28
Bond Street Custodians Limited <ENH Property Securities A/C>	9,218,353	0.25
Avanteos Investments Limited <Encircle IMA N/C>	6,175,757	0.16
Argo Investments Limited	6,000,551	0.16
UBS Nominees Pty Ltd	5,460,962	0.15
National Nominees Limited <N A/C>	4,919,000	0.13
BNP Paribas Noms (NZ) Ltd <DRP>	4,903,218	0.13
HSBC Custody Nominees (Australia) Limited – GSCO ECA	4,016,226	0.11
HSBC Custody Nominees (Australia) Limited	3,654,250	0.10
HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA NV A/C>	2,989,906	0.08
One Managed Investment Funds Limited Folkestone Maxim A-Reit Securities A/C	2,875,000	0.08
Total for 20 largest securityholders	3,438,982,684	92.70
Total other securityholders	270,628,222	7.30
Total stapled securities on issue	**3,709,610,906**	**100.00**

Number of securityholders holding less than a marketable parcel (being 220 securities at the closing market price of $ 2.28 on 31 July 2018): 1,772.

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, units 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.

Directory

Registered office/Principal office

Mirvac Group (comprising Mirvac Limited ABN 92 003 280 699 and Mirvac Funds Limited ABN 70 002 561 640, AFSL 233121 as responsible entity of MPT ARSN 086 780 645)

Level 28
200 George Street
Sydney NSW 2000

Telephone +61 2 9080 8000
Facsimile +61 2 9080 8111

www.mirvac.com

Securities exchange listing

Mirvac is listed on the Australian Securities Exchange (ASX code: MGR).

Directors

John Mulcahy (Chair)
Susan Lloyd-Hurwitz (CEO/MD)
Christine Bartlett
Peter Hawkins
Samantha Mostyn
James M. Millar AM
John Peters
Elana Rubin

Company Secretary

Sean Ward

Stapled security registry

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
Telephone +61 1800 356 444

Securityholder enquiries

Telephone +61 1800 356 444
Correspondence should be sent to:

Mirvac Group
C/- Link Market Services Limited
Locked Bag 14
Sydney South NSW 1235.

Further investor information can be located in the Investor Centre tab on Mirvac's website at www.mirvac.com.

Auditor

PricewaterhouseCoopers
One International Towers Sydney, Watermans Quay
Barangaroo NSW 2000

Annual General and General Meeting

Mirvac Group's 2018 AGM will be held at 10.00am
(Australian Eastern Daylight Time) on
Friday, 16 November 2018
at EY Centre
Mirvac Headquarters, Level 25
200 George Street,
Sydney, NSW 2000.

Upcoming events

23 October:	First Quarter Operational Update
16 November:	Annual General and General Meetings

Glossary

AASB	Australian Accounting Standards Board
ABN	Australian Business Number
AGM	Annual General and General Meeting
ANZ	Australia and New Zealand Banking Group Limited
ARCC	Audit, Risk & Compliance Committee
ARR	Asset revaluation reserve
ARSN	Australian Registered Scheme Number
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian dollar
ABTRC	Australian build to rent club
CCIRS	Cross currency interest rate swap
CEO	Chief Executive Officer
CEO/MD	Chief Executive Officer/Managing Director
CFO	Chief Financial Officer
CGU	Cash generating unit
CHESS	Clearing House Electronic Subregister System
CPSS	Cents per stapled security
CRCLCL	Cooperative research centre for low carbon living
DCF	Discounted cash flow
DOOR	Designing out our risk
DRP	Dividend/distribution reinvestment plan
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EEP	Employee Exemption Plan
EIS	Employee Incentive Scheme
EMIN	Euro medium term note
EPS	Earnings per stapled security
FCTR	Foreign currency translation reserve
FY15	Year ended 30 June 2015
FY16	Year ended 30 June 2016
FY17	Year ended 30 June 2017
FY18	Year ending 30 June 2018
GASPT	Growth areas social planning total
GLA	Gross leasable area
HIN	Holder Identification Number
HRC	Human Resources Committee
HSE	Health, safety and environment
HSE&S	Health, safety, environment and sustainability
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IP	Investment properties
IPUC	Investment properties under construction
JV	Joint ventures
JVA	Joint ventures and associates
KMP	Key management personnel
LSL	Long service leave
LTI	Long term incentives
LTIFR	Lost time injury frequency rates
MAT	Moving annual turnover
MMRs	Mirvac minimum requirements
MPT	Mirvac Property Trust
MREIT	Mirvac Real Estate Investment Trust
MTN	Medium term notes
NABERS	National Australian Built Environment Rating System
NED	Non-Executive Directors
NLA	Net lettable area
NOI	Net operating income
NRV	Net realisable value
PPE	Property, plant and equipment
PV	Photovoltaic (panels)
PwC	PricewaterhouseCoopers
RAP	Reconciliation action plan
ROIC	Return on invested capital
SBP	Security-based payments
SoCI	Statement of comprehensive income
SoFP	Statement of financial position
SRN	Securityholder Reference Number
STI	Short term incentives
TFN	Tax file number
TGS	Tax governance statement
TRIFR	Total recordable injury frequency rate
TSR	Total Shareholder Return
TTC	Tax Transparency Code
USPP	US Private Placement
WALE	Weighted average lease expiry
WANOS	Weighted average number of ordinary securities
WGEA	Workplace gender equality agency

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DesignDavey