



17 August 2017

**MIRVAC GROUP FINANCE LIMITED
ABN 77 119 339 463**

YEN 10,000,000,000 0.95% Notes due 2031 (THE "NOTES") ISSUED PURSUANT TO THE EURO 2 BILLION EURO MEDIUM TERM NOTE PROGRAMME (THE 'PROGRAMME') ANNOUNCEMENT OF MIRVAC GROUP RESULTS FOR THE YEAR ENDED 30 JUNE 2017

ANNOUNCEMENT TO SINGAPORE EXCHANGE

We attach the Mirvac Group Results including the Australian Securities Exchange (ASX) release, Investor Presentation, Appendix 4E statement under the ASX Listing Rules and consolidated Mirvac Limited Financial Report for the Year Ended 30 June 2017.

Yours sincerely

A handwritten signature in black ink that reads "D Sellin".

For Mirvac Group Finance Limited

David Sellin
Company Secretary

17 August 2017

MIRVAC GROUP FULL YEAR RESULTS – 30 JUNE 2017

Mirvac Group (Mirvac) [ASX: MGR] today announced its full-year results for the financial year ended 30 June 2017 (FY17).

Key highlights:

- statutory profit after tax increased by 13 per cent to \$1.16 billion (30 June 2016: \$1.03 billion), driven by substantial property valuation uplifts in the investment portfolio and strong operational earnings;
- operating profit after tax increased by 11 per cent to \$534 million¹ (30 June 2016: \$482 million), representing 14.4 cents per stapled security (cps), which was at the top end of guidance provided;
- full-year distributions of \$386 million, representing 10.4 cps, also at the top end of guidance provided;
- achieved strong property revaluation uplifts across the Investment portfolio of \$540 million (or 6.4 per cent), supported by an overweight to prime assets in Sydney and Melbourne;
- secured \$2.7 billion in residential pre-sales² and settled a record 3,311 residential lots;
- achieved a Residential Return on Invested Capital (ROIC) of 18 per cent, exceeding the FY17 target of 15 per cent or more;
- continued to attract high-quality capital partners with the sale of a 50 per cent interest in two of the Group's office developments in Melbourne³;
- achieved an employee engagement score of 88 per cent, exceeding the Global High Performing Norm by 3 per cent⁴;
- installed our first megawatt of renewable energy through Mirvac Energy, a key milestone to move towards our target to be net positive by 2030; and
- launched Mirvac's first Reconciliation Action Plan in July this year.

Key financial and capital management highlights:

- maintained gearing within the Group's target range of between 20.0 to 30.0 per cent at 23.4 per cent⁵;
- reduced average borrowing costs to 4.8 per cent per annum (including margins and line fees);
- substantial available liquidity of \$749 million of cash and undrawn committed bank facilities held, with \$200 million of debt due for repayment in December 2017;
- increased the weighted average debt maturity from 4.0 years at 30 June 2016 to 6.2 years at 30 June 2017;
- maintained high-quality credit ratings, including a Baa1 long-term issuer rating from Moody's and S&P BBB+ credit rating; and
- net tangible assets (NTA)⁶ per stapled security of \$2.13 up from \$1.92 (30 June 2016).

1 Excludes specific non-cash items, significant items and related taxation.

2 Adjusted for Mirvac's share of joint ventures and Mirvac managed funds.

3 The agreement for the sale of 477 Collins Street, Melbourne was entered into in July 2017.

4 As defined by survey provider, Willis Towers Watson.

5 Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets-cash).

6 NTA per stapled security, based on ordinary securities including Employee Incentive Scheme securities.

Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz, said, "The results we have delivered for FY17 are a testament to the strength of our urban focus and our commitment to creating, owning and managing high-quality urban assets, while ensuring long-term value to our securityholders."

"Our disciplined approach to capital management, along with a continued focus on capital partnering, has ensured our financial position remains strong, providing us with a stable platform to deliver future earnings growth. Importantly, our capital position provides us with the capacity to invest in future opportunities."

Office & Industrial portfolio highlights:

- maintained solid portfolio metrics, with occupancy of 97.6 per cent¹ and a WALE of 6.5 years² in the office portfolio, and occupancy of 95.3 per cent¹ in the industrial portfolio, with a WALE of 7.0 years²;
- achieved lease deals covering approximately 132,700 square metres³;
- total asset revaluations provided an uplift of \$428 million⁴ (or 7.8 per cent) over the previous book value;
- sold a 50 per cent interest in the Group's 664 Collins Street and 477 Collins Street office developments in Melbourne to Morgan Stanley and Suntec REIT respectively⁵;
- completed 2 Riverside Quay in Southbank, VIC and Building 1, Calibre in Sydney's Eastern Creek;
- maintained a 5.1 Star NABERS Energy rating average across the office portfolio; and
- received Australia's first Gold WELL certification from the International WELL Building Institute for 200 George Street, Sydney.

Ms Lloyd-Hurwitz commented, "While the strategic repositioning of our office portfolio has impacted net operating income growth in FY17, we expect to achieve double-digit like-for-like growth in FY18, driven by contributions from 2 Riverside Quay in Melbourne and 200 George Street, 60 Margaret Street and 101 Miller Street in Sydney."

"Our impressive \$2.3 billion active commercial development pipeline, along with recent development completions, is also expected to deliver over \$90 million of additional annual net operating income by FY21, providing us with excellent visibility of future earnings."

Retail portfolio highlights:

- maintained high portfolio occupancy of 99.4 per cent¹;
- achieved leasing spreads of 3.2 per cent, ahead of the Group's target of more than 2 per cent;
- achieved total sales productivity of \$10,048 per square metre, in line with the Group's FY17 target and increased specialty sales productivity to \$9,864 per square metre;

1 By area.

2 By income.

3 Includes approximately 48,200 square metres of development leasing at 664 Collins Street and 477 Collins Street in Melbourne, VIC.

4 Includes investments in joint ventures.

5 Entered into an agreement for the sale of 477 Collins Street, Melbourne in July 2017.

- achieved comparable MAT sales growth of 4.1 per cent and comparable specialty sales growth of 5.6 per cent;
- reduced specialty occupancy costs to 15.0 per cent (30 June 2016: 15.3 per cent);
- completed the \$19 million Flinders Gallery development at Birkenhead Point in Sydney, NSW in August 2017, which saw several premium international brands introduced to the centre; and
- entered into an agreement with PAYCE Consolidated (PAYCE) to acquire an interest in the proposed South Village Shopping Centre in Kirrawee, NSW.

“Our focus on urban markets with strong fundamentals ensured we realised all of our FY17 targets, including occupancy of greater than 99 per cent; leasing spreads of 2 per cent; EBIT growth of 25 per cent or more; and sales productivity of over \$10,000 per square metre. Impressively, we also achieved comparable specialty store growth of almost 6 per cent, which reflects the quality of our retail assets and tenancy mix, and puts us well ahead of our peers,” said Ms Lloyd-Hurwitz.

Residential highlights:

- \$2.7 billion of exchanged pre-sales contracts on hand¹;
- settled a record 3,311 residential lots, up 17 per cent from 30 June 2016;
- maintained strong sales activity with approximately 3,100 residential contracts exchanged;
- released approximately 3,000 lots during the financial year across both new and existing projects;
- achieved residential gross margins of 25 per cent, exceeding the Group’s through-cycle targets;
- improved the Residential ROIC to 18 per cent, above the Group’s FY17 target of 15 per cent or more; and
- received One Planet Living endorsement at Marrick & Co. in Sydney, NSW.

“Buying at the right time and in the right locations has ensured we have strong embedded margins across a number of our residential development projects, particularly those in Sydney and Melbourne,” said Ms Lloyd-Hurwitz.

“We also expect to benefit from the substantial investment in infrastructure the New South Wales and Victorian governments are making, with a number of our residential projects located near proposed major transport lines.

Outlook and guidance

Mirvac has provided operating EPS guidance of between 15.3 to 15.6 cps for FY18, which represents an increase in earnings of between 6 to 8 per cent, and distribution guidance of 11.0 cps, which represents DPS growth of 6 per cent.

Ms Lloyd-Hurwitz concluded, “Our focused and disciplined urban strategy has consistently delivered stable earnings and distribution growth over the past few years, and we expect FY18 to be another successful year, driven by a secure yield from our high-quality, modern investment portfolio, embedded rental growth, and attractive returns from our high-quality development pipeline.

¹ Adjusted for Mirvac’s share of joint ventures and Mirvac managed funds.

ASX
RELEASE



A management presentation of the results will be webcast live from 10:30am (Sydney) at www.mirvac.com.

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Mirvac's Privacy Policy is on our website or contact our Privacy Officer on T +61 2 9080 8000



FY17 RESULTS

17 AUGUST 2017

Reimagine urban life

Overview

Susan Lloyd-Hurwitz
CEO and Managing
Director

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Financial Results

Shane Gannon
Chief Financial
Officer

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Capital Allocation

Brett Draffen
Chief Investment
Officer

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Office & Industrial

Campbell Hanan
Head of Office
& Industrial

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Retail

Susan MacDonald
Head of Retail

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Residential

Stuart Penklis
Head of Residential

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Summary + Guidance

Susan Lloyd-Hurwitz
CEO and Managing
Director

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OVERVIEW

Susan Lloyd-Hurwitz CEO and Managing Director

Reimagine urban life



Continued to redefine landscapes in FY17, creating more sustainable, connected and vibrant urban environments



2 RIVERSIDE QUAY, MELBOURNE



UNISON, BRISBANE



BROADWAY, SYDNEY



TRAMSHEDS, SYDNEY



THE MORETON, SYDNEY



TULLAMORE, MELBOURNE



BRIGHTON LAKES, SYDNEY

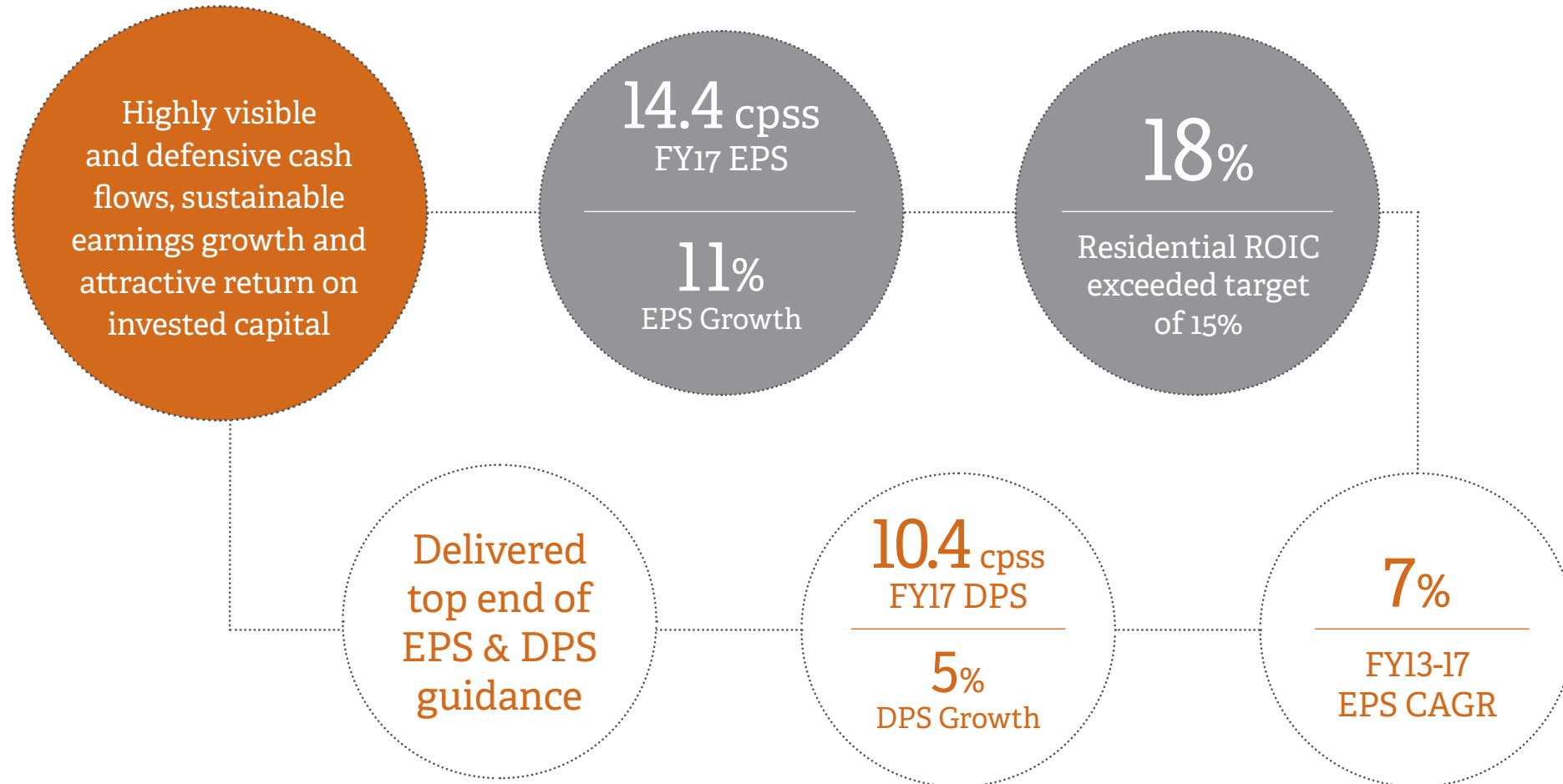


GREENWOOD PLAZA, NORTH SYDNEY

Reimagine urban life



Another year delivering on our promises



Transformed portfolio positioned for future growth

OFFICE & INDUSTRIAL

FUTURE GROWTH SUPPORTED BY

- > Young portfolio transformed through Mirvac's deep development capabilities
 - ~\$4.5bn¹ of new assets created or being created between FY12 and FY21
- > High quality income with growth underpinned by development pipeline and strong leasing
- > Strategic 84% weighting to Sydney and Melbourne

RESIDENTIAL

FUTURE GROWTH SUPPORTED BY

- > High quality pipeline with attractive embedded margins
 - >50% of lot pipeline expected to generate >25% gross margins
- > Strategic 71% lot pipeline weighting to NSW and Victoria
- > Strong brand and customer loyalty
- > Government policy, infrastructure investment, continued densification and urban regeneration



RETAIL

FUTURE GROWTH SUPPORTED BY

- > Strategic weighting to the best and most resilient urban markets with
 - ~65% higher population growth
 - ~27% higher median total personal weekly income
 - ~21% lower than average unemployment
 - ~10x greater population density
- > Overweight to resilient and growth categories to meet customer preferences with
 - No exposure to department stores
 - Higher exposure to food and beverage, entertainment and non-retail categories
- > Increased experiential investment

CAPITAL

FUTURE GROWTH SUPPORTED BY

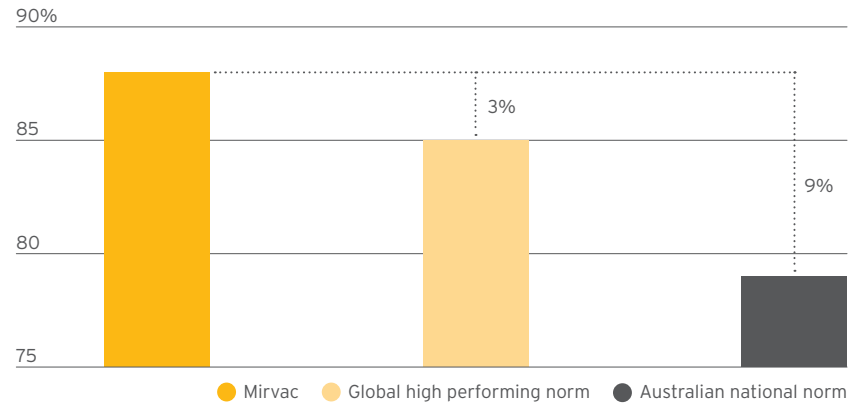
- > Strong and flexible balance sheet with low 23.4% gearing
- > High quality capital partners with ~\$6bn of third-party capital under management

1. 100% interest of Office & Industrial developments completed between FY12 and FY17, plus estimated end value of 477 Collins Street, 664 Collins Street, Australian Technology Park and Calibre

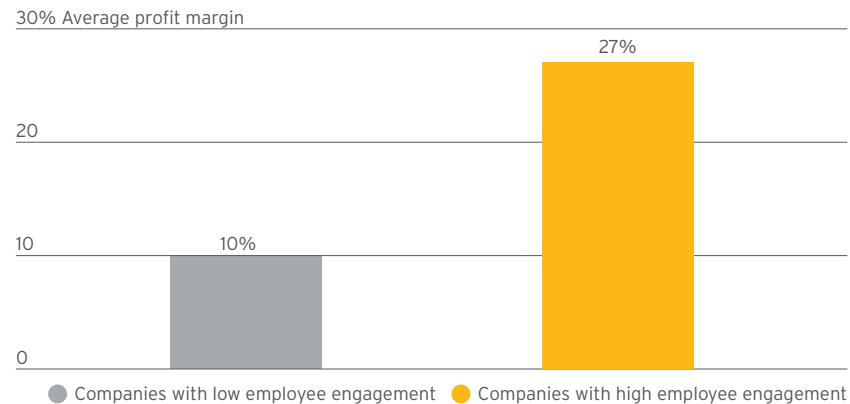
Success driven by high performing team



2017 Employee engagement comparison¹



Comparison of companies with low and high employee engagement¹



Companies with high employee engagement¹

- > ~3x higher average profit margin
- > ~6.5 fewer days lost from absenteeism
- > ~41% lower retention risk

1. Undertaken by Willis Towers Watson.

Investing to support our future growth

Safety Innovation People + Leadership Technology Sustainability



- > Renewed Health, Safety and Environment (HSE) strategy, *Thrive*, to pursue safety excellence and enhance health and wellbeing
- > Strengthened HSE standards for engaging and managing principal contractors, service providers and consultants
- > Introduced random drug and alcohol testing at construction sites we manage and control, to help ensure the safety of all workers and visitors



- > Mirvac's *Hatch* innovation program was identified by UTS Business School as an example of a best practice program and invited to be the focus of an academic case study
- > Multiple experiments relating to Mirvac's innovation missions underway; e.g. *Shopping Nanny* is being trialled in two centres to enhance our customer's experience
- > Reach of the *Hatch* methodology has extended from innovation missions to business as usual opportunities



- > Employee engagement of 88%, above the Global High Performing Norm¹
- > Awarded the *Employer of Choice for Gender Equality* citation for third year in a row
- > Launched the *My Simple Thing* initiative across the Group; 76% of Mirvac employees now have flexible work arrangements in place
- > Successful progress with our *Transforming the Way We Work* strategy across Mirvac, improving employee experience through a combination of culture, place, flexibility and technology



- > Implemented technology solutions that have helped transform the way we work
- > Extended Mirvac's Business Intelligence platform and capabilities
- > Deployed the Salesforce customer platform across the Mirvac business
- > Implemented Building Information Modelling (BIM) across design, construction and development activities
- > Continued to further strengthen cybersecurity capabilities to protect information and systems
- > Launched *Hoist*, a JV with York Butter Factory, to establish tech start-up ecosystems at ATP and other Mirvac buildings



- > First megawatt of renewable energy installed, a key milestone to meet our net positive by 2030 target of our *This Changes Everything* sustainability strategy
- > Launched our first *Reconciliation Action Plan*
- > 5.1 Star NABERS energy rating across our office portfolio
- > Received Australia's first Gold WELL certification for our tenancy at 200 George St, recognising excellence in human health and wellness initiatives

1. Undertaken by Willis Towers Watson.

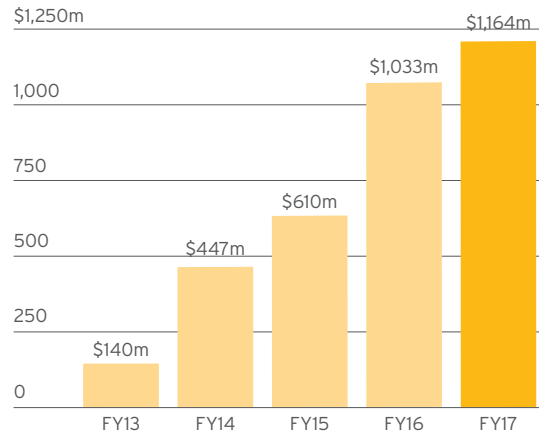


FINANCIAL RESULTS

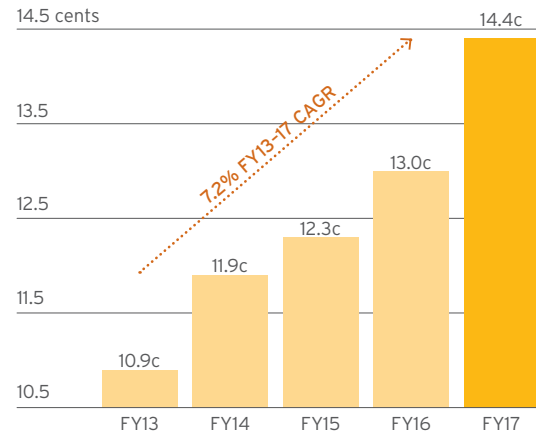
Shane Gannon Chief Financial Officer

Continuing to deliver strong financial trajectory

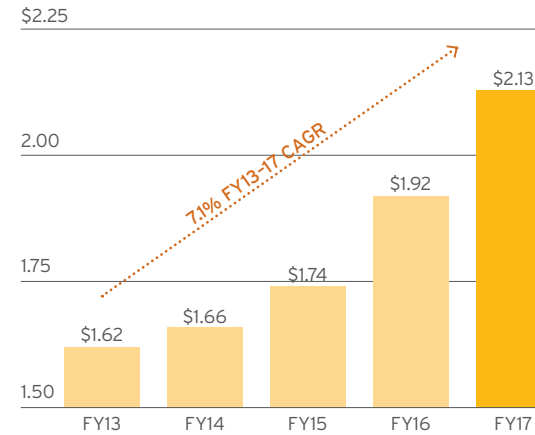
Statutory profit



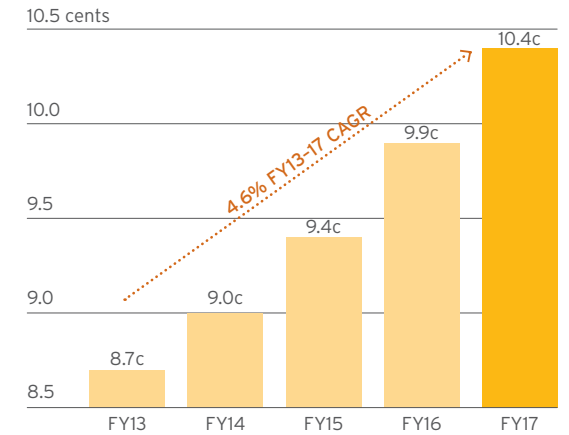
Operating EPS



NTA per security



DPS



13%

Statutory profit growth on FY16

11%

EPS growth on FY16

11%

NTA per security growth on FY16

10%

FFO per security growth on FY16

5%

DPS growth on FY16

72%

FY17 payout ratio

Delivered 11% earnings growth

Operating results

| | FY17 \$m | FY16 \$m |
|-----------------------------------|--------------|--------------|
| Office & Industrial | 319 | 358 |
| Retail | 156 | 117 |
| Residential | 302 | 196 |
| Corporate & other | (27) | (31) |
| Operating EBIT | 750 | 640 |
| Operating profit after tax | 534 | 482 |
| Funds from operations | 547 | 500 |
| Adjusted funds from operations | 487 | 438 |
| Statutory profit after tax | 1,164 | 1,033 |

↓ 11%

O&I EBIT growth impacted by repositioning activities, including prior year divestments and loss of income from assets transitioning to development phase, partially offset by contributions from completed developments and acquisitions

↑ 33%

Strong Retail EBIT growth driven by full year benefit of prior year acquisitions and completed developments

↑ 54%

Very strong Residential EBIT growth driven by record lot settlements and high margins

↓ 13%

Improved Corporate & other result driven by continued focus on overhead management and operational efficiencies

↑ 17%

↑ 11%

↑ 13%

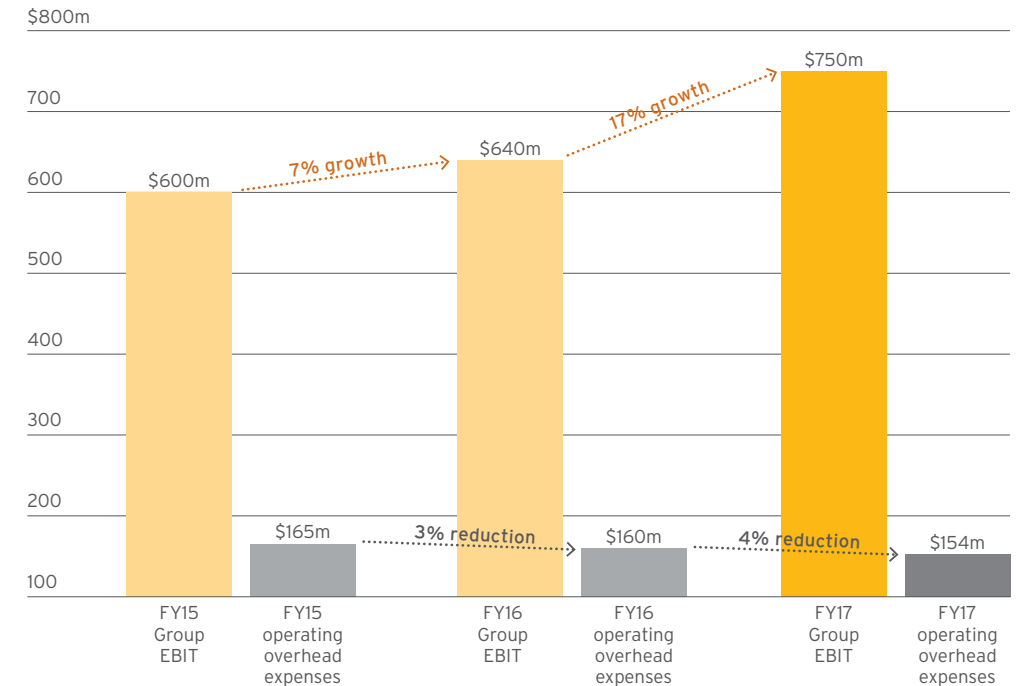
Record statutory profit driven by operating EBIT growth and net property revaluation gains of 6.4%¹ in FY17 totalling \$540m across the O&I and Retail portfolios

1. Net gain on fair value of investment properties divided by book value prior to revaluation. Includes revaluation gain for investments in JVs and excludes transaction costs for acquisitions.

Investing for future growth

- › Cost saving targets achieved to allow investments into strategic areas to support future growth
 - Salesforce
 - Business Intelligence
 - Building Information Modelling (BIM)
 - Business development
 - Stakeholder relations
- › Continue to pursue opportunities for greater efficiency and a more variable cost base

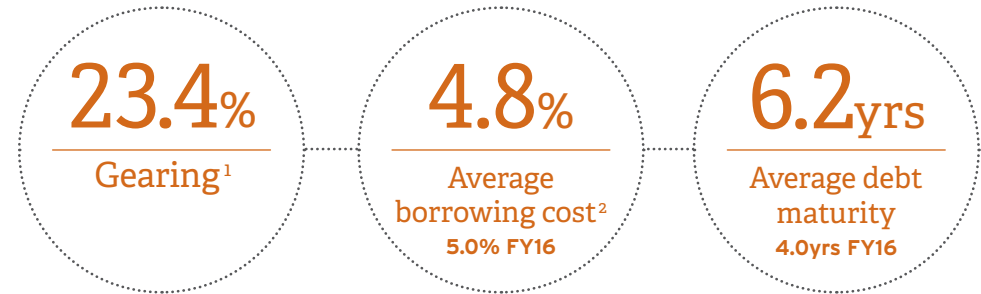
Group operating overhead expenses¹ and EBIT profile



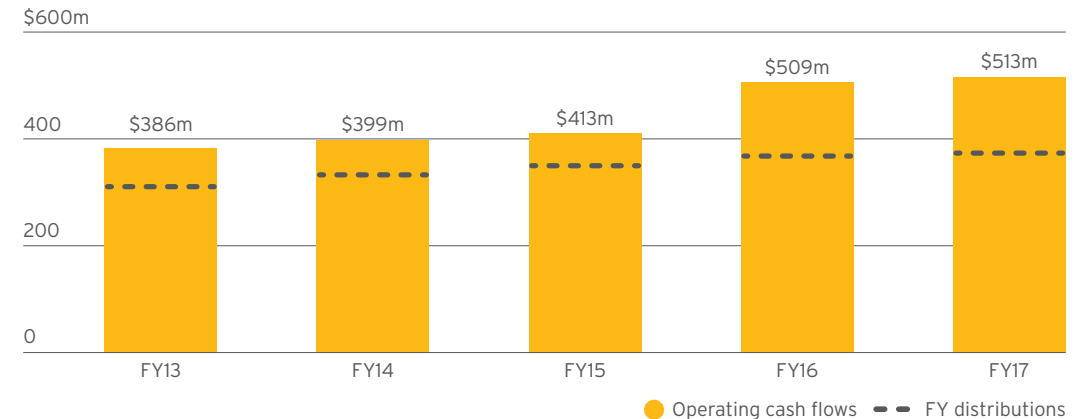
1. Excluding Residential selling and marketing expenses

Solid platform underpins future earnings growth

- > Strong capital position and flexible balance sheet maintained
- > FY17 gearing at lower end of target range of 20-30%
- > \$749m of cash and undrawn committed bank facilities
- > Significant headroom under financial covenants
- > Distributions continue to be funded from operating cash flows
- > Strong operating cashflows expected in 2H18 driven by the timing of residential settlements
 - 80-90% of FY18 Residential EBIT expected to be delivered in 2H18
 - FY18 distributions expected to be fully cash covered



Distributions comfortably funded by operating cash flows



1. Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets - cash)

2. Includes margins and fees



CAPITAL ALLOCATION

Brett Draffen Chief Investment Officer

Disciplined approach – capital allocated to the strongest markets

75% CAPITAL ALLOCATION TO SYDNEY & MELBOURNE



75-80% INVESTMENT

Secure yield - underpins Group distribution

20-25% DEVELOPMENT

Disciplined growth

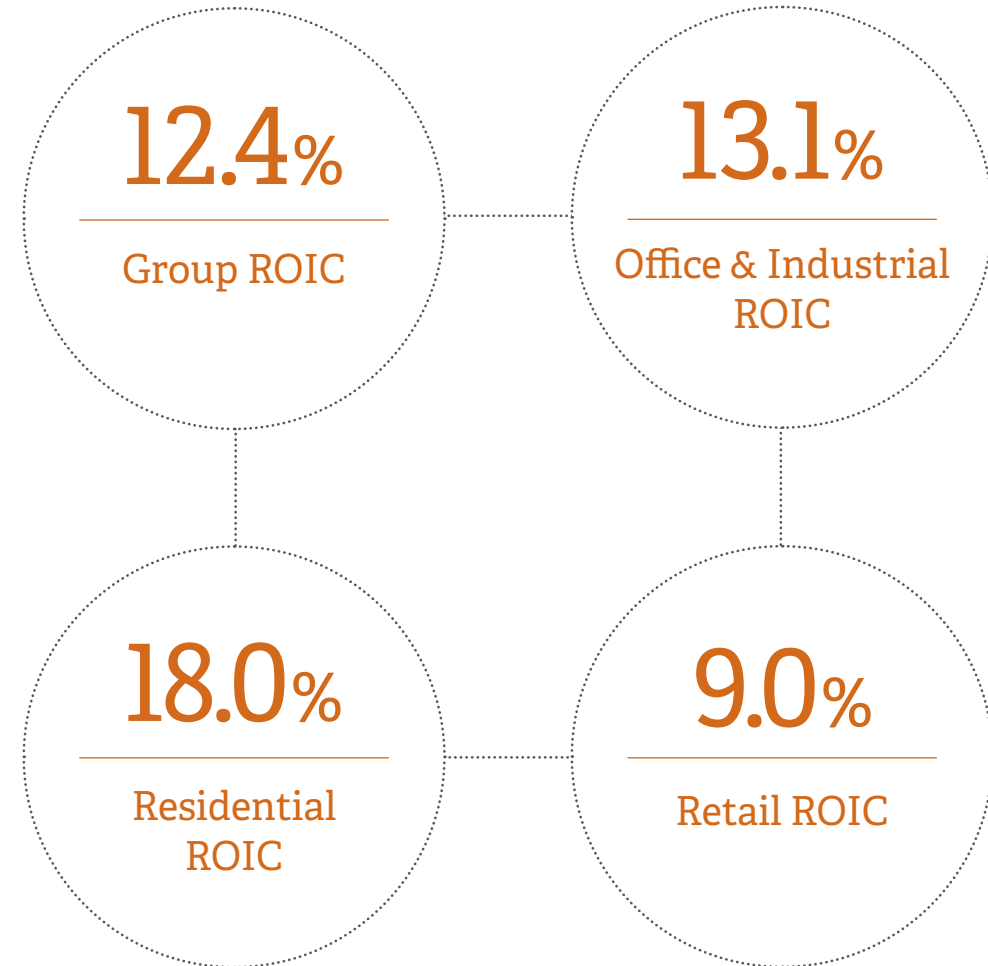


1. Excludes Federal Government funding for projects including the Western Sydney Airport and Melbourne to Brisbane Inland Rail projects. Source: NSW Budget 2017-18; Victorian Budget 2017-18

2. Includes \$0.2bn relating to investment in Tucker Box JV and other investments

Strong returns on invested capital

- > Attractive risk adjusted returns on invested capital
- > Office & Industrial and Retail benefiting from 6.4% net valuation gains totalling \$540m
- > Residential ROIC driven by record EBIT contribution, capital efficient structures and discipline



Leverage capital partnerships to secure opportunities

| | Balance sheet assets | Third-party capital under management | Total assets under management |
|--|---|--------------------------------------|---|
| <p>Office & Industrial</p> <ul style="list-style-type: none"> > Deliver \$2.3bn of active developments¹ <ul style="list-style-type: none"> – 71% committed² > Continue to grow, leveraging third-party capital <ul style="list-style-type: none"> – 50% sale of 664 Collins Street to Morgan Stanley (4.97% cap rate) – 50% sale of 477 Collins Street to Suntec REIT (4.80% cap rate) – Deliver Australian Technology Park with AMP and Sunsuper | <p>\$6.2bn Office & Industrial</p> | <p>\$4.9bn</p> | <p>\$11.1bn ↑13% on FY16</p> |
| <p>Retail</p> <ul style="list-style-type: none"> > Increase balance sheet weighting organically through development and disciplined acquisitions > Increase third-party capital <ul style="list-style-type: none"> – Targeting 50% sell-down of Kawana Shoppingworld | <p>\$3.1bn Retail</p> | <p>\$0.9bn</p> | <p>\$4.0bn ↑10% on FY16</p> |
| <p>Residential</p> <ul style="list-style-type: none"> > Maintain balance sheet capital around \$2bn > Leverage third-party capital to grow market share and drive capital efficiency > Targeting \$1bn third-party capital under management | <p>\$1.8bn³ Residential</p> | <p>\$0.2bn</p> | <p>\$2.0bn</p> |

1. Represents 100% of expected development end value of 477 Collins St, 664 Collins Street, Australian Technology Park and Calibre

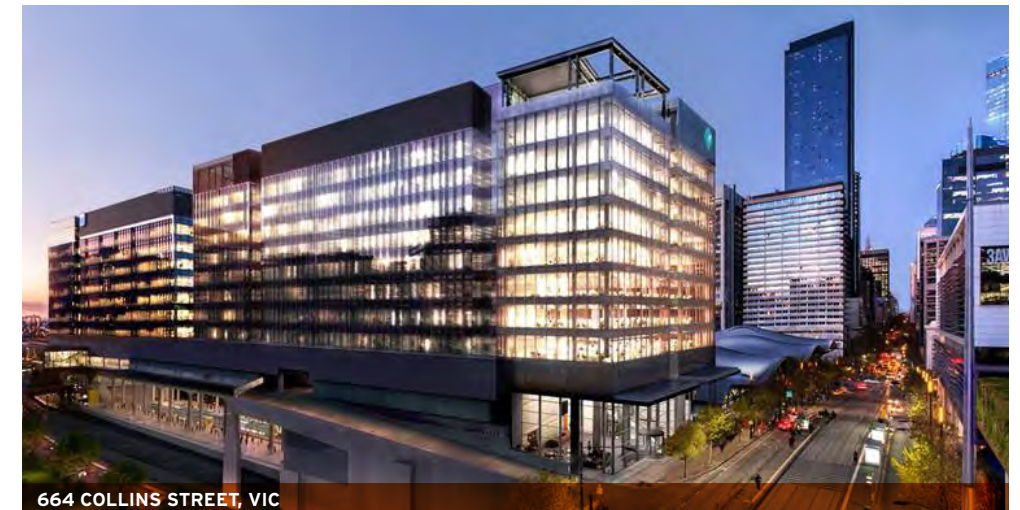
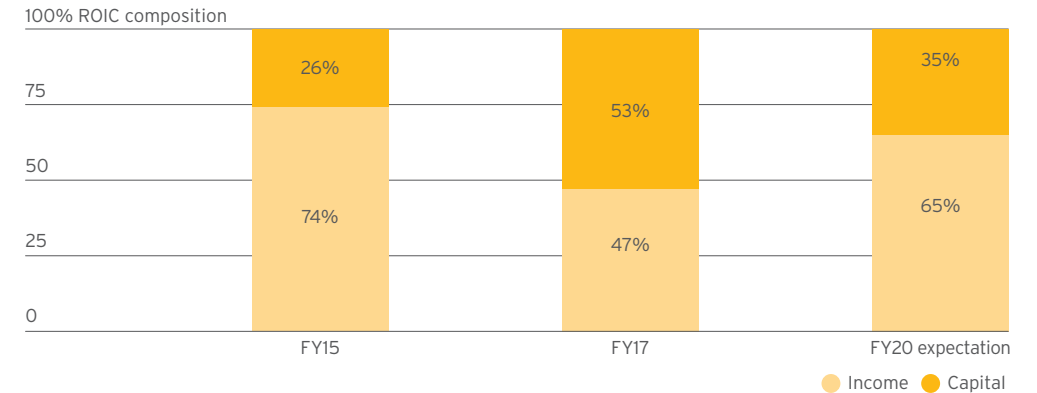
2. Including heads of agreements

3. Inclusive of \$0.2bn of deferred land and revenue liabilities associated with capital efficient structures

Future returns driven by development activities

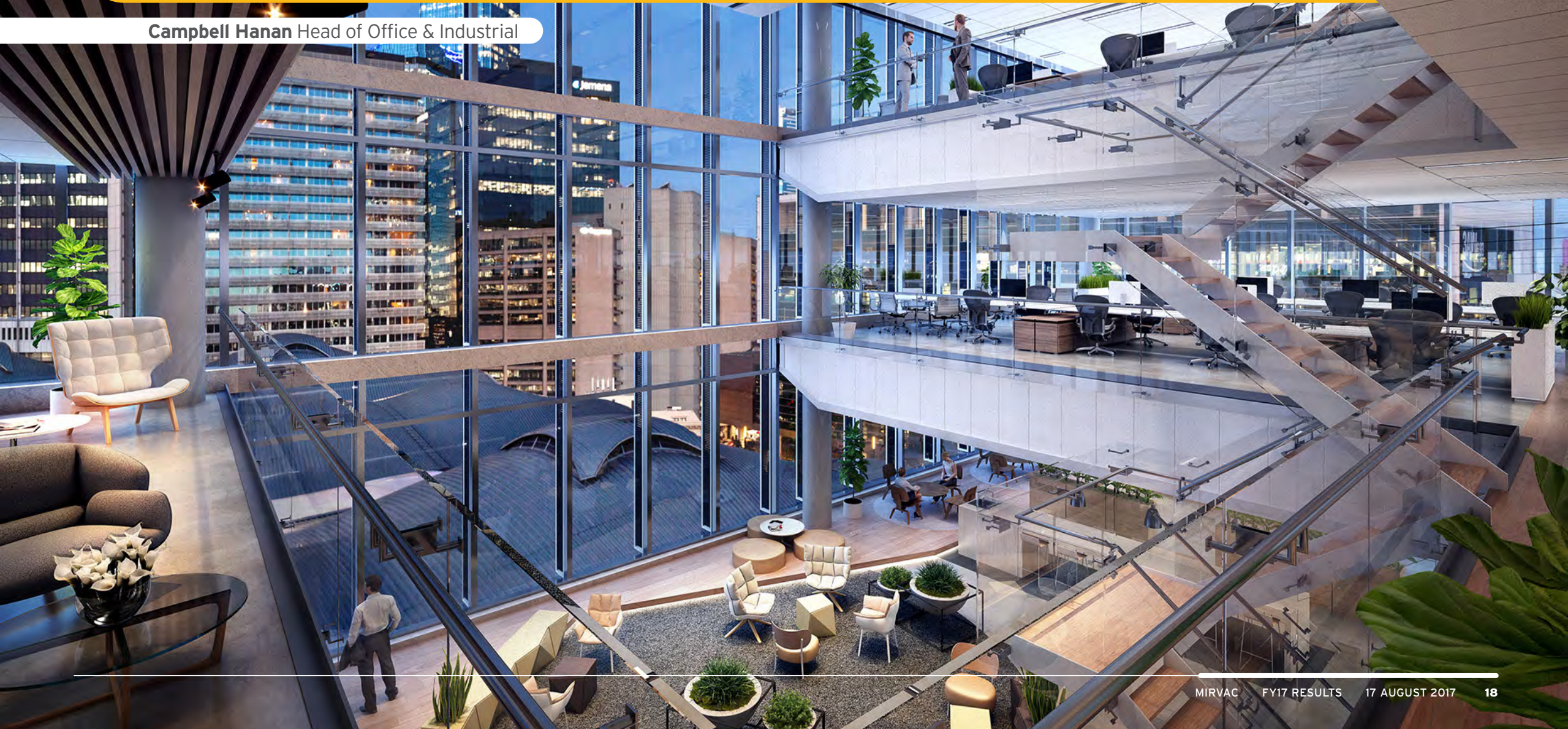
- › The proportion of total returns since FY15 from capital has been driven higher by cap rate compression
- › Over the last 3 to 5 years we have divested non-core assets, re-investing this capital to fund our development pipeline and repositioning assets across our portfolio
- › Expectation of reduced reliance on capital appreciation with greater contribution from income growth driven by delivery of development pipeline

Shifting return composition – Office, Industrial, Retail

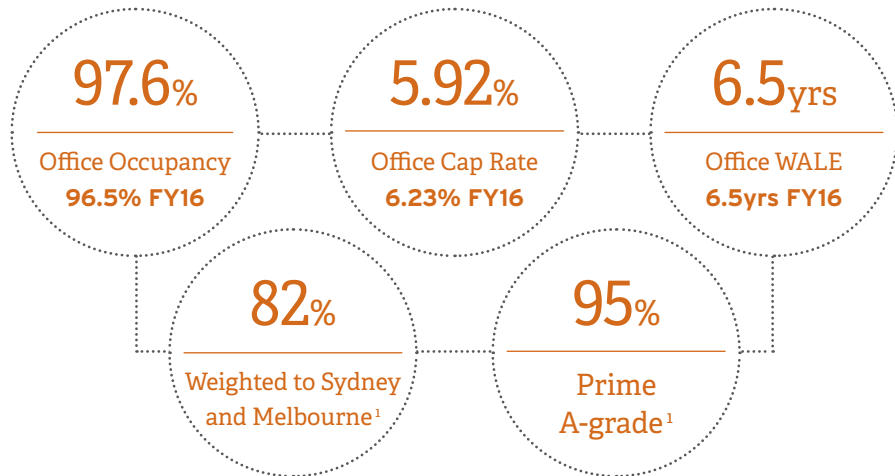


OFFICE & INDUSTRIAL

Campbell Hanan Head of Office & Industrial



Office portfolio transition now accelerating



- > 2H17 NOI \$14m higher than 1H17
- > Executed 113,200 sqm of leasing deals²
 - Attractive 5.0% leasing spreads³
 - Incentives reduced from 24% to 19%³
- > Strong net valuation uplift of \$388m reflecting annual value growth of 8.3%⁴
 - 67% of portfolio externally valued during the year
 - Capitalisation rate compression of 31bps
- > Like-for-like NOI growth impacted by transformation activities to re-position portfolio

1. By book value
 2. Including 48,200sqm of development leasing at 664 Collins Street and 477 Collins Street
 3. Excludes development leasing
 4. Net gain on fair value of investment properties divided by book value prior to revaluation. Excludes transaction costs for acquisitions
 5. Including heads of agreements

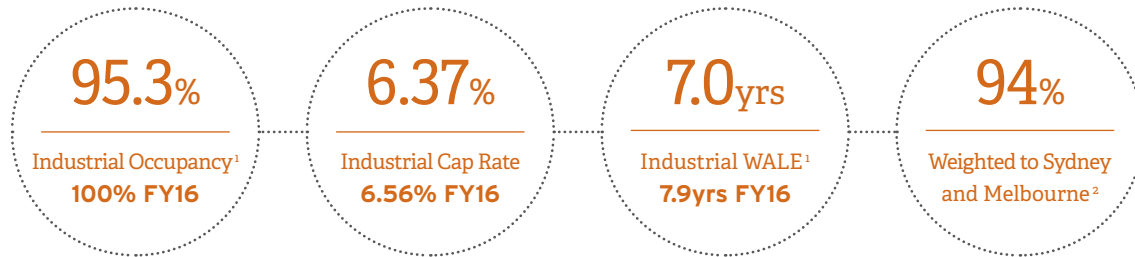
FY17 Key Achievements

- > Maintained 6.5yr WALE
- > Strong 8.3% valuation uplift
- > Completed 2 Riverside Quay development ahead of schedule
- > 10.2% effective growth through reduced incentives
- > Maintained attractive leasing spreads of 5.0%
- > Successful sell-down of 644 and 477 Collins Street to new capital partners

Major Office leasing deals

| Tenant | Asset | Sector | Area (sqm) |
|----------|----------------------|--------|---------------------|
| Various | 664 Collins St, VIC | Office | 26,200 ⁵ |
| Deloitte | 477 Collins St, VIC | Office | 22,000 |
| Various | 101 Miller St, NSW | Office | 16,633 |
| Westpac | 275 Kent St, NSW | Office | 15,715 |
| WPP | 380 St Kilda Rd, VIC | Office | 3,815 |

Industrial portfolio providing high quality and resilient income



- Valuation uplift of \$40m reflecting annual growth of 4.8%³
 - 54% of portfolio externally valued during the year
 - 19bps cap rate compression

Major Industrial leasing deals

| Tenant | Asset | Sector | Area (sqm) |
|---------------------------|---------------------------|------------|------------|
| Confidential | Calibre (Building 4), NSW | Industrial | 31,100 |
| CEVA Logistics | Calibre (Building 1), NSW | Industrial | 19,093 |
| Confidential ⁵ | Calibre (Building 2), NSW | Industrial | 17,000 |
| Clarke Equipment | 1-47 Percival Road, NSW | Industrial | 5,435 |

1. Industrial occupancy increases to 99.4% and WALE increases to 7.3 yrs, excluding impact of acquisition of 36 Gow Street, Padstow
 2. By book value
 3. Net gain on fair value of investment properties divided by book value prior to revaluation. Excludes transaction costs for acquisitions
 4. Includes heads of agreement for Building 2
 5. Heads of agreement executed post 30 June 2017

FY17 Key Achievements

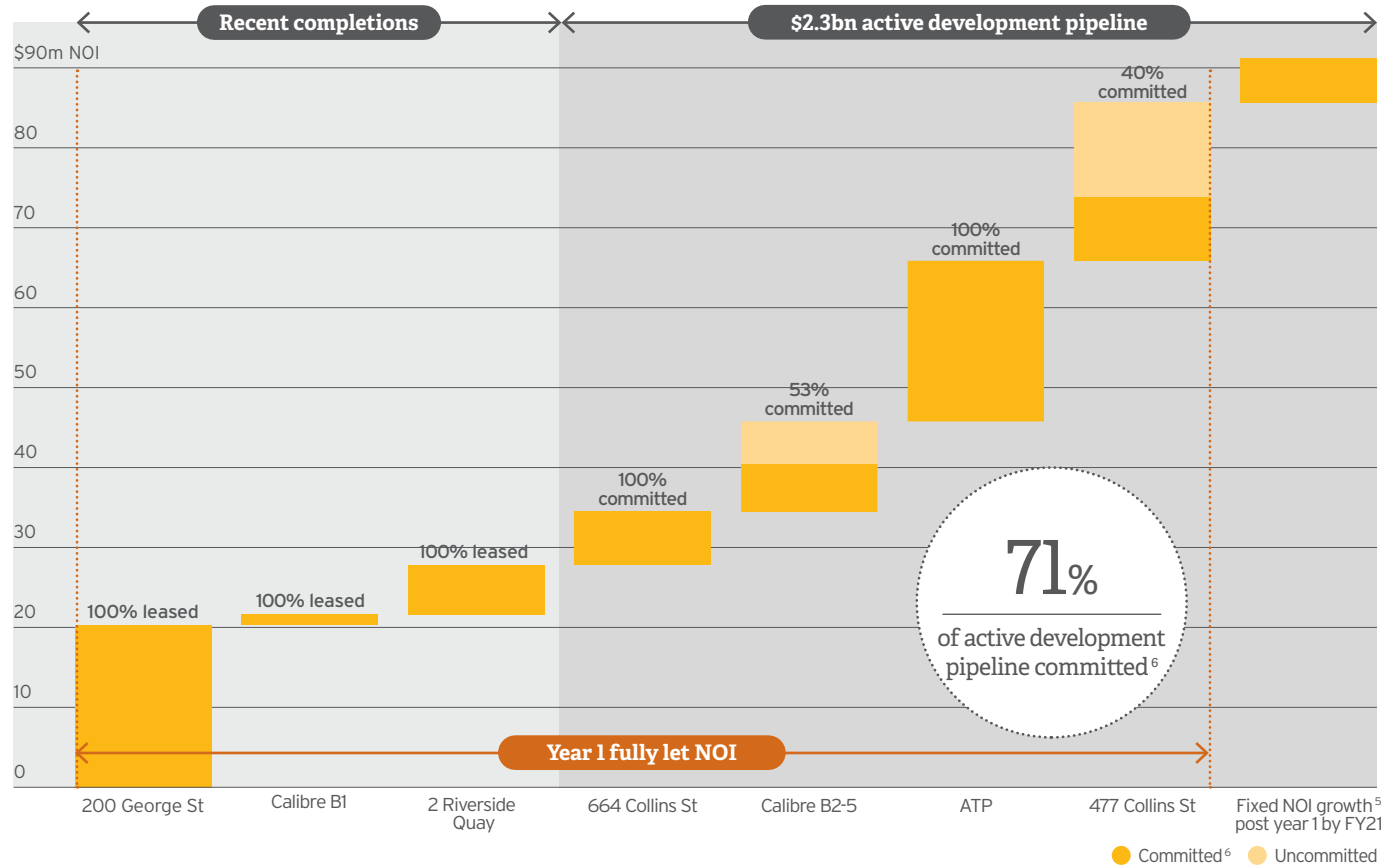
- Maintained attractive 7.0yr WALE
- Acquired two Sydney properties
- Completed Calibre Building 1 - 100% leased
- Commenced construction of Calibre Buildings 2, 3 and 4 and secured tenant pre-commitments⁴ for Buildings 2 and 4



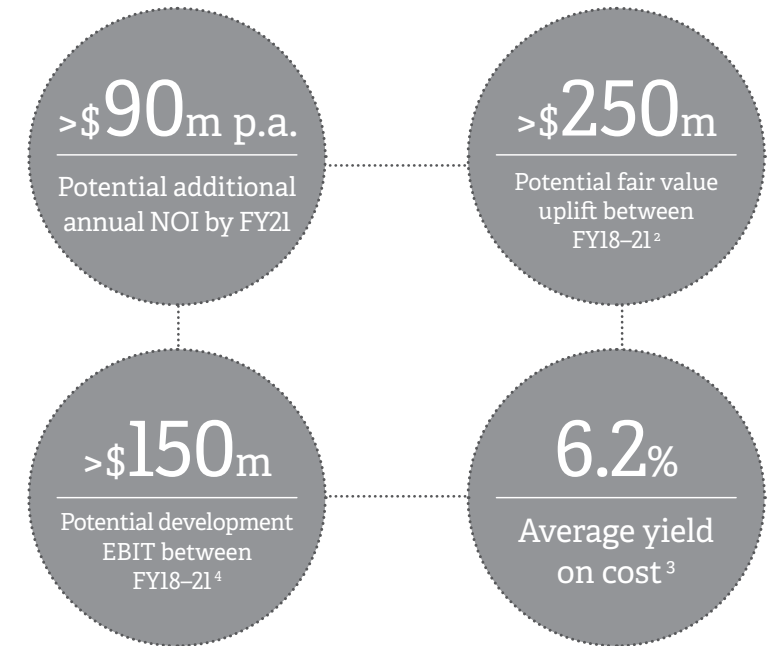
CALIBRE BUILDING 1, 60 WALLGROVE RD, NSW

Modernisation of Office & Industrial portfolio driving future earnings growth

Additional high quality income from office and industrial developments¹ FY17-21



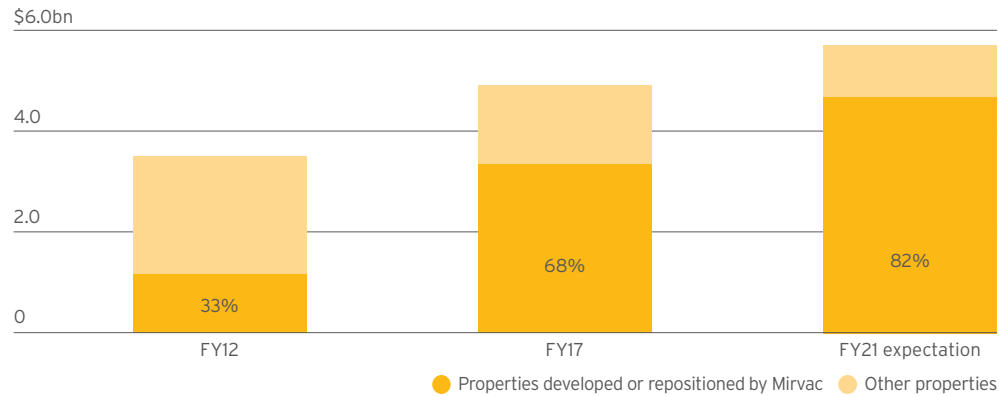
Recent development completions and \$2.3bn active development pipeline have potential to deliver >\$90m of additional annual NOI by FY21



- Based on 100% occupancy and 50% ownership, other than ATP at 33.3% ownership and Calibre (all buildings) at 100% ownership
- Potential fair value uplift based on 4.97% cap rate for 664 Collins Street, 4.80% cap rate for 477 Collins Street, 5.0% cap rate for Australian Technology Park and 6.0% cap rate for Calibre buildings
- Active development pipeline only
- Potential future development EBIT from developments partially sold-down to capital partners (664 Collins Street, 477 Collins Street and Australian Technology Park developments)
- Expected fixed NOI growth relates to both recently completed projects and active development projects
- Includes heads of agreements

Transformation of Office portfolio since FY12

Evolution of Office portfolio



~\$4.2bn
New office assets created or being created between FY12 & FY21¹



664 Collins Street case study



- > 100% committed²
- > 10.3 year WALE
- > Quality tenant covenants
- > 50% sale at 4.97% cap rate
- > 6.8% target yield on cost
- > >30% return on cost target

477 Collins Street case study



- > 40% committed
- > Quality tenant covenant
- > 50% sale at 4.80% cap rate
- > 6.0% target yield on cost
- > >30% return on cost target

1. 100% interest
2. Including heads of agreements

Strong FY18 outlook

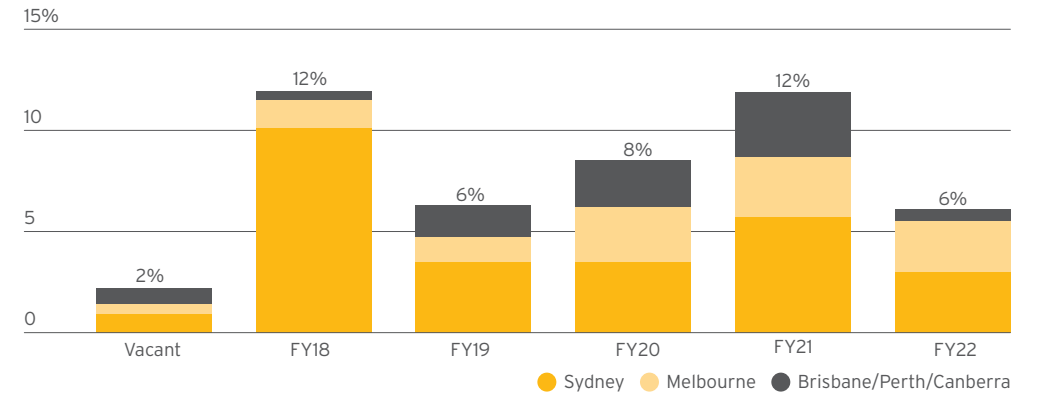
Office & Industrial portfolio benefiting from high allocation to Sydney and Melbourne markets

- > 84% of portfolio strategically weighted to the strongly performing Sydney and Melbourne markets
- > Exposure to Melbourne office expected to reach ~30% by FY21 from 24% today
- > 97% of FY18 Office expiries and 100% of FY18 Industrial expiries relate to Sydney and Melbourne properties

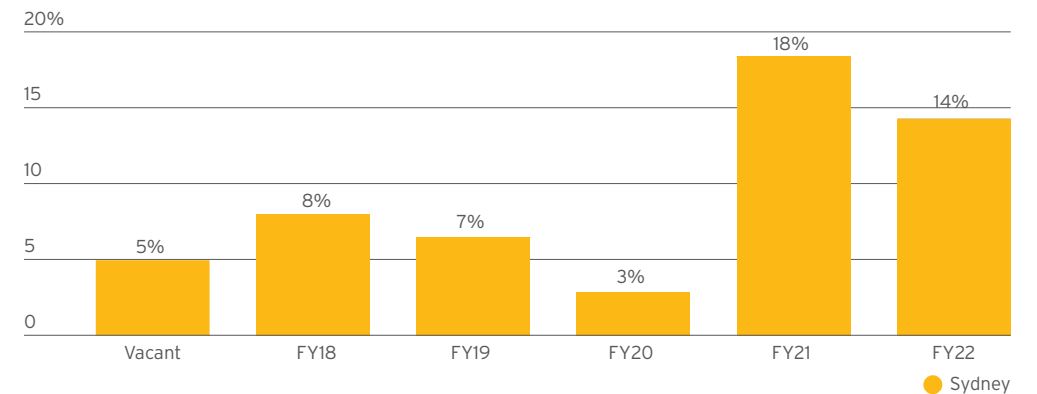
Strong Office & Industrial outlook for FY18

- > Strong double digit like-for-like NOI growth expected in FY18
- > FY18 earnings growth driven by
 - Full year benefit of 2 Riverside Quay and 200 George Street together with higher contributions from 60 Margaret Street and 101 Miller Street
 - Completion of 664 Collins Street development (development profit and NOI)
 - Full year contributions from Calibre Building 1 completion and Gow Street acquisition
 - Targeted divestment of industrial asset at Pratt Boulevard, Chicago
- > Future growth driven by
 - Completions of 664 Collins Street, 477 Collins Street, Australian Technology Park and Calibre developments
 - 95% exposure to premium and A-grade Office assets
 - Continued modernisation of portfolio as \$2.3bn active development pipeline delivered
 - 45% of portfolio younger than 10 years old with lower ongoing maintenance capex

5-year Office lease expiry profile (by income)



5-year Australian Industrial lease expiry profile (by income)



RETAIL

Susan MacDonald Head of Retail

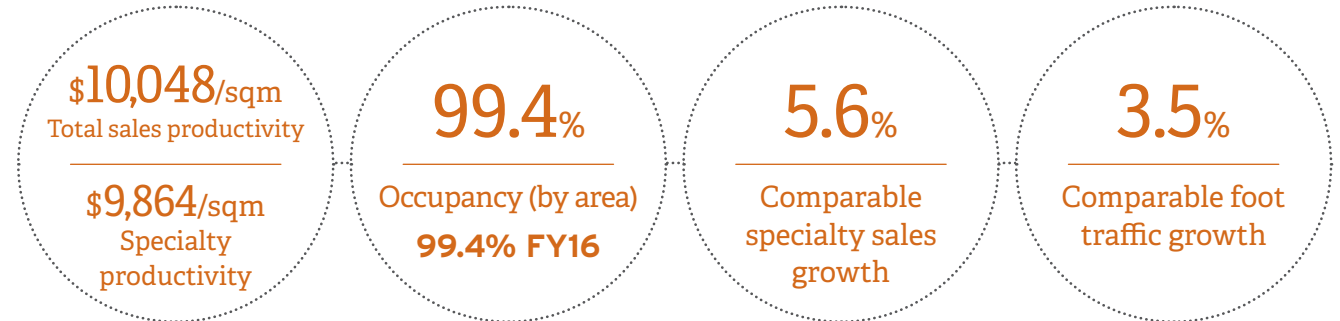


Achieved FY17 targets

FY17 TARGETS

- ✓ Increase sales productivity to \$10,000/sqm
- ✓ Occupancy >99%
- ✓ Leasing spreads >2%
- ✓ EBIT growth >25% on FY16

- > Solid 3.0% like-for-like income growth supported by attractive urban catchments and dynamic retail tenant mix
- > Leased ~12.6% of portfolio GLA (359 transactions across 54,305sqm)
- > Positive leasing spreads of 3.2%
 - 3.6% replacements
 - 3.0% renewals
- > Strong total comparable MAT growth of 4.1% and specialties sales growth of 5.6%
- > Net valuation uplift of 3.9%¹ driven by post development gains at Broadway Sydney and Orion Springfield Central
- > Weighted average capitalisation rate 5.67%



Retail sales by category

| | FY17 Total MAT | FY17 Comparable MAT | FY17 Comparable MAT growth |
|----------------------------|-----------------|---------------------|----------------------------|
| Supermarkets | \$1,078m | \$949m | 2.3% |
| Discount Department Stores | \$247m | \$211m | (0.7%) |
| Mini-majors | \$521m | \$453m | 7.3% |
| Specialties | \$1,139m | \$1,023m | 5.6% |
| Other Retail | \$228m | \$164m | 2.5% |
| Total | \$3,213m | \$2,800m | 4.1% |

1. Net gain on fair value of investment properties divided by book value prior to revaluation. Excludes transaction costs for acquisitions.

Acquisitions and developments in urban catchments underpin growth and value

RECENT COMPLETIONS STABILISING WELL →

| | | |
|--|---|--|
| <p>ORION, SPRINGFIELD, BRISBANE</p> <p>COMPARABLE! SPECIALTY MAT UP 5.5%</p> <p>> AVERAGE LEASING SPREADS < AVERAGE INCENTIVES</p> | <p>BROADWAY, SYDNEY</p> <p>SPECIALTY PRODUCTIVITY UP 5.9%</p> <p>COMPARABLE! SPECIALTY MAT UP 4.5%</p> <p>> AVERAGE LEASING SPREADS < AVERAGE INCENTIVES</p> | <p>TRAMSHEDS, SYDNEY</p> <p>SPECIALTY SALES APPROACHING \$10,000/SQM ON ONLY 9 MONTHS TRADE</p> |
|--|---|--|

COMMITTED PIPELINE →

| | | | | |
|---|---|---|---|---|
| <p>BIRKENHEAD POINT, STAGE 1, SYDNEY</p> <p>~7% YIELD ON COST</p> | <p>EAST VILLAGE, ZETLAND, SYDNEY</p> | <p>SOUTH VILLAGE, KIRRAWEE, SYDNEY</p> | <p>KAWANA SHOPPINGWORLD, BUDDINA</p> | <p>HARBOURSIDE, SYDNEY</p> <p>>\$1bn FUTURE PIPELINE</p> |
|---|---|---|---|---|

FUTURE PIPELINE →

- \$19m development completed Aug 17 and 100% leased
- Premium retailers include Bally, Coach, Harrolds, Michael Kors and Peters of Kensington

- 49.9% interest acquired on 1 July 16
- Debuted as number 1 in Australia Little Guns survey²

- Agreement to acquire an interest in a future retail asset³
- Mirvac maintain development leasing rights
- Affluent, under-supplied urban retail catchment

- \$56m cinema, alfresco dining precinct and car park expansion
- Construction commencing in Aug 17
- Forecast yield on cost >6%
- 85% of area pre-committed

- Stage 1 DA submitted for Harbourside proposal
- Target approvals for Rhodes Aldi and Toombul dining precinct developments in FY18
- Planning focus on St Marys, Broadway and Birkenhead Point

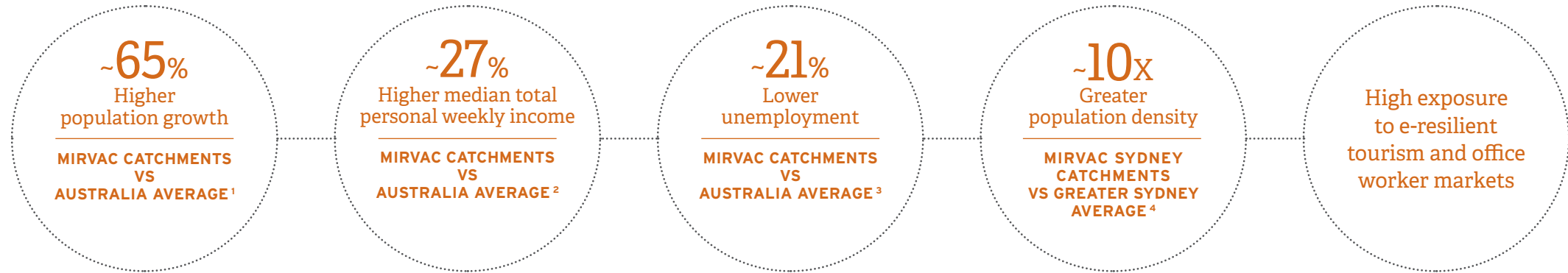
1. Comparable specialty store sales growth represents retailers trading for at least 24 months, with the level of growth demonstrating the impact development has had on the existing asset

2. Total sales productivity \$/sqm as per Shopping Centre News 2016 survey for centres between 20,000 and 50,000sqm

3. Price based on a 6.0% capitalisation rate of leased income on completion

Not all retail is created equal

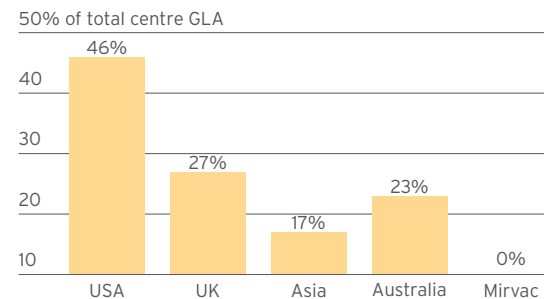
Superior urban market fundamentals



Resilient tenant composition within those markets

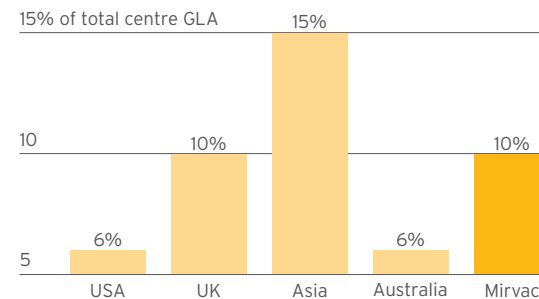
UNDERWEIGHT VULNERABLE CATEGORIES

Department stores

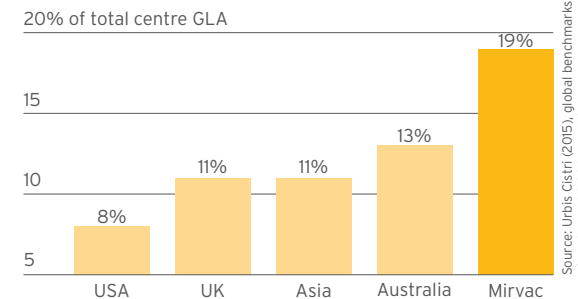


OVERWEIGHT RESILIENT & EXPERIENTIAL USES

Food and beverage



Entertainment and non-retail



Mirvac remixing outcomes

Upweight categories

- > Food catering
- > Non-retail
- > Entertainment

Downweight categories

- > Homewares
- > Jewellery
- > General merchandise
- > Discount department stores

1. Estimated Mirvac SA2 catchment population CAGR of 2.8% versus Australian population CAGR of 1.7% (2011-2016). Source: Census 2016, Mirvac Research
 2. Estimated Mirvac SA2 catchment median total personal weekly income of \$842 versus Australian median personal weekly income of \$662. Source: Census 2016, Mirvac Research
 3. Mirvac catchment unemployment rate of 4.5% versus Australian unemployment rate of 5.7%. Source: Department of Employment, Small Area Labour Markets - March 2017, Mirvac Research
 4. Estimated Mirvac Sydney catchment population density of 3,906 persons per square kilometre versus Greater Sydney population density of 390 persons per square kilometre. Source: Census 2016, Mirvac Research

Mirvac positioning and outlook

Management agility is key

- › Broadening capability through consumer insights, tourism and food and beverage specialists to extract greater sales productivity
- › Development focused on experience and enhancing overall asset performance
- › Accelerated experiential capex program
- › Increased strategic churn of retailers

FY18 outlook

- › Mirvac's strength of mix and exposure to high-performing markets is expected to drive continued sales growth, despite national growth softening
- › Challenging but stable leasing outlook with manageable expiry profile
- › Capex and churn rates above long-term averages
- › Expected Kawana Shoppingworld divestment (QLD) to impact FY18 EBIT
- › Mirvac's urban portfolio well positioned to respond to growth of online and omni-channel

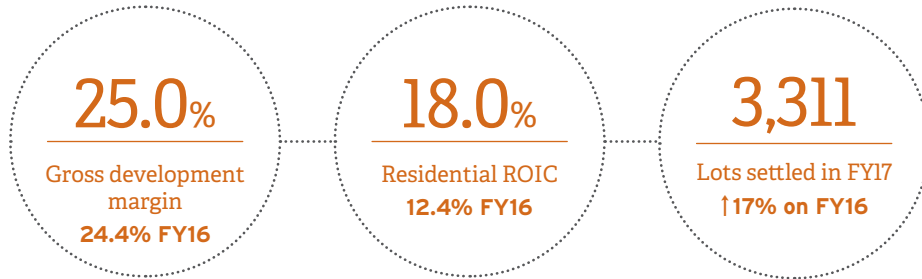


RESIDENTIAL

Stuart Penklis Head of Residential

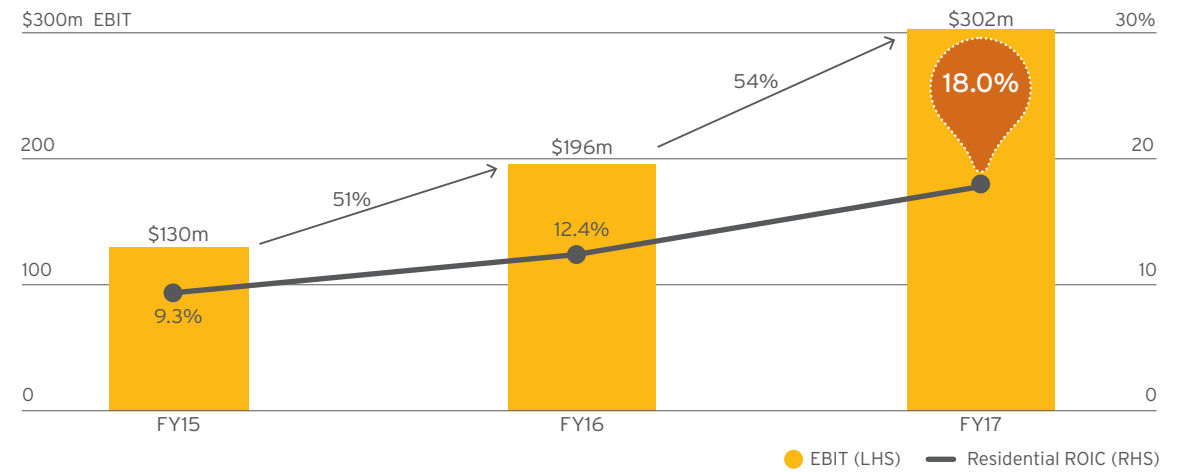


FY17 targets exceeded with 54% EBIT growth



- > Total of 3,094 lot sales achieved in FY17
- > Continued strong masterplanned community project sales
 - Woodlea, VIC (802 lots)
 - Gainsborough Greens, QLD (366 lots)
 - Googong, NSW (263 lots)
 - Olivine, VIC (77 lots)
 - Tullamore, VIC (49 lots)
- > Strong apartment sales reflect quality locations, product and brand
 - Pavilions, Sydney Olympic Park, NSW (195 lots)
 - Marrick & Co, NSW (115 lots)
 - The Eastbourne, VIC (91 lots)
 - Ascot Green, QLD (39 lots)
 - Leighton Beach, WA (30 lots)
 - Claremont, WA (27 lots)
- > Defaults of <2% remain in-line with long-term average

Strong residential performance

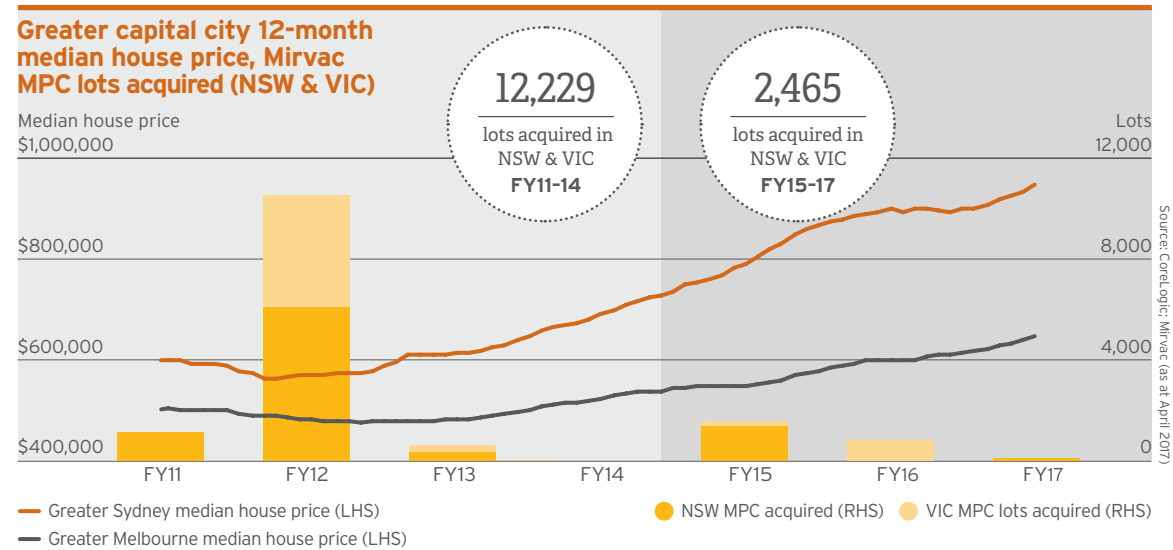


FY17 major EBIT contributors

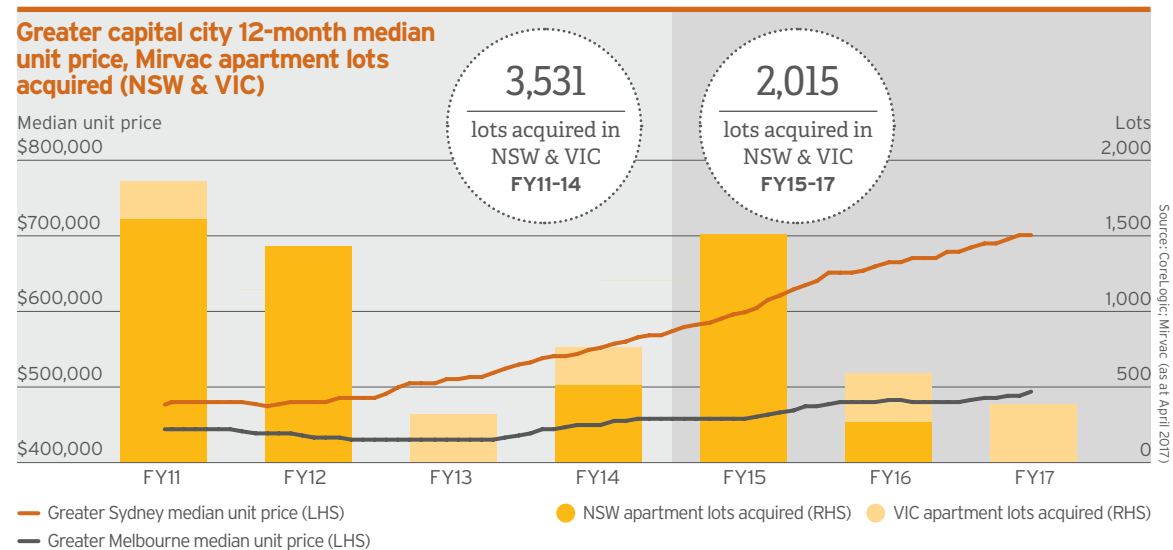
| Apartments | | Masterplanned communities | |
|------------|-------------------------|---------------------------|--------------------------|
| | Lots settled | | Lots settled |
| 1 | Waterfront, Unison, QLD | 1 | Woodlea, VIC |
| | 265 | | 679 |
| 2 | The Moreton, NSW | 2 | Gainsborough Greens, QLD |
| | 190 | | 430 |
| 3 | Green Square, NSW | 3 | Tullamore, VIC |
| | 174 | | 162 |
| 4 | Yarra's Edge, VIC | 4 | Crest, NSW |
| | 173 | | 157 |
| 5 | Harold Park, NSW | 5 | Brighton Lakes, NSW |
| | 67 | | 107 |

Pipeline restocked when pricing attractive

- > Embedded margins within Residential pipeline reflects our ability to read the cycle and acquire when pricing was attractive
- > Prudent approach to restocking over FY16 and FY17
- > Future restocking opportunities emerging as competition for sites reduces, however vigilance and focus on core capabilities and customer demand maintained
- > Partner of choice with land owners and Government



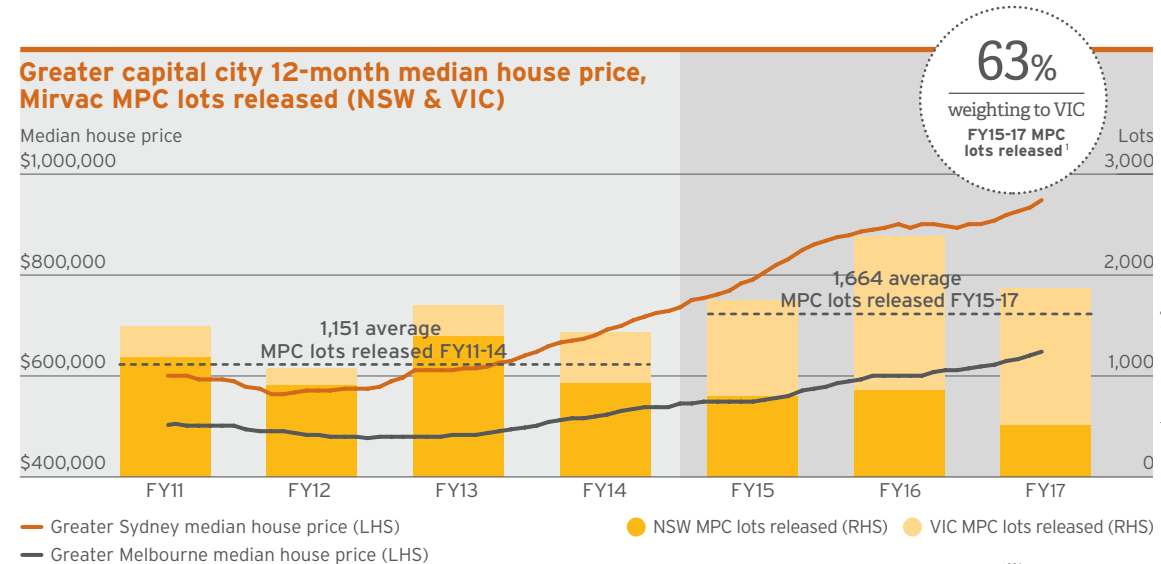
~400%
Higher MPC lot acquisitions
FY11-14 vs FY15-17



75%
Higher average apartment lot acquisitions
FY11-14 vs FY15-17

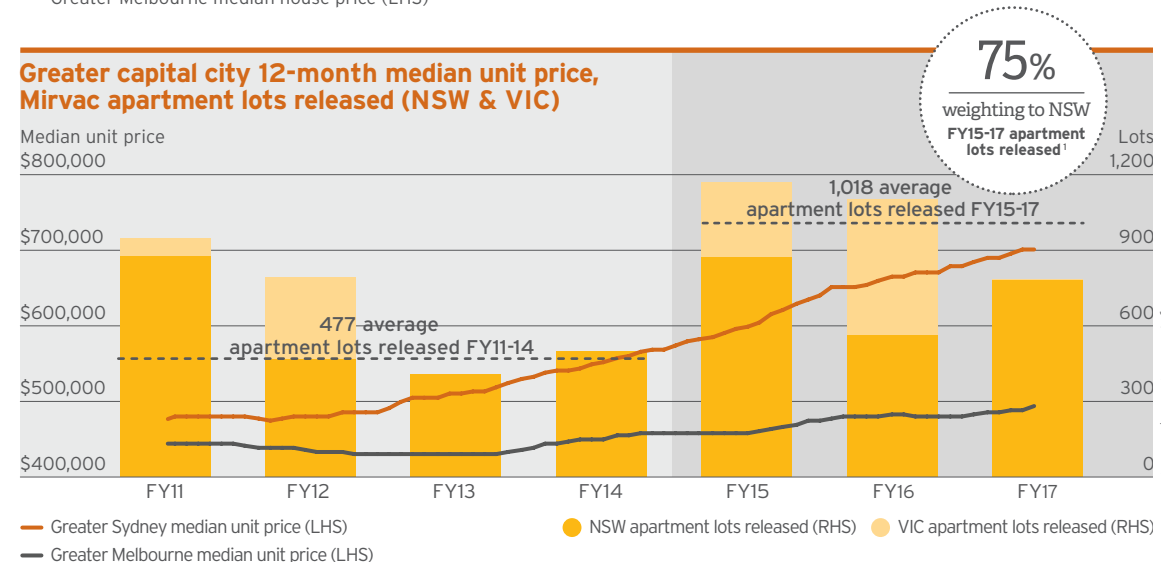
Taking advantage of strong residential markets

- Project launches accelerated into strong residential markets to lock in upside
- Strong FY17 sales activity reflecting well located, high quality product
 - 76% of lot sales achieved in FY17 weighted to NSW and Victorian markets
 - 81% of lots released in NSW and Victoria in FY17 were sold
- Above average lot releases in FY15-17 provides support for earnings over the next 3 years
- Lot releases expected to moderate post strong FY15-17 period



45%

Higher average MPC lots released FY15-17 vs FY11-14



113%

Higher average apartment lots released FY15-17 vs FY11-14

1. Percentage based on lots released in NSW and VIC only

Pre-sales pipeline supports earnings visibility

- > \$2.7bn¹ pre-sales pipeline and strong embedded margins support earnings visibility
- > FIRB pre-sales exposure reduced to 24% (26% at HY17)
- > Quality of Mirvac product continues to attract high quality buyers
- > Recent sales launches demonstrate strong demand for Mirvac product
 - Marrick & Co
 - Pavilions
 - Tullamore
 - Woodlea
 - The Eastbourne

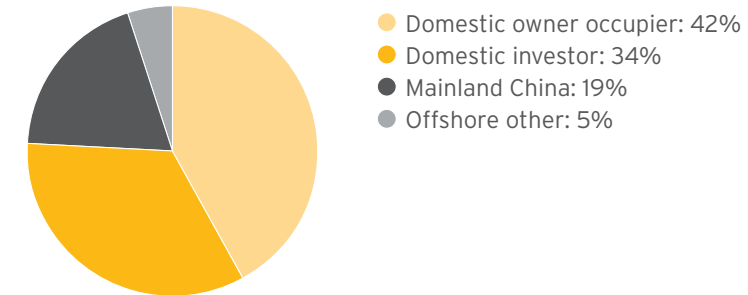
85%

of pre-sales
NSW & VIC

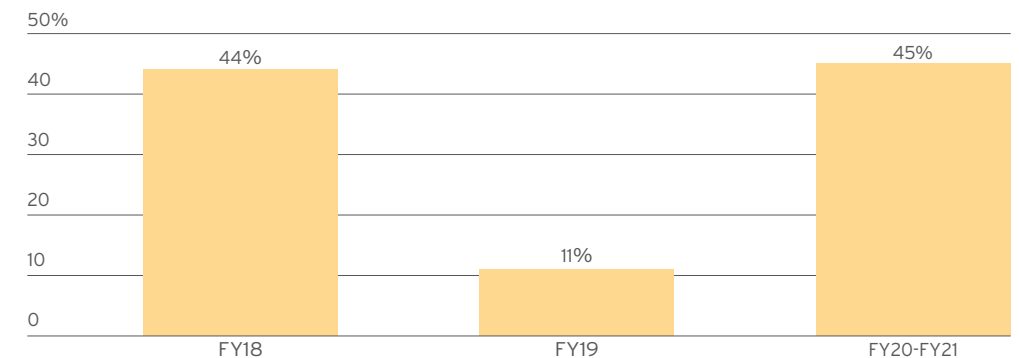
25%

Pre-sales average
project margins

\$2.7bn pre-sales by buyer profile



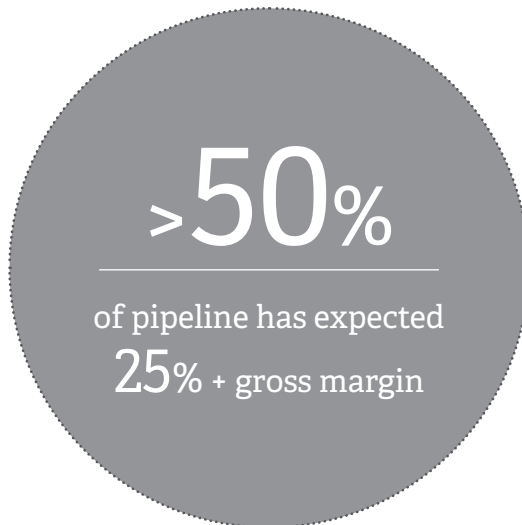
\$2.7bn pre-sales expected settlement profile



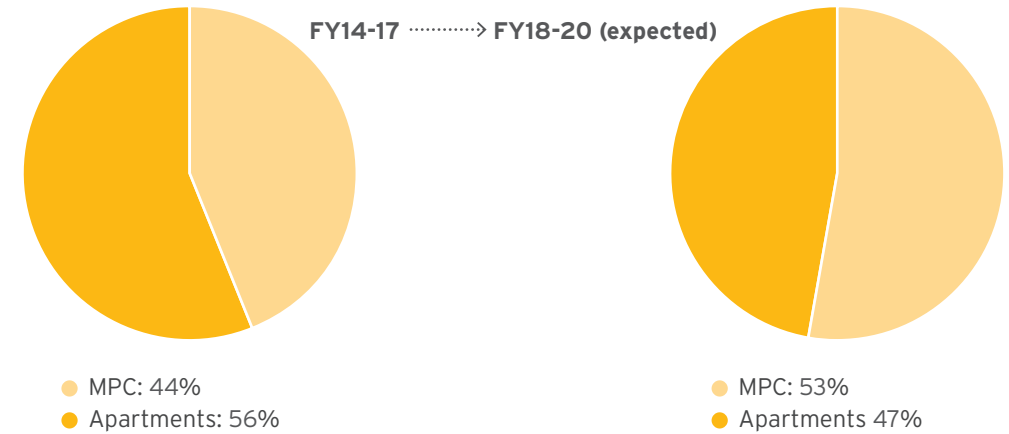
1. Adjusted for Mirvac's share of JVA and managed funds

Outlook underpinned by high quality pipeline

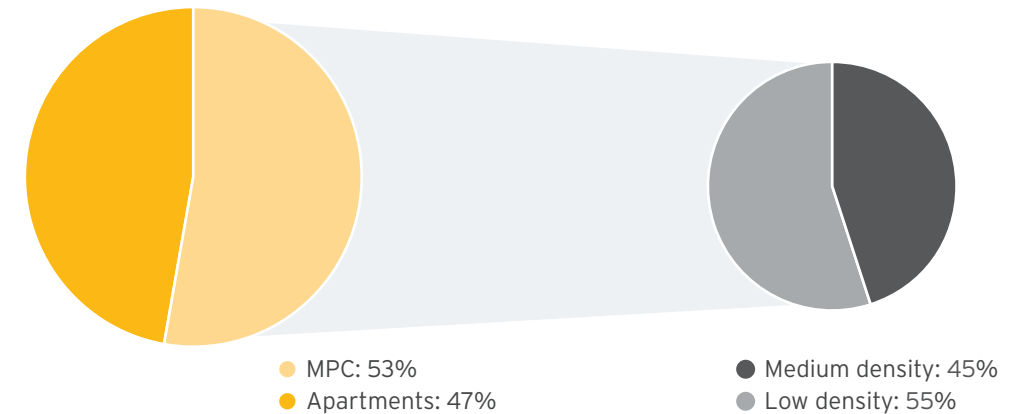
- > Sustainability of Residential earnings supported by
 - Strong embedded margins
 - Strength of brand and customer loyalty
 - High quality product designed for the owner-occupier market
 - Lower competition for sites
 - Reduced market supply as lending conditions tighten
- > Attractive margins embedded in Residential pipeline
 - Strong embedded margins demonstrate ability to read the cycle
- > Residential EBIT contribution balancing between apartment projects and masterplanned communities



Residential EBIT contribution



Expected Residential EBIT contribution – FY18-20



Well positioned to benefit from strong Sydney and Melbourne conditions, Government policy and urbanisation trends

- › Mirvac benefiting from strategic weighting to Sydney and Melbourne
- › Government policy aligned with Mirvac's capabilities
 - Mandated priority growth areas and precincts
 - Investment in major transport oriented developments (TODS)
- › Trends that play to Mirvac's strengths
 - Urban regeneration
 - Densification, particularly in city and inner and middle ring areas
 - Mixed-use developments

Mirvac transport oriented developments expected to benefit from Sydney Metro project

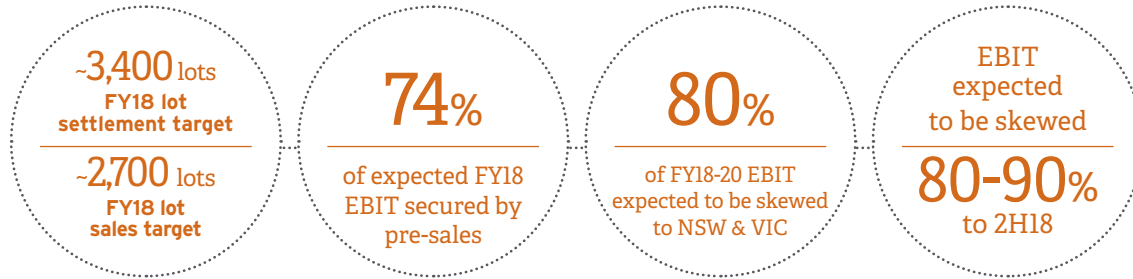


1. Held under an option agreement subject to re-zoning

2. Site owned by Mirvac and progressing re-zoning opportunities

3. Project Delivery Agreement with the Australian Turf Club subject to re-zoning

Expect to maintain improved profitability and capital efficiency in FY18

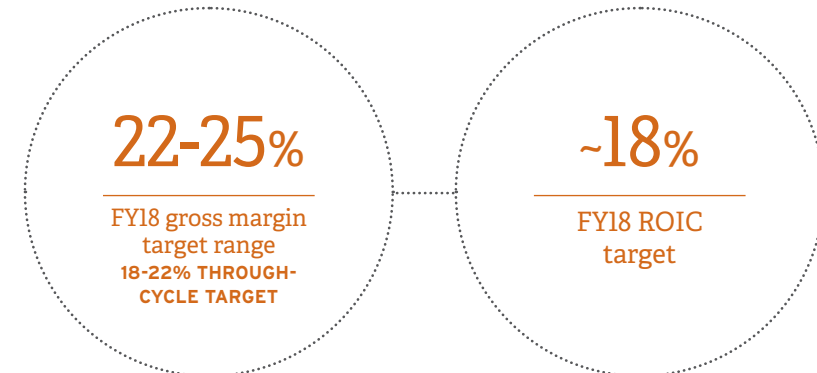


- > Continued earnings growth despite shifting market conditions reflects quality of Mirvac locations, product and brand strength
- > FY18 Residential EBIT expected to be weighted
 - 86% to NSW and Victoria
 - 42% to apartments and 58% to masterplanned communities
- > Continue to target ~\$2bn capital allocation to Residential
 - Preference for capital efficient transactions
 - Continue to pursue growth with third-party capital partners
 - ~18% ROIC target in FY18

FY18 expected major EBIT contributors

| Apartments | FY18 lot target | % pre-sold | Masterplanned communities | FY18 lot target | % pre-sold |
|--------------------------|-----------------|------------|----------------------------|-----------------|------------|
| 1 Green Square, NSW | 272 | 100% | 1 Woodlea, VIC | 899 | 98% |
| 2 Harold Park, NSW | 232 | 99% | 2 Gainsborough Greens, QLD | 320 | 5% |
| 3 The Finery, NSW | 167 | 100% | 3 Tullamore, VIC | 159 | 79% |
| 4 Art House, QLD | 104 | 88% | 4 Brighton Lakes, NSW | 146 | 78% |
| 5 Beachside Leighton, WA | 87 | 95% | 5 Crest, NSW | 104 | 26% |

TOP 10 PROJECTS TO CONTRIBUTE 79% OF EXPECTED FY18 RESIDENTIAL EBIT



SUMMARY & GUIDANCE

Susan Lloyd-Hurwitz CEO and Managing Director



Urban Strategy

SECURE YIELD

>\$9.0bn modern investment portfolio

High portfolio occupancy

Long average lease terms

Embedded rent growth

Potential
to deliver

9%+

3 year average
group ROIC

DISCIPLINED GROWTH

Proven asset creation track record

Attractive returns

Highly visible residential cashflows

High quality pipeline

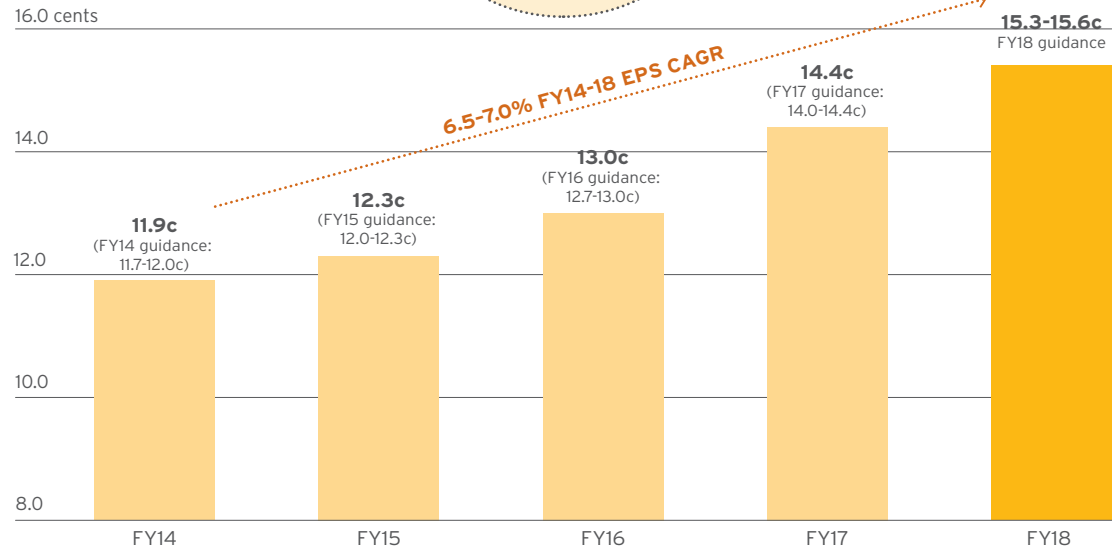
Clear and focused urban strategy will deliver attractive investor returns

FY18 guidance

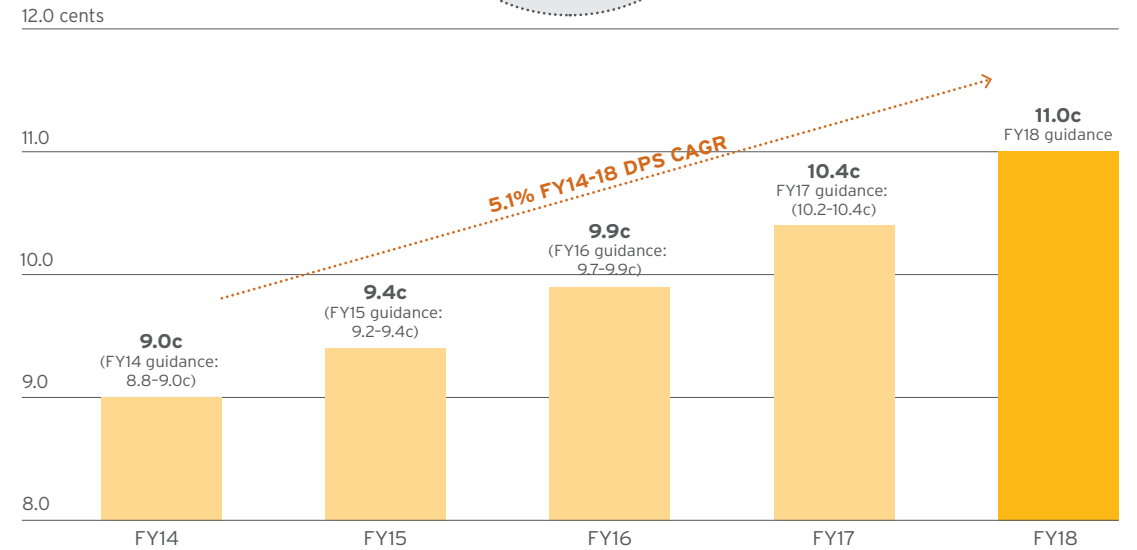
FY18 EPS
6-8%
Growth
on FY17

FY18 DPS
6%
Growth
on FY17

Operating EPS



DPS



Important Notice

Mirvac Group comprises Mirvac Limited (ABN 92 003 280 699) and Mirvac Property Trust (ARSN 086 780 645). This presentation (“Presentation”) has been prepared by Mirvac Limited and Mirvac Funds Limited (ABN 70 002 561 640, AFSL number 233121) as the responsible entity of Mirvac Property Trust (collectively “Mirvac” or “the Group”). Mirvac Limited is the issuer of Mirvac Limited ordinary shares and Mirvac Funds Limited is the issuer of Mirvac Property Trust ordinary units, which are stapled together as Mirvac Group stapled securities. All dollar values are in Australian dollars (A\$).

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To the extent that any general financial product advice in respect of the acquisition of Mirvac Property Trust units as a component of Mirvac stapled securities is provided in this Presentation, it is provided by Mirvac Funds Limited. Mirvac Funds Limited and its related bodies corporate, and their associates, will not receive any remuneration or benefits in connection with that advice. Directors and employees of Mirvac Funds Limited do not receive specific payments of commissions for the authorised services provided under its Australian Financial Services License. They do receive salaries and may also be entitled to receive bonuses, depending upon performance. Mirvac Funds Limited is a wholly owned subsidiary of Mirvac Limited.

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This Presentation contains certain “forward looking” statements. The words “expected”, “forecast”, “estimates”, “consider” and other similar expressions are intended to identify forward looking statements. Forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these statements. To the full extent permitted by law, Mirvac Group and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions. Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current year amounts and other disclosures.

This Presentation also includes certain non-IFRS measures including operating profit after tax. Operating profit after tax is profit before specific non-cash items and significant items. It is used internally by management to assess the performance of its business and has been extracted or derived from Mirvac’s financial statements ended 30 June 2017, which has been subject to audit by its external auditors.

This Presentation is not an offer or an invitation to acquire Mirvac stapled securities or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. It is for information purposes only.

The information contained in this presentation is current as at 30 June 2017, unless otherwise noted.



THANK
YOU

17 AUGUST 2017

Reimagine urban life

Appendix 4E – Full Year Report
For the year ended 30 June 2017
(Previous corresponding period 30 June 2016)



MIRVAC GROUP

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

Results for Announcement to the Market

| | | | 2017 | 2016 |
|---|------|-----|-------|-------|
| | | | \$m | \$m |
| Total revenue and other income | down | 1% | to | |
| | | | 3,021 | 3,052 |
| Profit for the year attributable to the stapled securityholders | up | 13% | to | |
| | | | 1,164 | 1,033 |
| Operating profit after tax | up | 11% | to | |
| | | | 534 | 482 |

| Distributions | Record date | Amount per security | Franked amount per security |
|---|--------------------|----------------------------|------------------------------------|
| Interim distribution paid on 28 February 2017 | 31 December 2016 | 4.9 cents | - |
| Final distribution payable on 31 August 2017 | 30 June 2017 | 5.5 cents | - |
| Total distribution for the year | | 10.4 cents | - |

Additional Information

| Ratios | 2017 | 2016 |
|--|-------------|-------------|
| Profit before income tax / Total revenue and other income | 36.5% | 35.2% |
| Profit for the year attributable to the stapled securityholders of Mirvac / Total equity | 14.6% | 14.4% |

| Earnings per stapled security (EPS) | 2017 | 2016 |
|--|-------------|-------------|
| Basic EPS | 31.4 cents | 27.9 cents |
| Diluted EPS ¹ | 31.4 cents | 27.9 cents |

¹ Diluted EPS includes dilutive potential ordinary securities from security based payments.

| Net Tangible Asset (NTA) backing per ordinary security | 2017 | 2016 |
|---|-------------|-------------|
| Excluding EIS securities | \$2.13 | \$1.92 |
| Including EIS securities | \$2.13 | \$1.92 |

Vibrant cities depend on
well-connected places to work, live and play.

The background of the entire page is a warm, golden-hued photograph of a man in a white shirt carrying a young child on his shoulders. Both are smiling and looking upwards. At the bottom of the image, there is a semi-transparent overlay of a city skyline at sunset, with palm trees in the foreground.

Reimagine urban life

ABOUT THIS REPORT

The 2017 Annual Report is a consolidated summary of Mirvac Group's operations, performance and financial position for the year ended 30 June 2017. In this report, unless otherwise stated, references to 'Mircvac', '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 2017. 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 17 August 2017. The Directors have the power to amend and reissue the financial statements.

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

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About Mirvac

Mirvac is an integrated, urban property group and a key contributor to Australia's major cities.

Listed on the Australian Securities Exchange, Mirvac owns and manages assets across the office, retail and industrial sectors in its investment portfolio, and currently has over \$17bn of assets under management.

Through the Group's development activities, Mirvac also creates and delivers innovative and high-quality commercial assets and residential projects for its customers, while driving long-term value for its securityholders.

This integrated approach gives Mirvac a competitive advantage in the creation of superior assets across the entire lifecycle of a project; from planning and design through to construction and development, leasing, property management and long-term ownership.

The Group's integrated model also ensures a stable income and growth through a balance of passive and active capital.

With over 45 years of experience in the property industry, Mirvac continues to redefine Australia's landscape, creating more sustainable, connected and vibrant urban environments for people to work, shop, live and play.

Connected and vibrant urban environments.

FY17 Key Highlights

Mirvac's urban strategy delivered excellent results in FY17, with operating earnings up 11 per cent and distributions up 5 per cent, at the top end of guidance provided.



\$750m

earnings before interest and tax

OPERATING RESULTS

| | FY17 \$m | FY16 \$m |
|-----------------------|-------------|-------------|
| Office & Industrial | 319 | 358 |
| Retail | 156 | 117 |
| Residential | 302 | 196 |
| Corporate & other | (27) | (31) |
| Operating EBIT | 750 | 640 |

FY17 AT A GLANCE

↑
\$1.16bn
STATUTORY PROFIT
 13% increase on prior
 corresponding period

FY16
 \$1.03bn

↑
14.4cpss
EPS

FY16
 13.0cpss

↑
10.4cpss
DPS

FY16
 9.9cpss

↑
3,311
**RESIDENTIAL LOT
 SETTLEMENTS**

↑
\$2.7bn¹
**IN RESIDENTIAL
 PRE-SALES**

✓
**5.1 star
 NABERS**

average energy rating
 maintained across the
 office portfolio

↑
25%
**RESIDENTIAL GROSS
 MARGINS**

☀️
**LAUNCHED THE GROUP'S
 FIRST RECONCILIATION
 ACTION PLAN**

🌱
**INSTALLED FIRST MEGAWATT
 OF RENEWABLE ENERGY**

✓
12.4%
**RETURN ON INVESTED
 CAPITAL**

1. Adjusted for Mirvac's share of joint ventures and Mirvac managed funds.

Letter from the Chairman and CEO & Managing Director

Chairman &



Dear Securityholders,
The 2017 financial year was an outstanding year for Mirvac, and our ambition to reimagine urban life by creating, owning and managing high-quality assets in Australia's largest cities has delivered strong results across the Group, positioning us well for the future.

Driven by a deep understanding of our cities and our customers, we delivered an operating profit of \$534 million, up 11 per cent on FY16. This represents 14.4 cents per stapled security and is at the top end of guidance provided. Distributions for the financial year totalled \$386 million, representing 10.4 cents per stapled security, which was also at the top end of our previous guidance. Our statutory profit was up 13 per cent on FY16 at \$1.16 billion, driven by operating EBIT growth and a substantial uplift in property revaluations, and we delivered a return on invested capital of over 12 per cent.



\$534m

operating profit after tax

CEO



12%

return on invested capital

Within our Office & Industrial portfolio, we delivered operating EBIT of \$319 million, down 11 per cent on FY16 as a result of asset sales last financial year, although this was partially offset by the contribution from recently completed developments. A higher contribution from asset completions underpinned growth in our urban Retail business, which achieved operating EBIT of \$156 million, an increase of 33 per cent on FY16 and well ahead of our growth target of 25 per cent. In our Residential business, we delivered operating EBIT of \$302 million, a considerable 54 per cent increase, driven by a high volume of lot settlements and residential gross margins above our target range.

Our disciplined and conservative approach to managing our capital has ensured our financial position remains strong, with gearing at the lower end of our target range of between 20 to 30 per cent at 23.4 per cent. We have extended our average debt maturity significantly since 31 December 2015 to 6.2 years, following more than \$1 billion of debt refinancing in the past 12 months. We have substantial headroom within our financial covenants, and we remain focused on maintaining a healthy balance sheet to ensure we can continue to fund our significant commercial and residential development pipeline, while meeting our stated financial objectives.

OPERATIONAL HIGHLIGHTS

Along with our strong financial result, we delivered an exceptional performance in each sector.

The strategic repositioning of our office portfolio is well underway, as we create Australia's youngest and lowest capex portfolio. We are steadily regrowing the income that contracted following over \$780 million of asset sales in our office portfolio in FY16, and expect to add approximately \$90 million of net operating income to our office and industrial portfolio between now and 2021, with contributions from 200 George Street in Sydney and 2 Riverside Quay in Melbourne now starting to come through.

Our asset creation capability at this point of the cycle is important. We have continued to improve the quality of both our office and industrial portfolios and deliver superior returns with development completions at 2 Riverside Quay in Melbourne and Calibre in Sydney during the financial year, and by 2021 we will have added 477 Collins Street and 664 Collins Street in Melbourne to our portfolio, as well as the 93,000 square metre Australian Technology Park in Sydney. This strong committed commercial development pipeline will support high-quality income in the future.

We have a strong history of attracting quality capital partners at our assets, and in line with our capital partnering strategy, we sold a 50 per cent interest in our 664 Collins Street and 477 Collins Street office developments in June and July this year respectively. These transactions will provide us with the capacity to invest in future opportunities, while delivering strong development profits.

Attracting top-tier tenants to our assets is also a core part of what we do. In FY17, we secured professional services firm, Deloitte, for 22,000 square metres at 477 Collins Street, and logistics firm, CEVA, for approximately 19,000 square metres at our industrial asset, Calibre. Our strong leasing capability ensured we had high occupancy across both our office and industrial portfolios as at 30 June 2017, with 97.6 per cent and 95.3 per cent occupancy achieved respectively. Weighted average lease expiries were also solid at 6.5 years for office and 7.0 years for industrial.

While per capita spending continues to grow modestly in New South Wales and Victoria, the increase of online retailing and lower wage growth put pressure on a number of retailers during the financial year. Our focused urban retail strategy, however, along with a deep understanding of our customers and the markets we operate in, ensured we delivered another strong performance in our Retail business in FY17.

This included occupancy of 99.4 per cent and total sales productivity of \$10,048 per square metre, in line with the targets we set ourselves. We also achieved leasing spreads of 3.2 per cent (ahead of our target of more than 2 per cent) and as mentioned, delivered 33 per cent operating EBIT growth on FY16.

Along with an urban focus, the success of the retail portfolio is driven by our unique asset creation capability, which has enabled us to improve the quality of the portfolio both organically and through selective acquisitions.

Expansions were completed at Greenwood Plaza and Broadway Sydney, and were both 100 per cent leased prior to completion. Impressively, Broadway Sydney received Shopping Centre News' Big Guns Award for annual turnover per square metre for the fifth consecutive year, despite undergoing development works during the period.

The popular Tramsheds at Harold Park was also added to our retail portfolio, and has been trading well since completion. The unique adaption of this iconic site has been recognised with a number of awards, including the National Heritage Trust Award for Adaptive Re-Use, the Overall and People's Choice awards in Concrete Playground's 'Best New Precinct' of 2016, and the UDIA NSW award for Excellence in Retail Development.

Further increasing our retail footprint in Sydney, Mirvac entered into an agreement with PAYCE Consolidated to acquire an interest in the proposed South Village Shopping Centre in Kirrawee during the financial year. The centre, which is located 25 kilometres south of Sydney's CBD, provides us with excellent exposure to an affluent trade area and follows our successful joint venture with PAYCE at the strong-performing East Village in Zetland.

We have identified over \$1 billion of development opportunity in our retail portfolio where we can add value, and we will continue to focus on repositioning centres in strong catchment areas. In addition to this, we will leverage our strong leasing capability to strategically evolve an attractive retail mix for future growth, while optimising productivity through development.



Our residential business delivered another exceptional performance in FY17, with a record 3,311 lot settlements achieved. In addition to a 54 per cent growth in earnings, we delivered a return on invested capital of 18 per cent, significantly above our target of over 15 per cent. Gross development margins were also high at 25 per cent, above our through-cycle target of between 18 and 22 per cent.

Despite concerns over the potential impact changes to lending may have had on the residential sector, sales activity across our projects remained solid, albeit at more moderated levels than the sell-out weekends we had previously experienced. We continue to have a robust settlement process in place, with defaults during the period sitting below 2 per cent, and the delivery of quality product across masterplanned communities and apartments will continue to support our settlement profile. With approximately \$2.7 billion of residential pre-sales secured, we continue to have excellent visibility of future earnings.

Also underpinning future growth in our Residential business is our significant forward-looking development pipeline of over 29,000 lots, which is balanced evenly between masterplanned communities and apartment projects, and provides us with both urban densification and greenfield opportunities. We have strong embedded margins across our pipeline, with more than 50 per cent of our pipeline lots expected to deliver margins of 25 per cent or more.

With housing affordability an increasing concern in some parts of Australia, we launched *The Right Start* initiative during the financial year to assist first-home buyers secure their own home in a competitive market. To seed the initiative, we reserved 60 apartments at our new project, Pavilions, at Sydney Olympic Park, priced below \$750,000 for pre-qualified first-home buyers. Purchasers were able to exchange on a 5 per cent deposit and enter into an agreement to pay the remaining 5 per cent deposit in two annual instalments. The initiative was a huge success, with 90 per cent of the first-home buyer apartments pre-sold on launch, and we will continue to look at how we can assist first home buyers to access the market.

OUR PEOPLE AND CULTURE

Investing in our people and fostering a culture that inspires our employees to achieve their best is of the utmost importance at Mirvac, and our success in doing so has underpinned the excellent results we have delivered. In FY17 we continued to deliver value through the way we work, with a focus on innovation, sustainability, technology and safety. We are passionate about implementing behaviours and practices that will make a positive impact.

We introduced a refreshed health and safety policy in FY17, for instance, that builds on our culture of safety excellence. We take safety at Mirvac seriously, and regularly review our health and safety performance to identify the areas we can improve upon. The refreshed policy has a strengthened focus on ensuring we have robust processes in place so that we can continue to provide safe places for our people, our customers and our communities.

Our innovation program, Hatch, is teaching people to bring a customer-centric approach to challenges and opportunities in the business. We've had some fantastic initiatives take shape, such as *Shopping Nanny*, which you can read about on page 33 in this report. Now in its fourth year, Hatch is fully embedded in the business and plays an integral role in a number of our projects and processes.

Our sustainability strategy, *This Changes Everything*, also in its fourth year, continues to deliver tangible benefits to the Group and has become ingrained in the way we conduct ourselves and our business. From our commitment to be net positive by 2030, and delivering one megawatt of solar power through Mirvac Energy, to our focus on measuring the social return on investment in our residential communities, our strategy is aligned with our interests and capabilities, and the interests of our stakeholders. You can read more about these initiatives in this report, and read a full summary of our sustainability strategy on page 38.

Reflecting our unique place-making capability and our ambition to create workplaces of the future, we received Australia's first Gold WELL certification for our headquarters at 200 George Street in Sydney during the financial year, and you can read more about this exciting achievement on page 16. We will continue to build on the knowledge we gained through the certification process so that we can assist our customers attain WELL certification for their own buildings or tenancies.

Our *Transforming the Way We Work* project continued to roll out across the business, providing our employees with the technology and resources to support them achieve work/life quality. More than 75 per cent of our employees now have a flexible work arrangement in place and it's been great to see that it's not just working mothers who are benefiting from this initiative, with both men and women from across the Group incorporating some form of flexibility into their work life.

The investment we have made in our people and culture saw us achieve an employee engagement score of 88 per cent in the financial year, with excellent results from across all parts of the business. This result places us above the Global High Performing Norm and significantly above the Australian National Norm, as defined by our survey provider, Willis Tower Watson. Most pleasingly, our employees said they strongly believed in our purpose, values and objectives. Our financial and operational performance continues to underline that sustained engagement from our workforce is vital in delivering for our customers, communities and stakeholders.

OUTLOOK

Mirvac is in excellent shape. We have a sustainable urban-focused business model, a strong leadership team and a robust and conservative balance sheet. Our focused and disciplined strategy has consistently delivered earnings and distribution growth over the past several years. Our strong line of sight of future cash flows, along with a solid financial platform, will allow us to generate earnings for many years to come. We remain strongly committed to an urban focus, particularly Sydney and Melbourne, which continue to be the key contributors to Australia's economic output and population growth.

We have a unique asset creation capability that allows us to create and deliver innovative and high-quality commercial assets and residential projects for our customers, while driving long-term value for you, our securityholders.

We would like to thank the Board, our management team and our employees for their commitment to reimagining urban life.

And we would like to thank you, our securityholders, for your continued support.

Kind regards,



John Mulcahy, Chairman



Susan Lloyd-Hurwitz, CEO & Managing Director

Operating and Financial Review

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Our strategy

To be focused, diversified and integrated.



Focused

Deploying capital with discipline and delivering on our promises, with a strong focus on our customers.



Diversified

Maintaining an appropriate balance of passive and active invested capital through cycles, and retaining capability across the office and industrial, retail and residential sectors.



Integrated

Leveraging our integrated model to create, own and manage quality Australian assets.

Guiding this strategy and our decision making are four core principles. In order to deliver maximum value and drive a return on our investment for our securityholders, Mirvac will:

MAINTAIN AN URBAN FOCUS

We will continue to focus on urban markets, with an overweight preference to Sydney and Melbourne and clearly defined mandates for each sector of the business. Our deep understanding of our customers will ensure we remain experts in the markets in which we operate.

FLEX OUR ACTIVITIES THROUGH THE CYCLE

The property cycle drives our decision making, and our diversified structure and integrated model means we can adapt and change with the cycle. We have different priorities at different points in the cycle, which allows us to flex our activities and risk profile.

MAXIMISE THE VALUE OF OUR ASSETS

We will look to acquire property where we believe we have an opportunity to unlock value, through asset management, development, repositioning or rezoning. Our key point of difference is our unique capability to generate value by creating high-quality, investment-grade assets, as well as applying our expertise in managing the assets that we own.

MAINTAIN DIVERSIFIED CAPITAL STRUCTURE

We manage our balance sheet capital according to the property cycle, and are focused on leveraging third party capital to grow our business and maximise the value of our integrated model. We maintain an appropriate and variable cost structure to enable us to remain agile in changing market conditions.

Underpinning our strategy is a commitment to our people, innovation, technology, sustainability and safety.

Financial & Capital Management highlights

Mirvac's urban strategy and a strong focus on capital management delivered growth in FY17, and has ensured the Group is well placed for the year ahead.

Key financial highlights for the year ended 30 June 2017

PROFIT

attributable to the stapled securityholders of Mirvac increased to

\$1.16bn

(June 2016: \$1.03bn), driven by substantial property revaluation uplifts across the investment portfolio

OPERATING PROFIT

after tax of

\$534m¹

(June 2016: \$482m), representing 14.4 cents per stapled security (cps)

OPERATING CASHFLOW

\$513m

GEARING OF

23.4%²

at the lower end of the Group's target range of between 20.0 to 30.0 per cent

FULL-YEAR DISTRIBUTIONS OF

\$386m

representing 10.4 cps

NET TANGIBLE ASSETS (NTA)³

per stapled security of

\$2.13

(June 2016: \$1.92)

Key capital management highlights for the year ended 30 June 2017

SUBSTANTIAL AVAILABLE LIQUIDITY OF

\$749m

of cash and undrawn committed bank facilities held, with \$200m of debt due for repayment in December 2017

WEIGHTED AVERAGE DEBT MATURITY INCREASED

significantly to

6.2yrs

from 4.0 years (June 2016) following over \$1bn of debt issuance over the past 12 months

AVERAGE BORROWING COSTS REDUCED TO

4.8%

as at 30 June 2017 following the issuance of new debt and the repayment of maturing debt

CONTINUED TO COMFORTABLY MEET ALL DEBT COVENANTS.

1. Excludes specific non-cash items, significant items and related taxation.

2. Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets-cash).

3. NTA per stapled security, based on ordinary securities including Employee Incentive Scheme securities.



FY17 Office & Industrial highlights

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



Office & Industrial delivered earnings before interest and tax of

\$319m



Mirvac's high-quality office portfolio is comprised of over

95%

Prime or A-grade office assets



Mirvac's high-quality office portfolio is comprised of over 95 per cent Prime or A-grade office assets with an 82 per cent overweight to the strong Sydney and Melbourne markets. The Group has one of the largest office management portfolios in the country and a superior office development capability, demonstrated by projects such as 200 George Street in Sydney, NSW; 2 Riverside Quay, Southbank, VIC; and the David Malcolm Justice Centre in Perth, WA.

Meanwhile, Mirvac's well-located industrial portfolio concentrated around key logistics nodes in both Sydney and Melbourne continues to outperform. Its 94 per cent concentration to these markers ensures it is well-placed to benefit from continued economic growth in these cities.

Industrial



For the year ended 30 June 2017, Mirvac's Office & Industrial division delivered earnings before interest and tax of \$319m. The full-year result was impacted by the divestment of office assets in FY16, which was partially offset by development completions in the office and industrial portfolio in the financial year.

OFFICE

Mirvac has a clear focus in its office business to create, own and manage high-quality, high-performing office assets. Highlights across the office portfolio for the year ended 30 June 2017 included:

- > maintained high occupancy of 97.6 per cent¹, with a long WALE of 6.5 years²;
- > completed 72 deals over approximately 65,000 square metres³, with highlights including:
 - 101 Miller Street, North Sydney NSW: signed approximately 17,400 square metres during the financial year. This includes the Commonwealth of Australia, who renewed its lease and took additional space for a combined area of 10,270 square metres for a 10-year term;
 - Riverside Quay, Southbank VIC: executed approximately 2,800 square metres of lease deals in FY17, with the building now 100 per cent leased;⁴ and
 - 37 Pitt Street and 51 Pitt Street, Sydney NSW: executed 15 deals over a combined area of 6,500 square metres across the two buildings;

- > total office asset revaluations provided an uplift of \$388m⁵ (8.3 per cent) over the previous book value for the 12 months to 30 June 2017, supported by an overweight to prime assets in Sydney and Melbourne;
- > entered into an agreement with an investment vehicle sponsored by Morgan Stanley Real Estate Investing to sell a 50 per cent interest in 664 Collins Street, Melbourne for a total consideration of \$138m;
- > in July 2017, entered into an agreement with Suntec REIT to sell a 50 per cent interest in Olderfleet, 477 Collins Street, Melbourne for a total consideration of \$414m;
- > maintained positive leasing spreads of 5 per cent; and
- > incentives reduced to 18.9 per cent in the 12 months to 30 June 2017 (June 2016: 24 per cent).

1. By area, including equity accounted investments and OOP and excluding asset held for sale.
 2. By income, including equity accounted investments and OOP and excluding asset held for sale.
 3. Excludes leasing of assets under development.
 4. Includes over 300 square metres of office space under heads of agreement.
 5. Includes investments in joint ventures.

The group has one of the largest office management portfolios in the country, and a superior development capability.

In line with Mirvac’s mandate to create world-class office assets that generate development returns, the Group progressed its committed \$2.1bn office development pipeline in FY17 which is 81 per cent leased. Highlights included:



Potential to deliver approximately

\$80m

of additional NOI by FY21¹.

2 Riverside Quay

Achieved practical completion of the office tower in December 2016, two months ahead of schedule. The 21,240 square metres of office space was 100 per cent leased to PwC and Fenders Katsalidis Architects prior to practical completion. A 5 Star NABERS Energy rating and a 5 Star Green Star Office Design rating are being targeted.

664 Collins Street

Achieved topping-off in May 2017 and remain on track for completion in FY18. The building is 62 per cent pre-leased, with over 10,050 square meters currently under heads of agreement. Once executed, this will take the building to 100 per cent leased.

477 Collins Street

Commenced construction on the 56,000 square metre building in May 2017, which is approximately 40 per cent leased to professional services firm, Deloitte, while interest for the balance of space remains strong. The Group is on track to reach practical completion in FY20.

Australian Technology Park (ATP)

Commenced construction on Building 1 in March 2017, which is progressing well, while civil works for Building 2 are ongoing. Preliminary works on Building 3 and the public domain are due to commence in early FY18.

While the office portfolio’s net operating income (NOI) was impacted by over \$780m of asset sales in 2016, the Group’s recent completions (such as 200 George Street, Sydney and 2 Riverside Quay, Southbank) and the committed development pipeline have the potential to deliver approximately \$80m of additional NOI by FY21¹.

MARKET OUTLOOK ²

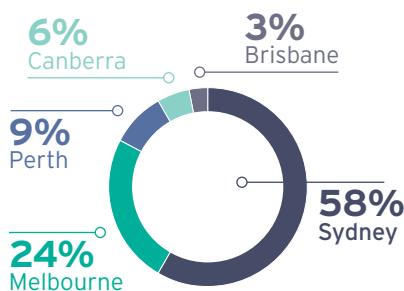
Sydney and Melbourne office markets are in the midst of a strong rental upswing, with tightening vacancy placing upward pressure on rents. There has been further evidence of a modest recovery in tenant demand in Brisbane, while the sharp occupancy contractions experienced in Perth have abated over the past six months. Mirvac will continue to focus on the key urban markets of Sydney and Melbourne, as well as creating innovative, collaborative and flexible workplaces that generate value for the Group, while improving the quality of the portfolio.

RISKS

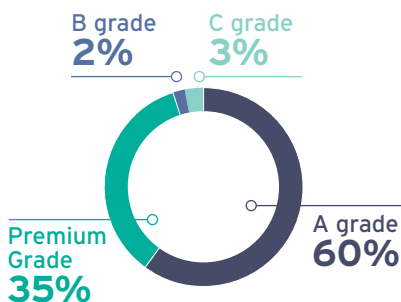
While leasing conditions remain challenging in Brisbane and Perth, Mirvac’s overweight position to Sydney and Melbourne means it is well placed against this backdrop. The office portfolio metrics, comprising a long WALE of 6.5 years and solid occupancy of 97.6 per cent, along with a quality tenant covenant, also demonstrate Mirvac’s ability to maintain a strong and robust portfolio through the cycles of demand.

In terms of its office developments, the Group seeks to manage 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.

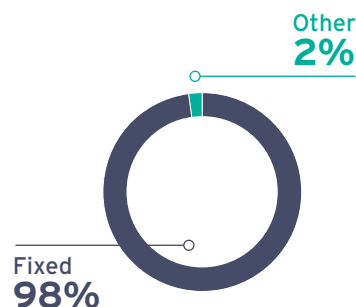
OFFICE GEOGRAPHIC DIVERSITY



OFFICE DIVERSITY BY GRADE



OFFICE RENT REVIEW STRUCTURE



1. Based on 100 per cent occupancy and 50 per cent ownership, other than ATP which Mirvac has a 33.3 per cent ownership in.
 2. These future looking statements should be read in conjunction with future releases to the ASX.



Calibre, Sydney, NSW

INDUSTRIAL

With a strong focus on leasing and continued asset creation, the Group's industrial portfolio delivered strong metrics in FY17. Highlights across the industrial portfolio for the year ended 30 June 2017 included:



- > achieved 95.3 per cent occupancy¹, with a long WALE of 7.0 years²;
- > achieved like-for-like growth of 2 per cent;
- > completed over 19,500 square metres of leasing activity;
- > acquired 36 Gow Street, Padstow, NSW in January 2017 for \$30.2m, a high-quality facility located in close proximity to the M5 motor way; and
- > Calibre, Eastern Creek NSW: following the successful completion and leasing of Building 1 in the first half of FY17, construction of the second building, a 21,000 square metre high-quality flexible facility, commenced in June 2017, with practical completion anticipated for FY18. Strong tenant interest has been received for the next facility and balance of the estate.

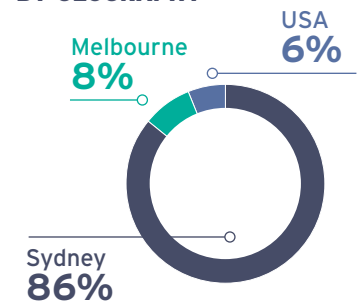
MARKET OUTLOOK ²

Strong demand from logistics firms continues to support above-average leasing demand in the Sydney and Melbourne industrial markets. A limited availability of vacant stock in the Sydney market is starting to see upward pressure on rents for existing buildings. Rental growth has been softer in Melbourne, due to higher vacancy levels. 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.

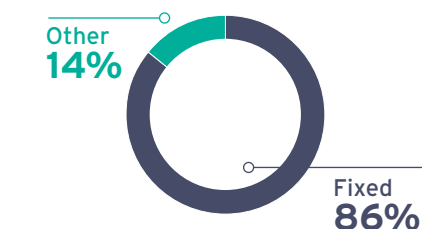
RISKS

Continuing 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 with long lease terms and secure cash flow profiles.

INDUSTRIAL DIVERSIFICATION BY GEOGRAPHY



INDUSTRIAL RENT REVIEW STRUCTURE



1. By area.
2. By income.

A new gold standard in WELLness

When Mirvac’s headquarters in Sydney opened in July last year, it was set to become a benchmark for innovative, collaborative and sustainable workplaces. While undertaking the workplace design, Mirvac became aware of a new global building standard developed in the United States: the WELL certification. The first standard of its kind, WELL focuses on the people within the building rather than the building itself; aiming to advance the health and wellbeing of the building’s occupants.

Working closely with the International WELL Building Institute (IWBI), Mirvac set about securing credits across seven categories: air, water, light, fitness, comfort, mind, and nourishment. This meant incorporating small changes into the design plans for our new headquarters.



200 George Street, Sydney, NSW



200 George Street, Sydney, NSW

Being an early adopter of WELL also presented challenges around adapting the tool in the Australian market, having no local precedents to follow. As WELL is an outcomes-based standard, we needed to determine alternate features to those suggested by IWBI that would achieve the desired outcome.

In May 2017, Mirvac became the first company in Australia to achieve a Gold WELL certification: an incredible achievement that reflects the hard work and willingness of our people to challenge themselves.

Ultimately, obtaining WELL certification has helped us to realise a better version of our original vision. Through the intensive WELL process, we examined all aspects of the occupants’ experience at 200 George Street, and the team worked hard to optimise this in every way they could.

Our Sydney employees now benefit from a range of WELL-inspired initiatives, such as regular health and wellbeing presentations (covering topics such as diet and sleep), Pilates classes held onsite, and an online

health and wellbeing library. The onsite café also provides healthier food options and nutritional information as part of their commitment to WELL.

Through a partnership with the University of Sydney, and the use of SAMBA units¹ (which you can read about on page 42) our real-time Indoor Environment Quality (IEQ) performance is monitored and displayed throughout the tenancy. The university also monitors our performance against industry standards and benchmarks to ensure we are achieving the highest level of IEQ. Staff and visitors have plenty of access to nature, with close to 1,200 plants throughout the space, while an abundance of daylight and circadian lighting improves comfort within the tenancy for our employees.

We will now apply our learnings from Sydney at our offices across the country, so that all of our people can enjoy the same kind of balanced, healthy working environment.

1. Sentient Ambient Monitoring of Buildings in Australia-technology development by the University of Sydney.

Strengthening cyber security

With technology playing an increasingly prominent role in the operations of buildings and with cybercrime becoming more of a concern for operational technology, we recognised the need to have robust building cyber security in place. To assist with this focus, members of our Asset Management team attended the Intelligent Building Conference (IBcon) in 2017, after attending for the first time last year.

Held in San Diego, California, IBcon is a global event that brings together professionals, thought leaders and subject matter experts across the commercial and corporate real estate industry. For Mirvac, the conference presented a great opportunity to learn from, and share information with, peers from all parts of the globe.



Going to IBcon highlighted the strength of the cyber security protocols we already have in place. Mirvac's IT team have been conducting annual penetration tests for several years now, ensuring that all our offices have strong boundary layers so people cannot gain unauthorised access to the networks and information within.

Following IBcon, we have strengthened our approach even further by implementing a formal cyber security policy and conducting network architecture audits. We are also developing a strategy to further enhance cyber security across our buildings, and are exploring sophisticated network architecture and advanced anti-virus agents. We have shared our IBcon learnings across the Group, raising our collective awareness and keeping this issue top of mind for everyone.

FY17 Retail highlights

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

Mirvac's strategy is to own and manage quality retail centres located in prime urban trade areas with strong fundamentals.

Approximately 64 per cent of the portfolio is weighted to Sydney, and 70 per cent of the portfolio is weighted to inner/middle ring areas. Each retail centre is individually branded, marketed and positioned to suit the needs of customers in their unique catchment areas.

For the year ended 30 June 2017, Retail delivered operating earnings before interest and tax of \$156m, driven by asset acquisitions and the contribution from development completions.



Retail delivered earnings before interest and tax of

\$156m



Maintained high occupancy of

99.4%



Tramsheds Harold Park, Sydney, NSW

Retail's continued focus on urban areas and on capturing organic growth across its portfolio ensured a solid performance in FY17. Highlights across the retail portfolio for the year ended 30 June 2017 included:

- > maintained high occupancy of 99.4 per cent¹, in line with the Group's target to have occupancy of greater than 99 per cent in FY17;
- > achieved total sales productivity of \$10,048 per square metre, in line with the Group's FY17 target, and increased specialty sales productivity to \$9,864 per square metre;
- > achieved comparable MAT sales growth of 4.1 per cent and comparable specialty sales growth of 5.6 per cent;
- > executed 359 deals across approximately 54,300 square metres, with leasing spreads of 3.2 per cent;
- > specialty occupancy costs reduced to 15.0 per cent (June 2016: 15.3 per cent);
- > entered into an agreement with PAYCE Consolidated to acquire an interest in the proposed South Village Shopping Centre in Kirrawee, NSW;
- > Broadway Sydney ranked No. 1 in Shopping Centre News' Big Guns Awards for annual turnover per square metre (MAT/m²) for the fifth consecutive year; and
- > East Village, Zetland ranked No. 1 in Shopping Centre News' Little Guns Awards for total sales productivity in its first year of entry. The acquisition of a 50 per cent interest in the centre was completed in July 2016.

MARKET OUTLOOK ²

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, and higher levels of housing equity than regional areas. In addition, well-performing centres continue to attract quality tenants who in turn offer great customer experiences. Mirvac's focus on high-quality assets in urban catchments with strong fundamentals is expected to support a continued outperformance in the retail sector.

The Group continued to create value across its Retail portfolio with a development pipeline that captures attractive, organic growth. Highlights across Mirvac's retail development projects for FY17 included:

Birkenhead Point

Completed the \$19 million Flinders Gallery development in August 2017, which involved the reconfiguration of 3,500 square metres of retail space and the introduction of several premium international brands. The development was 100 per cent pre-leased on completion.

Kawana Shoppingworld

Received development approval for a 6,800 square metre expansion, delivering cinemas and an expanded dining precinct. The project, which is expected to commence in early FY18, is 85 per cent pre-leased¹. This follows the successful \$85m expansion completed in 2014, which saw sales increase 28 per cent in the 12 months post completion. Mirvac has also commenced a campaign to sell down a 50 per cent interest in Kawana Shoppingworld, in line with the Group's capital partnering strategy.

RISKS

Retail sales in Mirvac's portfolio continue to grow overall, however, certain retailer category performance has softened and leasing demand remains variable. To mitigate these risks, 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 a reduced weighting to discount department stores and 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 having a diversified retailer mix, where no single specialty retailer contributes greater than 1.5 per cent of the total portfolio's gross rent.

1. By area.

2. These future looking statements should be read in conjunction with future releases to the ASX.

Achieved all of our
FY17 targets

Increase sales productivity to
\$10,000/sqm



ACHIEVED
\$10,048/sqm

Occupancy
>99%



ACHIEVED
99.4%

Leasing spreads
>2%



ACHIEVED
3.2%

EBIT growth
>25%
on FY16



ACHIEVED
33%



Orion Springfield, QLD

| Retail sales by category | FY17 Total MAT | FY17 Comparable MAT Growth | FY16 Comparable MAT growth |
|----------------------------|-------------------|----------------------------------|----------------------------------|
| Supermarkets | \$1,078m | 2.3% | 3.9% |
| Discount department stores | \$247m | (0.7%) | 5.4% |
| Mini-majors | \$521m | 7.3% | 9.6% |
| Specialties | \$1,139m | 5.6% | 4.2% |
| Other retail | \$228m | 2.5% | 9.8% |
| Total | \$3,213m | 4.1% | 5.4% |

| Speciality sales by category | FY17 Total MAT | FY17 Comparable MAT Growth | FY16 Comparable MAT growth |
|------------------------------|-------------------|----------------------------------|----------------------------------|
| Food retail | \$136m | 3.1% | 5.4% |
| Food catering | \$315m | 17.2% | 1.5% |
| Jewellery | \$32m | 1.8% | 0.0% |
| Mobile phones | \$36m | 18.0% | 31.3% |
| Homewares | \$39m | (12.8%) | (9.2%) |
| Retail services | \$113m | 0.8% | 9.3% |
| Leisure | \$49m | (1.4%) | 1.4% |
| Apparel | \$314m | 0.5% | 5.8% |
| General retail | \$106m | 10.6% | 1.9% |
| Total | \$1,139m | 5.6% | 4.2% |

A curated experience at Broadway Sydney

There's a lot more to Mirvac's retail centres than just retail. Having discovered that people visit our centres for a multitude of reasons, we are increasingly shifting our focus to delivering unique, integrated experiences. Blending fashion, dining, entertainment and art, our centres are evolving every day to meet the needs of the communities they serve.

This year, Broadway Sydney was the scene of a fresh new cultural collaboration between Mirvac and the local arts community. Over a nine-month period, Mirvac and the Perron Group worked with the curators at Art Pharmacy to transform a part of the centre into a multi-faceted gallery space.

Five Sydney-based artists were involved, creating bespoke pieces for the entrance and Level 2 areas, which were undergoing development at the time. Together, these artists injected a diverse range of perspectives, crafts and ideas into the space.

To inspire Broadway customers to get involved with the public art project, we invited Broadway shoppers to take a vote on three different concepts by one of the local artists, Victoria Garcia, asking them to nominate the artwork they'd like to see installed as a permanent central showpiece. Over 1,900 Broadway locals cast their vote, showing the interest and enthusiasm for art that's alive in the local community.

All art works were unveiled at an official opening for the redeveloped Level 2 in August last year, attended by Sydney's Lord Mayor Clover Moore, and Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz. Broadway Sydney's new precinct has proven to be a fantastic fusion of fashion and dining, made all the more special by having these bespoke pieces of art scattered throughout.

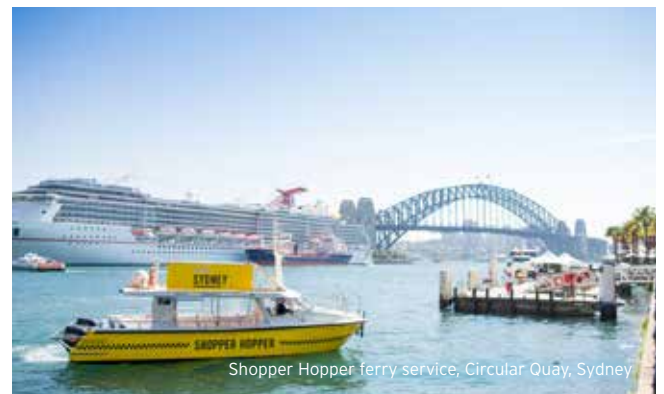


Broadway Sydney, Glebe, NSW

Sydney's new Shopper Hopper

On the back of our own Hatch research into the retail customer experience, Mirvac came up with an innovative new way to attract visitors to our retail centres: the *Hello Sydney! Shopper Hopper*. Operated in collaboration with Fantasea Cruising, this is a ferry service that transports shoppers between Birkenhead Point, Harbourside and Circular Quay.

As well as opening up a new transport option, the Shopper Hopper brings a new dimension to the retail experience by giving customers a taste of the iconic Sydney harbour. Those visiting Sydney can even claim a free Hello Sydney! card, giving them access to additional discounts and deals.



Shopper Hopper ferry service, Circular Quay, Sydney



Birkenhead Point Shopper Hopper

As well as opening up a new transport option, the Shopper Hopper brings a new dimension to the retail experience

Mirvac Energy: learning as our plans become reality

Mirvac Energy was originally conceived to help the business achieve our sustainability strategy commitment to install one megawatt of renewable energy by 2018. Simply put, it works on the premise that we install solar panels at our own assets, harvest the energy, and sell it back to the base building, providing an alternative energy source for our properties, and a new revenue stream for our business.

Installing our first megawatt of renewable energy is a key milestone on our path to be net positive by 2030. We knew that through the implementation of Mirvac Energy, we would discover a lot about the barriers and opportunities that exist around solar energy. This proved to be true as we installed our first two Mirvac Energy pilots in FY17: the first being at Orion Springfield Central near Brisbane, and the second at One Darling Island in Sydney.

At Orion, we had 3,200 panels to install, which needed to be delivered and installed when the centre was closed. Given the fact that Orion is a busy retail centre, the time to install was limited. Adding to the complexity of the installations was a limited space for the cranes and a strong desire to reduce the impact on the local community.

Fortunately, our principal contractor, AGL, came up with an innovative solution. Between 5:00am and 8:00am on a Sunday morning, all the panels were lifted on to the roof of Orion by helicopter and installed shortly after.



While we are satisfied with the pilot installations, there are certainly areas we can improve upon. We learned that it was necessary to have the roofs structurally reviewed to ensure they could take the weight of pallets involved in installation, as well as the importance of communicating clearly with local stakeholders.

The good news is that we now have the practical experience to confidently move ahead with further installations, supporting our net positive ambitions.

With energy prices on the up and solar panel prices decreasing, Mirvac Energy appears to be an excellent defensive strategy for Mirvac, and we plan to continue rolling it out across our portfolio.



All 3,200 panels were lifted on to the roof of Orion by helicopter and installed shortly after.

FY17 Residential Highlights

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

With activities across both apartments and masterplanned communities, the Group's integrated model ensures that expertise from all aspects of the business can be utilised; from construction and design to development and sales and marketing.

For the year ended FY17, Residential delivered earnings before interest and tax of \$302m.



Residential delivered earnings before interest and tax of

\$302m



Achieved a Residential ROIC of

18%



The Moreton, Bondi, Sydney, NSW

Mirvac's focus on delivering high-quality masterplanned communities and apartments ensured a strong result in FY17. Highlights across the Residential business for the year ended 30 June 2017 included:

- › achieved a Residential return on invested capital of 18 per cent, above the Group's target of 15 per cent and driven by outperformance in masterplanned communities in Melbourne and apartments in Sydney;
- › settled a record 3,311 residential lots and achieved strong residential gross margins of 25 per cent, above the Group's through-cycle target of between 18 and 22 per cent;
- › defaults remained at below 2 per cent;
- › secured future income to the Group, with \$2.7bn¹ of pre-sales contracts on hand. Mirvac's existing pipeline supports approximately 15,000 lot settlements over the next four years;
- › secured 74 per cent of expected Residential EBIT for FY18;
- › maintained strong sales activity reflecting quality, well-located product, with approximately 3,100 residential contracts exchanged; and
- › continued to deliver quality residential product in the Group's core metropolitan markets, with approximately 3,000 lots released during the financial year across both new and existing projects. Successful sales across new masterplanned communities and apartments releases included:

Masterplanned Communities:

- › Woodlea, VIC: 93 per cent of released lots pre-sold;
- › Brighton Lakes, NSW: 84 per cent of released lots pre-sold; and
- › Olivine, VIC: 87 per cent of released lots pre-sold; and

Apartments:

- › St Leonards Square, Sydney NSW: 95 per cent of released lots pre-sold;
- › Marrick & Co., NSW: 72 per cent of released lots pre-sold; and
- › Pavilions, Sydney Olympic Park NSW: 76 per cent of released lots pre-sold.

The Group continued to carefully restock the residential development pipeline with discipline, with new acquisitions including:

Rochedale, Brisbane QLD

an 8.4 hectare masterplanned community development site that sits approximately 20 kilometres outside of Brisbane's CBD. The site has the potential to deliver approximately 140 residential lots and is expected to be launched in late-2017;

Arana Hills, Brisbane QLD²

a 2.2 hectare masterplanned community development site that sits approximately 11 kilometres north-west of Brisbane CBD and has the potential to deliver approximately 80 land lots and townhouses; and

Everton Park, Brisbane QLD

a 6.1 hectare masterplanned community development site which lies approximately seven kilometres north-west of Brisbane CBD and has the potential to deliver approximately 98 land lots and townhouses.

1. Adjusted for Mirvac's share of joint ventures and Mirvac managed funds.

2. Site acquired in March 2017, with settlement expected in August 2017.

MARKET OUTLOOK¹

The outlook for capital city residential markets remains mixed, varying from state to state and at a sub-market level. Employment opportunities have ensured that population growth in the south-east states remains strong, with overseas migration in Sydney close to the highest levels on record, and an uplift in interstate and overseas migration supporting strong growth in Melbourne. In Brisbane, positive employment growth and better affordability have led to an uplift in migration. In Perth, housing conditions remain challenging, however, the economy is showing early signs of stabilising and employment is lifting. This demonstrates that urban cities with better employment opportunities, knowledge centres and new infrastructure will continue to see ongoing demand for quality product in desirable locations, supporting Mirvac's urban strategy.

RISKS

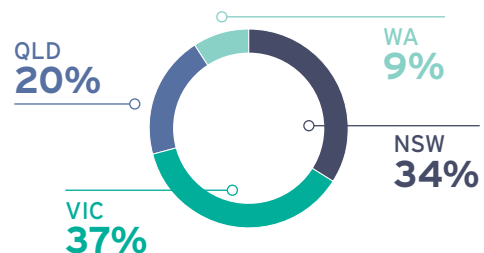
Stricter lending criteria both domestically and offshore has sparked concern over the ability of purchasers to settle. To mitigate settlement risk, Mirvac has a range of strategies in place, and carefully and proactively monitors its settlement risk profile. In addition to a requirement of a 10 per cent deposit from purchasers, Mirvac has a structured communication and engagement program with its customers and lenders, and undertakes a thorough risk assessment of its exposure to foreign investment. Mirvac's proven track record of managing its settlement risk is demonstrated by a history of low defaults.


29,186
 lots under control

SHARE OF EXPECTED FUTURE REVENUE BY PRODUCT



SHARE OF EXPECTED FUTURE REVENUE BY GEOGRAPHY



FY17 AVERAGE SALES PRICE

| | \$ |
|------------|------|
| House | 817k |
| Land | 291k |
| Apartments | 972k |

FY17 BUYER PROFILE²

| | % |
|---------------------------|----|
| Upgraders / empty nesters | 40 |
| Investors | 37 |
| First home buyers | 23 |

FY17 BUYER PROFILE BY GEOGRAPHY²

| | % |
|----------|----|
| Domestic | 90 |
| Offshore | 10 |

1. These future looking statements should be read in conjunction with future releases to the ASX.

2. By settlements.

The Right Start by Mirvac: giving first-home buyers a break

Housing affordability has been a hot topic this year, and is nowhere more keenly felt than in Sydney. According to research by Ipsos Australia¹, 41 per cent of people in NSW rate housing affordability as one of the most important challenges facing the community.

Recognising that it was within our power to make a difference, Mirvac came up with an initiative to tackle the affordability issue. At our Pavilions apartment project at Sydney Olympic Park, we launched The Right Start by Mirvac: a new initiative to help first-home buyers struggling to break into the competitive Sydney market.

The Right Start by Mirvac was designed to address two of the main pain points that first home buyers experience: firstly, saving enough for a deposit, and secondly, securing a property ahead of other prospective buyers (many of whom may be more experienced and confident about the purchase process).

At Pavilions, we reserved 60 apartments for pre-qualified first-time buyers ahead of other purchasers. We also gave these customers the option to exchange with a 5 per cent deposit, paying the remaining 5 per cent in two instalments over the next two years. In addition to this, we connected our customers with a mutual banking society that could provide competitive lending terms and a savings regime.

Thanks to The Right Start campaign, 54 first-time buyers were able get their foot in the door, and save up for the full 10 per cent deposit over a more manageable time frame. The initiative was a great success, and we will look to repeat it on other projects in future, allowing us to continue to help Australians make home ownership a reality.

1. Ipsos: <http://ipsos.com.au/wp-content/uploads/2017/02/Ipsos-Issues-Monitor-Oct-to-Dec-2016-National-NSW-FINAL.pdf>



60

apartments reserved for pre-qualified
first-time buyers ahead
of other purchasers

Introducing Marrick & Co: recognised as a One Planet Living community

In February this year, we launched Marrick & Co in Sydney's inner west: a 220-apartment development on the old Marrickville Hospital site. While Marrick & Co is situated on a site with unique heritage, and in an area with a strong sense of community, this project is special for another very important reason: it is also the first development in NSW to be recognised as a One Planet Living community.

One Planet Living is a holistic rating system based on the planet's capacity to support life, and encourages people to lead happy, healthy lives using only their fair share of the Earth's resources. To receive this accreditation, developments must be designed in accordance with 10 principles across carbon, waste, transport, materials, food, water, wildlife, community, economy and happiness.

Creating a One Planet Living community was important to Mirvac as it was one of the commitments we'd made as part of our sustainability strategy, *This Changes Everything*, to improve the built environment.

Bringing the Marrick & Co vision to life has certainly been a collaborative effort. Throughout the design and development process, Mirvac has worked closely with Inner West Council (formerly Marrickville Council) to ensure the finished product will deliver genuine value to the local community. With this in mind, Mirvac has committed to building Inner West Council's new library and community hub on site, as well as making 4 per cent of apartments affordable housing. Five Livable Housing Australia gold level apartments will also be provided, improving accessibility for the elderly and those with disabilities.

"The collaborative way in which both council and Mirvac have approached this project is a game-changer for future development," said Mirvac's General Manager of Residential Development NSW, Toby Long. "The needs and wants of the community have been put first and foremost in the design and provision of both public and private amenity."

At Marrick & Co, sustainability is just the start. The development includes a range of environmental features, from rainwater capture and reuse, to LED lighting, as well as electric car charge points, bicycle storage, a shared street library, and community garden to make it easier for residents to live sustainable lifestyles.

Kim Bazeley from Mirvac Design said that Marrick & Co has the power to touch lives, especially through details like the community gardens. "It's not just a big picture vision, it's a critical part of people having a sustainable life and environment," she said. "We've spent a huge amount of effort on these aspects, which will make it a great place to live."

One Planet Living communities must aim to produce just 0.8 tonnes of carbon a year per person by 2050, and an ecological footprint of 1.25 global hectares per person by 2050.



0.8

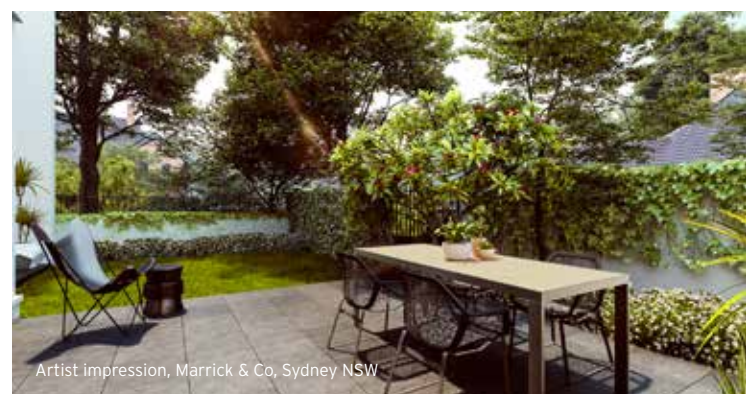
tonnes of carbon a year
per person by 2050



ecological footprint of

1.25

global hectares per person
by 2050



Artist impression, Marrick & Co, Sydney NSW

Our People & Culture

Our people are at the heart of what we do, and we recognise that our investment in them, along with fostering a positive culture, leads to better business outcomes. In FY17, we continued to implement a range of initiatives to support a culture that values performance, innovation, professional development, flexibility and wellbeing.

MIRVAC LEARNING ACADEMY

To enhance professional development and career opportunities at Mirvac, we expanded the Mirvac Learning Academy in FY17, offering technical masterclasses across our Residential and Office & Industrial businesses. These masterclasses are business-led courses aimed at broadening technical capability and sharing knowledge and expertise to further strengthen our capabilities.

We also included two additional Leadership Development modules in the Mirvac Learning Academy: Communicating with Influence and Executive Presence, which are accessible to all people leaders.

LEADERSHIP

We recognise that effective leadership is key to building a positive culture and strong employee engagement, so in FY17 we launched our Leadership Success Profiles which define the responsibilities and competencies required to be a successful leader at Mirvac.

We also trained over 300 of our managers on the Big 5 Leadership Fundamentals, which are the skills and tools to be effective people leaders. These fundamentals were then measured through our engagement survey, which in FY17 found that 80 per cent of our people were favourable in their assessment of their people manager's capabilities.

ENCOURAGING LATERAL MOVEMENT

As an integrated business, Mirvac offers huge scope for people to make lateral moves within the business. To support this, we have introduced the Discovery program. This allows people to 'test drive' a different role within Mirvac over three days, giving them the chance to see if it's something they want to pursue. The Discovery program also facilitates new connections between departments so when opportunities come up, we can offer them to our own people before having to recruit externally. Employees also receive weekly emails advertising internal job vacancies.



EMPLOYEE ENGAGEMENT

Measuring our employee engagement gives us a valuable insight into the quality of our workplace and culture, and helps us to better understand how we can continue to create a positive work environment for our people.

In FY17, we achieved an overall employee engagement score of 88 per cent in the Willis Towers Watson's engagement survey, placing us above the Global High Performing Norm, the survey's highest external benchmark.

A number of items from the survey were particularly important to us, such as:

97%

per cent of people noted that Mirvac cares about the health and safety of its employees;

95%

of people noted they are willing to work beyond what is required in their role to assist Mirvac to succeed;

82%

of people indicated that Mirvac has a culture of continuous learning and improvement; and

89%

of people believe their manager supports them to find an appropriate balance between their work and personal commitments.

Having a clearly defined business strategy and the launch of our new purpose, Reimagine Urban Life, was also something that resonated well with our employees in the engagement survey.

We are certainly proud of this achievement, and hope to continue to provide a workplace and culture that attracts, motivates, grows and retains the best people.

Work safe,
stay safe.

Diversity & Inclusion



At Mirvac, our aim is to build a diverse and inclusive culture that values a diversity of perspectives and allows people to feel like they can be themselves and perform at their best.

Within our diversity and inclusion strategy, now in its third year, we've outlined four key areas of focus, being: diversity of thought; an inclusive culture; flexibility; and gender balance. In FY17, we made some great progress under each of the key areas, including:

DIVERSITY OF THOUGHT

To encourage diversity of thought, we recognise that different work styles need to be respected. To support this, a number of team workshops ran across the business during the financial year to highlight how valuable different work styles can be for teams. Our innovation program, Hatch, has also provided us access to a range of tools and methodologies that encourage different perspectives and shows us how to leverage these when designing solutions.

AN INCLUSIVE CULTURE

Mirvac's Diversity & Inclusion Council identified a number of areas that are needed to create an inclusive culture, with inclusive leadership being a major focus. To emphasise our commitment to this, we've incorporated a focus on inclusive leadership into our Leading@Mircvac training program for new people managers and as an expectation in our Leadership Success Profiles.

Technology has also played a role in helping leaders to be more inclusive. Following the Transforming the Way We Work project, managers are now able to make meetings more inclusive, with employees given more flexibility around where they work.

FLEXIBILITY

Mirvac has undertaken a significant amount of work in the past 18 months to mainstream flexibility. Along with *Transforming the Way We Work*, we introduced a Flexibility Charter and a new Flexibility Policy to support a more agile working environment.

Building Balance and *My Simple Thing* were also implemented to empower our people to achieve better work/life quality (see next page).

Our efforts to create a more flexible workplace appear to be making a difference, with this year's engagement survey showing that 76 per cent of Mirvac employees had some sort of flexible arrangement in place, compared to 44 per cent in 2015. In addition, our survey results demonstrated that more employees with flexible working arrangements in place reported higher levels of engagement. This year, we also saw that flexible working arrangements were more evenly spread across both males and females.

Workforce at a glance

Total number of employees over
1,470

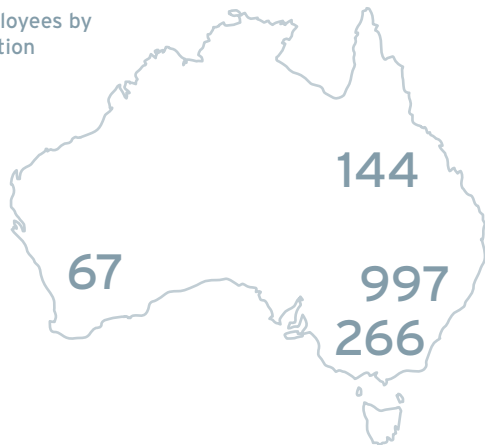


59:41
Gender split

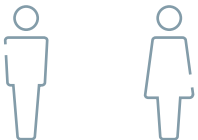


16 weeks
Paid parental leave

Employees by location



100% 100%
Parental leave return rate



50:50
Board representation



GENDER BALANCE

Mirvac is proud to be one of just a handful of ASX-200 listed companies with a 50 per cent female representation on its Board, which we achieved well ahead of our original 2018 target.

As well as having diversity targets for female representation at various levels in the business, we're focused on having female talent in our succession plans for leadership roles, and require 50 per cent of candidates on leadership recruitment shortlists to be female. In FY17, we were delighted to exceed our target of women in senior leadership positions, which has increased by over 7 per cent in the past three years.

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 had decreased by 12 per cent in the past five years, while over three years, the by-level pay gap reduced by 3 per cent and the like-for-like gender pay gap decreased from 3 per cent to 0 per cent.

In addition to this, we introduced a Domestic and Family Violence Leave Policy, along with other support initiatives for employees who are directly affected by domestic and family violence. Mirvac is also working with White Ribbon Australia to obtain accreditation and to help raise awareness and provide education around domestic violence for all employees.

The considerable work we have done contributed to Mirvac being recognised and awarded with the Employer of Choice for Gender Equality citation for the third year in a row. This prestigious citation acknowledges our ongoing commitment to gender equality.



gender pay gap on like-for-like roles



Embedding flexibility at Mirvac

Last year, Mirvac launched *Building Balance*, an initiative aimed at encouraging our construction employees to adopt more flexible work practices and improve their health and wellbeing. As part of the program, construction employees were also asked to think of one simple change they could make to improve their overall work/life quality. By providing opportunities for our construction teams to work in a more flexible way, we have managed to shift to a culture that's less about putting in the hours, to one that's more about working as a team to achieve outcomes and results.

In FY17, *My Simple Thing* was rolled out to all Mirvac employees to give everyone an opportunity to improve their health and wellbeing.

"The beautiful thing about *My Simple Thing* is that it gives our employees the freedom to achieve better balance in a way that resonates with them," said Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz.

Mirvac launched *My Simple Thing* by asking the Executive Leadership Team to communicate their own 'simple thing' to the Group. Employees were then asked to follow suit, and to drive momentum a Yammer campaign ran

on the Intranet asking employees to share their own 'simple thing' with their colleagues.

A fantastic outcome of *My Simple Thing* is the way it's highlighted that flexibility is not just something for working mothers, but rather, an important part of everyone's working life.

Services Design Leader, Foti Papoulis, for instance, leaves work early one afternoon a week to coach his daughter's under 7s soccer team. "It's the first time the girls have played soccer and the first time I have coached. It's great to have the flexibility and it also gives me time out from my busy schedule," he says.

Meanwhile, Deputy Group Company Secretary, David Sellin, uses *My Simple Thing* to flex his work hours so that he can train for triathlons. "I may not win any races but I love the exercise and the friendly competition the sport brings."

My Simple Thing has also shown that flexibility doesn't necessarily mean working less hours; it's about working smarter and being creative in the use of time and technology to achieve results.

Health and Safety

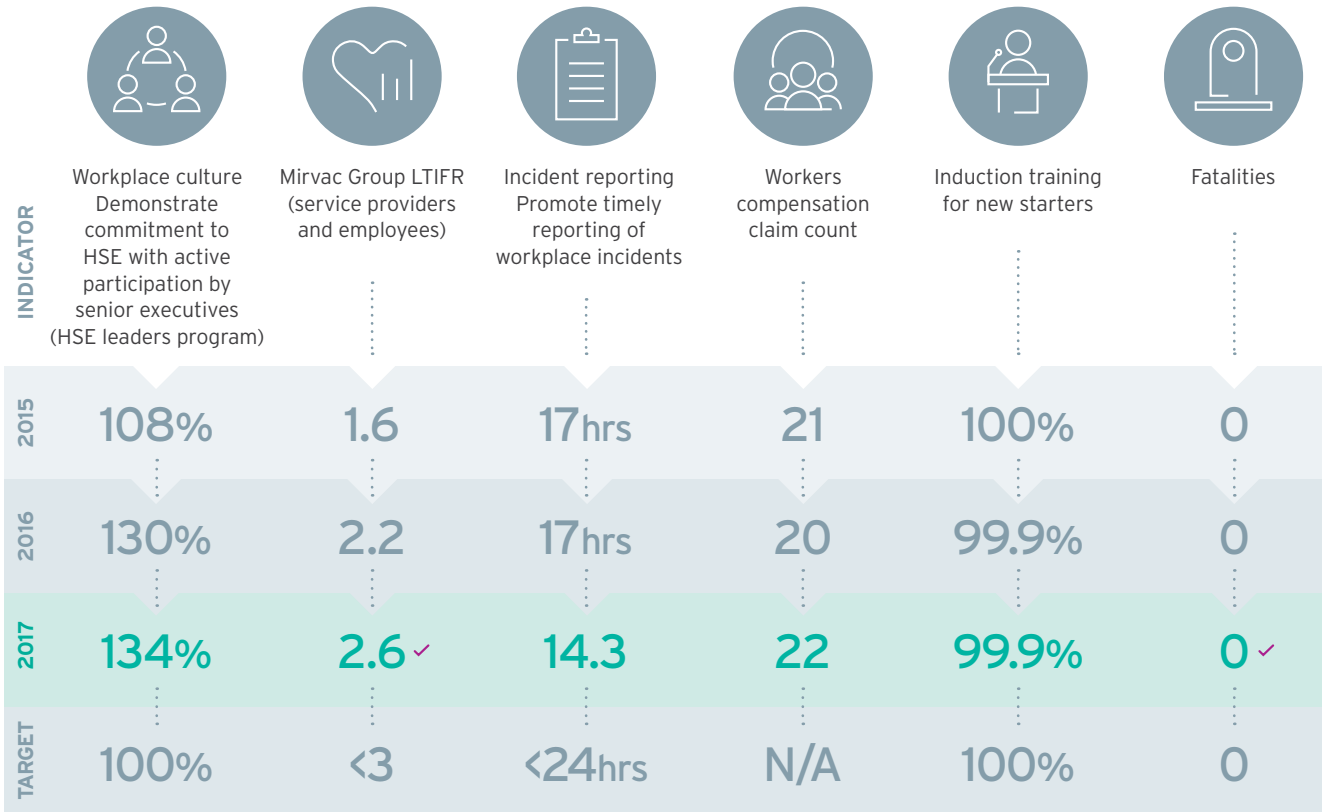
Mirvac has a priority focus on the health and safety of its employees, contractors and customers, and in FY17, we launched a refreshed policy and focus to strengthen our safety practices, behaviours and culture across our business, while supporting the wellbeing of our people, places and the communities in which we operate.

Some of the other HSE highlights over the past year included:

- > the introduction of a best-practice approach for the engagement of principal contractors, developed by a working group and piloted prior to roll-out;
- > culture, workplace reporting and online learning module completion statistics all equal to, or improved upon, last year's results;
- > the inclusion of additional lead indicators, focusing on timely responses and close-out of actions; and
- > an update to Mirvac's employee benefits to include more health and wellbeing benefits.

The HSE team continues to meet on a monthly basis to discuss and identify Group-wide issues, and hold dedicated workshops to agree upon key risks, opportunities and top priorities for the future. By encouraging greater transparency, looking at the context around every incident, and placing more focus on cross-functional work and collaboration, we hope to improve our safety performance and culture even further.

HSE STATISTICS IN FY17



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.

Innovation

Innovation



MAKING HATCH THE MINDSET OF EVERYDAY

Now in its fourth year, our innovation program, Hatch, has become more than just an experimental project; it's now a fundamental part of how we do business. Over the past year, we've made some great headway on our missions, from finding radical new ways to build, to creating new offerings at the forefront of the future of work.

With innovation playing a role in a number of projects across the Group, and to meet the growing demand for Hatch services, Mirvac established a core innovation team in FY17, with lead innovators each aligned to a business unit. The Hatch team continues to be supported by Innovation Champions, with 160 Champions having received training across the business in the past 12 months.

Hatch Helpers was also introduced for those wanting the chance to be involved with innovation projects on a casual basis. Inspired by the idea of crowdsourcing, Hatch Helpers allows Mirvac employees to volunteer for projects when they have capacity, whether that means participating in ideation sessions, conducting experiments, or assisting with bids. There are currently 100 employees registered as Hatch Helpers, giving Mirvac a fantastic pool of additional talent and energy to draw from.

A PARTNERSHIP BASED ON BEST PRACTICE

In 2016, the University of Technology Sydney (UTS) interviewed 21 leaders from Australia's top ASX-listed businesses to explore their approach to innovation. Following their research, the UTS team produced a report entitled 'View from the Top: 2016 Innovation Report', with Hatch identified as a best practice innovation program. As well as being a great achievement and fantastic recognition of Hatch, it has led to an ongoing collaboration with UTS MBA students.

SHOPPING NANNY TO THE RESCUE

Identifying customer problems led to some exciting experiments in FY17, including *Shopping Nanny*, which has been trialled at our Rhodes Waterside, Broadway Sydney and Kawana Shoppingworld retail centres. *Shopping Nanny* gives customers the option to book a nanny to accompany them while they shop, keeping their children entertained and enhancing their experience. Following the success of the experiment, *Shopping Nanny* has now been implemented at Kawana Shopping world and Rhodes Waterside for 12 months, with extremely positive feedback from our customers to date.

EXPERIMENTING AT ASCOT GREEN

At our Ascot Green apartment project in Brisbane, we are running experiments to explore our customers' attitudes to solar energy. Here, we are giving customers the option to upgrade to have solar panels on their apartment roof, testing various propositions to see which people respond to best. Our goal is to learn what drives behavioural change, so we can deliver solar energy to our customers more effectively.

WHAT'S NEXT?

One of our goals for the year ahead is to roll out Group-wide innovation training further, empowering even more of our people to use the Hatch way of thinking. In addition, we are also exploring the idea of creating an open innovation platform, where we will invite the outside world to engage with us, paving the way for many more exciting collaborations.

Mirvac in the community

Giving back to the communities in which we operate is a key part of our business, and FY17 was another big year of positive contribution at Mirvac.

Our third annual National Community Day ran in October last year, with over 800 Mirvac staff volunteering at 47 charities across the country. Our activities varied from helping Tribal Warriors with boat maintenance, to sprucing up at the YMCA's Y Hotel in Sydney's Redfern to attract more guests, and knitting squares for the Wrap with Love collective.

Mirvac also continues to support employees who want to make a difference, matching workplace giving up to the value of \$10,000 per year, and fundraising donations to the value of \$200 per year per employee.

Employees can apply for additional funding from the Charity Committee for any project initiatives they're working on, and are given one day a year to volunteer for a cause of their choice.

SUPPORTING THINK PINK AND THE LIVING CENTRE

In 2010, Mirvac gave its support to the creation of the Living Centre: a state-of-the-art wellness centre for people with breast cancer, operated by The Pink Foundation. Designed as a sanctuary for breast cancer patients and their loved ones, the centre provides a range of respite services at its central St Kilda location in Melbourne, from massage therapy and transport, to free access to their 'Wig Bank'.

Our partnership with Think Pink has continued since the centre's launch, with Mirvac providing practical assistance in the form of reduced rent and donated whitegoods. We donated an apartment on St Kilda Road to Think Pink to accommodate patients visiting Melbourne for breast cancer treatment.

In September last year, we agreed to a new three-year sponsorship agreement, enabling us to take our support of the Living Centre to the next level. Together with Freemasons Victoria, Mirvac will provide annual rent for the Living Centre for the next three years, and provide ongoing engagement opportunities for Mirvac's employees and stakeholders with Think Pink.

We are proud to have helped the Living Centre to nurture and support thousands of women to date, and look forward to carrying the partnership forward.

TAKING A STAND AGAINST DOMESTIC VIOLENCE

Song Kitchen at 200 George Street, Sydney is our social enterprise café, where 100 per cent of profits are donated to the YWCA, a not-for-profit organisation that helps to assist women and children experiencing domestic violence. The café was profitable in its first year at 200 George Street, proving the success of its model.

ENGAGING WITH THE COMMUNITY AT AUSTRALIAN TECHNOLOGY PARK

Located in Sydney's Redfern area, the Australian Technology Park (ATP) is a site that's steeped in history, with a vibrant Indigenous community. Since Mirvac was first engaged to develop ATP, we have been mindful of our relationship with local residents and have heavily focused on community engagement.

While ATP will eventually comprise around 93,000 square metres of office space for the Commonwealth Bank, there's far more to this site than office buildings. The precinct we are developing here will also pay respect to the site's industrial heritage, and will play a key role in the activities of the community – whether it's by providing space for youth activities, or supporting emerging businesses.



\$1.7m

invested in our communities



\$600,000

from our customers,
partners and suppliers

Over the past year, we have spent a great deal of time engaging with the people who live and work around ATP. After attending community sessions and meeting with key stakeholders, a liaison group was established to keep the community regularly informed on what's happening at ATP, and seek input on the initiatives they'd welcome.

In addition, we are developing a high-level community liaison group of senior representatives, who will form a senior advisory panel. This panel will be consulted about four key areas, being: local community engagement; education and innovation; heritage and culture; and art.

Our goal is to introduce opportunities around these key areas to engage the community, while creating a place that is iconic for Sydney and Australia.



Artist's Impression Australian Technology Park, Redfern, NSW

Making connections

Through our work at ATP, we've developed a relationship with Tribal Warriors, a non-profit community organisation established and run by Aboriginal people. Mirvac engaged Tribal Warriors to perform a traditional smoking ceremony prior to construction starting at ATP, and we hope that by working with them, we can start to learn more about Aboriginal culture. Mirvac's construction team members now participate in Tribal Warriors' 'Clean Slate Without Prejudice' boxing program three mornings a week, creating a healthy routine for local youth and ex-offenders. We also plan to support employment opportunities at ATP for people we connect with through the Tribal Warriors group.

Another connection made at ATP was with 107 Projects, who host a gallery and events space in Redfern. Mirvac initially hired their space for our consultation and community events, and went on to help set it up as a commercial facility that can be hired to others. This involved sourcing and reusing floorboards from our St Leonards Square project, which were used to renovate the space.

While community engagement has certainly been one noteworthy aspect of our work at ATP, this project is exciting for us in other ways too, from the construction technology being used, to our jointventure, *Hoist*, with start-up incubator York Butter Factory. We look forward to sharing more about ATP as the precinct evolves.

Supporting The Smith Family through the Share campaign

One of the most exciting community achievements over the past 12 months was the Share campaign we ran to support our national charity partner, The Smith Family. This seemingly simple idea was conceived by our Retail team, and grew to become a successful business-wide campaign, illustrating that great things happen when Mirvac works as one team.

The Share campaign began in the form of Share My Shoes: an initiative created and run by Mirvac's Retail team. With journalist Sarah Harris as the ambassador, we launched a campaign asking shoppers to donate their old or unwanted shoes. Shoppers could drop their shoes off at any of our 16 retail centres, placing them in oversized donation 'shoebboxes' that were custom-made for the campaign. Around 11,800 pairs of shoes were donated, far surpassing our goal of 500.

Sold in The Smith Family's outlets at an average of \$10 a pair, this added up to a donation of over \$100,000.

Shoppers were also asked to go online and share snaps of the shoes they were donating, with the hashtag #sharemyshoes. For every hashtag, Mirvac Shopping Centres donated a dollar, as did the Mirvac Charity Committee. As well as adding to our grand total, it created interest on social media, encouraged shoppers to come in to our centres, and allowed us to build our customer database.

Following the success of Share My Shoes, Mirvac's Office & Industrial team decided to pick up where our Retail team left off, launching the Share My Suit initiative with tenants in our office buildings asked to donate unwanted suits, handbags and shoes to be resold by The Smith Family.

To spread the word about Share My Suit, we sent out circulars to tenants in four of our Sydney office buildings, and placed collection boxes in the buildings' foyers. In just three weeks, over 220 kilograms of clothes were collected, 50 per cent of which could be resold. The proceeds of the initiative were donated to The Smith Family's Learning For Life program, supporting education for disadvantaged Australians.

So what will we be asking people to share next? Rest assured, we have more plans in store, so stay tuned.



Share My Shoes collection boxes located at 16 retail centres across NSW



Mirvac's Reconciliation Action Plan: a positive change in the making

Reconciliation

Developing a Reconciliation Action Plan (RAP) has been one of Mirvac's key cultural goals over the past 12 months.

As an Australian land owner and developer, we recognise that what we do as a business is intrinsically linked to the original custodians of the land. We acknowledge that the choices we make, and the ways in which we collaborate with our tenants, residents, customers and employees can really make a difference.

Having made a commitment to deliver a RAP by 2018, learning more about issues facing Indigenous Australians was an important focus this year.

We started our learning process by looking to understand from our employees where we might take our first normal steps together. We identified the simple, but powerful, cultural protocol to acknowledge country before beginning an important discussion. Our people said they would like to feel more confident with this action, so we set about giving them the tools to do so. We want our Indigenous employees and guests to feel welcomed, and that we are listening.

We all take our learnings to areas which can deliver long-term and sustainable outcomes for people by using our substantial purchasing and hiring power thoughtfully and responsibly. We know that by considering the barriers Aboriginal and Torres Strait Islander people face in accessing our supplier and recruitment processes, and systematically addressing them, we can help empower people through economic security.

We look forward to taking these steps together.



NSW presentation from local Indigenous community members

“In the simple act of helping our employees acknowledge the original custodians of our land, we're sending a powerful message to our Aboriginal and Torres Strait Islander colleagues, communities, and customers. We're saying that their culture and their history are important. We're saying that we're listening, and that we want to make a difference”.

Sarah Clarke, Group General Manager, Sustainability & Reputation

This Changes Everything

2017 SUSTAINABILITY REPORT

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This report has been produced in accordance with the Global Reporting Initiative's ("GRI") G4 Sustainability Reporting Guidelines. The GRI index is available for download from the FY17 Annual Report website and provides a list of our GRI disclosures and their location in this report and associated documents. Limited assurance has been provided by Pricewaterhouse Coopers. Data sets that have been assured are marked with ✓. For further information visit mirvac.com/sustainability or contact sustainabilityreport@mirvac.com

Sustainability

***This Changes Everything* is Mirvac's sustainability strategy, comprised of four focus areas with long-term missions.**

Reflecting on its first four years, we are proud to say that our strategy is still going strong, and has driven some incredible changes across our business. Whether it's by trialling new technologies or forging new partnerships, it's safe to say that *This Changes Everything* has well and truly become part of the way we do business here at Mirvac: not just a box to tick, but an ethos to live by, sustainably.

It has been another year of notable sustainability achievements for Mirvac, from securing the first Australian Gold WELL certification for human health and wellbeing at 200 George Street in Sydney, to our One Planet Living endorsement at Marrick & Co in Sydney's inner west. The cultural shift inspired by *This Changes Everything* has also grown stronger.

"In my eyes, our biggest achievement has been embedding *This Changes Everything* into the way we work and I think we really passed a threshold on that this year," says Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz.

"Sustainability has now become a natural part of who we are and how we work; it's simply what we do. What we were aiming to change was to make our business more sustainable in the way we make choices and deliver lasting outcomes."

With strong and visible support from Mirvac's leaders and it being incorporated into performance measures and incentives, *This Changes Everything* is truly integrated into every aspect of our business.

This Changes Everything FY17 at a glance



NATIONAL INTEGRATION OF SOCIAL RETURN ON INVESTMENT CAPTURE



1.1MW

RENEWABLE ENERGY INSTALLED
including 3,200 PV panels at Orion Springfield Central



RECYCLING

95%

Construction

69%

Investment



CLIMATE CHANGE POLICY ADOPTED



RECEIVED ONE PLANET LIVING ENDORSEMENT MARRICK & CO

in Sydney, NSW



LAUNCHED THE SUSTAINABLE LIFESTYLES INDEX



4.1 star NABERS

water rating¹



5.1 star NABERS

energy rating¹



\$2,289,503

AVOIDED LANDFILL TAX

by sending less waste to landfill



GOLD WELL RATING AT 200 GEORGE STREET, SYDNEY

A first in Australia



-26.3%

CARBON INTENSITY



WATER INTENSITY

-24.5%



\$1,749,961

INVESTED IN OUR COMMUNITIES



HOUSING AFFORDABILITY PILOTS UNDERWAY



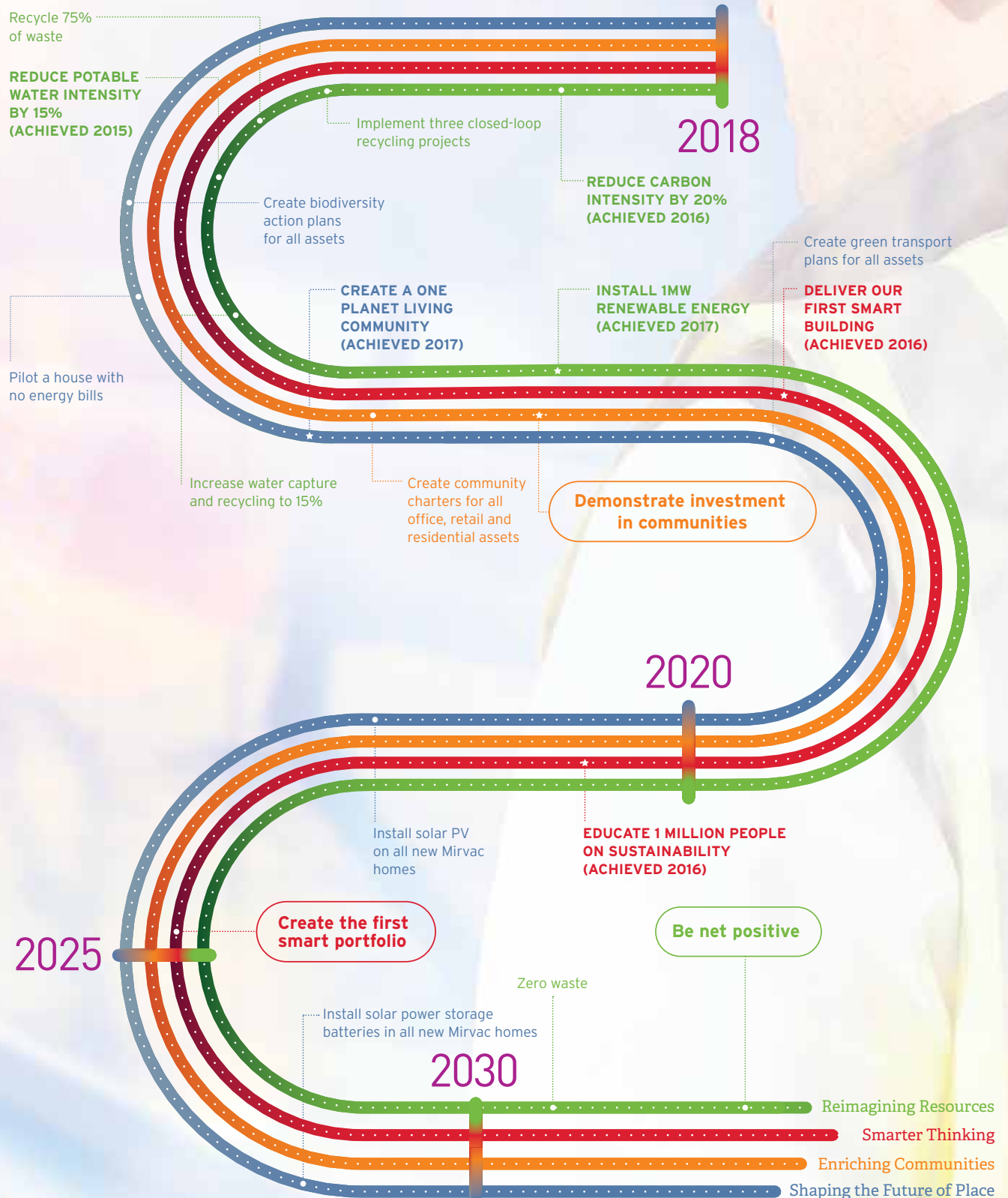
LAUNCHED THE GROUP'S FIRST RECONCILIATION ACTION PLAN

1. average NABERS rating maintained across the office portfolio.

Looking ahead

We've learned an enormous amount from our sustainability commitments that cover 17 of the 19 key issues in This Change Everything. Exploring such a wide range of areas has been invaluable, helping us identify where we're able to have maximum impact as a business. Over the coming months, we plan to use these insights and

conduct a materiality review to ensure our focus areas make a meaningful difference in the areas that are most important to us and our stakeholders. It will likely mean focusing on fewer things more deeply. Our goal will be to identify the areas where we can best manage risks and deliver the most value.



Our progress so far

Smarter Thinner

Mission:

To create the first smart portfolio by 2020

| TARGET | PROGRESS |
|---|---|
| Educate 1 million people about sustainability by 2020 | Achieved in FY16 |
| Deliver our first smart building by 2018 | Achieved in FY16, we are deploying smart elements across multiple buildings to help realise our goal of smart portfolio |

Thinking progressively is the key to doing things differently, maintaining a competitive edge, and delivering better products. This year, we have continued to embrace new technologies, invest in our people, and embed innovation into everything we do. As well as driving better sustainability outcomes across our buildings, this focus has enabled us to improve the health and wellbeing of our employees, and become the first Australian company to earn a gold WELL rating from the International WELL Building Institute. We believe that where there's a will, there's always a smarter way.

TECHNOLOGY

There's no doubt that technology is one of the strongest forces driving our business, and the world in which we operate. Almost every facet of what we do is affected by technological change, from the way we deal with waste on construction sites, to the impending impact of artificial intelligence on the workforce.

This year we continued to explore, learn from, and make the most of emerging technologies to drive better outcomes across our business, whether it involved enhancing the air quality in our offices, or identifying emerging issues through our smart working groups. Here are a few of the highlights.

The smartest building on the block

This year, we were especially proud to attain gold WELL certification for 200 George Street, Sydney. This is a new standard that focuses on the occupants' experience, aligning with our commitment to delivering buildings that support human health and wellbeing. You can read the full story on page 16.

Data analysis and tracking

Over the past 12 months, we have concentrated our efforts on tracking and benchmarking data from the buildings we manage. Technologies such as smart metering, LED lights and chiller plant optimisation have had a major impact on our energy efficiency, but we want to keep improving. By holding monthly analytics meetings, we're able to see what's working well and refine our systems further to drive better performance - not only in terms of energy efficiency but also with regard to the thermal comfort, health and wellbeing of the occupants of our buildings.

SAMBAs on the move

Designed to measure the comfort of building occupants, our SAMBA units have continued to provide great insight into the thermal conditions, lighting, acoustics and air quality at 200 George Street. We are now looking at using SAMBA units in other assets, to measure and improve their internal environments in a similar way. Two measures we plan to explore in more detail are total volatile organic compounds and particulate matter (fine particles in the air), to monitor how these vary across a building and throughout the day, with the aim of improving the air quality in our buildings.

The Living Lab continues to evolve

Now in its second year, the Living Lab at 200 George Street, which is where we conduct live research into the quality of the indoor environment, is well and truly established. The sensor units are up and running and the SAMBA units are in place. The challenge has been pulling all the data together in a meaningful way. We have used the lab to run a few tests around things like thermal inertia, and have many more experiments planned as part of our ongoing innovation.

Updates in store for our offices

As technology evolves, we know our office tenants' requirements for robust infrastructure to meet and anticipate data opportunities will only grow. With this in mind, we are undertaking an audit of all our office buildings with the end goal of upgrading all of them to have fibre optic 'backbones'. This will future-proof our assets, keep us on the front foot as technologies such as 5G emerge, and enable better intelligence on the way our buildings can operate more efficiently with energy, water and waste.

Sharpening our cyber security

Mirvac attended the Intelligent Building Conference (IBcon) again in 2017, and continues to leverage best practice insights to strengthen our cyber security. For the full story, see page 17.



OSPREY WATERS WINS RASI AND UDIA AWARDS

Last year, we launched the Residential Awards for Sustainability and Innovation, an internal competition also known as the RASIs. The first winner of this award was the team from Osprey Waters, which impressed our panel with its thoughtful submission. In an exciting turn of events, Osprey Waters went on to become a double winner at the 2016 Urban Development Institute of Australia (UDIA) Awards, taking home both the 2016 National UDIA Environmental Excellence Award and the highly coveted Russell Perry award for Urban Development Excellence in WA.

So what makes Osprey Waters so special?

Located on the Peel Inlet in Mandurah, WA, Osprey Waters unites residents with a nearby estuary and surrounding bushland, delivering connected and convenient waterside living. The UDIA judges were especially impressed with the integration of landscaping into the design, which included refurbishing the natural environment and planting over 2,700 new native trees. Natural vegetation has been retained, and wildlife habitats protected, including those belonging to birds such as the osprey and black cockatoo. The development also includes 6.4 hectares of landscaped natural parkland with walkways, boardwalks, beautiful tree-lined streets, playgrounds and barbecue amenities encouraging community, connectivity and activity.

The preservation and cultivation of these habitats really makes a difference to our customers, who have shared with us through the Mirvac liveability survey that access to green space for physical and mental wellbeing is valuable.

At Osprey Waters, Mirvac made the display home special. Using innovative building techniques and materials: the display home is carbon neutral in its operation and provides an ideal vehicle to educate prospective buyers and residents about the benefits of sustainable living.

76%

(up 14% from FY16)

of Mirvac's people say they have some form of flexibility, whether formal or informal and this is a significant factor in our excellent employee engagement results.

WORKFORCE

In FY17, flexibility continued to be a major focus at Mirvac, with our building balance initiative inspiring a new business-wide program entitled My Simple Thing, which encourages conversations between employees and managers at all levels of the organisation to identify simple measures which are meaningful and help improve work-life quality.

In addition, the agile working environment we've created at our 200 George Street head office in Sydney has been a great success, and is being extended to other offices.

For more on our People & Culture, see page 28.

Our progress so far

Mission:

To create a framework for the future of place

As an integrated property developer, Mirvac is in a unique position to create a wide variety of places, from community precincts to office towers. One factor that's consistent in our approach for all these project types is our long-term perspective. Given the fact we are more than just developers - we also own and manage our buildings - it's in our best interests to really understand and embrace what these communities value and collaborate for the long term.

While technology is rapidly changing the way we live, work and communicate, some things - such as our basic human need to feel safe, supported and connected - remain consistent. When designing a new asset or residential project, we're looking to meet these needs, creating places that will enhance the quality of life for the people who use them for many years to come.

Not only does this information allow us to better plan and design to provide these key elements, our initiative to measure its social return on investment has enabled good conversations with local and state governments about the wider benefits our developments deliver.

In FY17, our future focus saw us articulate a new vision for Mirvac as a whole: to Reimagine Urban Life.



“To me, reimagining urban life means trying to be in front of the curve. Our goal is to create and deliver a vision for the future – not just in a physical sense, but a community sense too. I think we are lucky to be able to use the physical to create the experience.”
Toby Long, General Manager of Residential Development NSW



| TARGET | PROGRESS |
|--|--|
| Develop a sustainable lifestyles index for implementation (2016) | After finalising the index last year, we launched this internally as the Mirvac liveability survey (see page 45), and piloted the survey on two developments. |
| Create a One Planet Living community (2018) | In 2017, our Marrick & Co residential development in Sydney's inner west received formal endorsement of its action plan, making it the first One Planet Living community in NSW (see page 27 and 45 for more). |
| Create biodiversity action plans for all assets (2018) | This year, we created 23 new biodiversity action plans, making a total of 32. |
| Create green transport plans for all assets (2018) | We developed green transport plans for 21 assets in the past 12 months. |
| Pilot a house with no energy bills (2018) | The design of the home is complete and construction commenced in August 2017. |
| Install solar PV on all new Mirvac homes (2020) | In FY17 we installed a pilot solar and battery system on a home in Brighton Lakes. We are using the data to help us understand the value to our customers. |
| Install solar power storage batteries on all new Mirvac homes (2030) | We have started to rollout solar and batteries as optional upgrades on new home releases. |

uture of Place

SUSTAINABLE LIFESTYLES

Many of our customers want to live more sustainably, whether that entails growing their own produce, or cycling instead of taking the car. By integrating sustainable features into the fabric of our developments, we hope to deliver on the needs of these customers and make sustainable choices easier to make, driving positive change in the communities where we operate.

Mirvac's commitment to sustainable living is nowhere better illustrated than at Marrick & Co, a newly launched residential project. The result of close collaboration with Inner West Council, Marrick & Co has environmental and social responsibility at its heart. This year, it became the very first One Planet Living community in NSW. See page 27 for the full story.

Following considerable internal and external consultation, we launched our sustainable lifestyles index this year in the form of the Mirvac liveability survey. This survey helps us to understand which elements of sustainable living are important to the choices our customers make. So we can respond directly to these needs.

The survey was piloted at two projects: Elizabeth Hills and Harold Park in Sydney, the first a suburban master planned community and the latter, predominantly apartments in the inner city. Their responses confirm the importance of the built form in creating and enabling sustainable lifestyles. For us, it's a win-win, we're innovating to ensure that customers get what they want, while we improve our ability to enable people to live well.

TRANSPORT

Part of our plan for a more sustainable future involves encouraging people to embrace alternative modes of transport, rather than depending only on our cars; whether it's by integrating bicycle paths or end-of-trip facilities into our designs, or finding innovative ways to help people move around.

This year, we continued working towards our target to deliver green transport plans for all our assets, creating tailored plans for 21 of our assets across NSW. After assessing location, access, customer behaviours, and existing transport options, each plan sets out a number of ways to encourage sustainable travel, including installing bike racks and providing electric vehicle charging points, as well as carpooling programs and incentives to promote the use of public transport.

Our liveability survey provided some valuable insights that will influence and inform design moving forward, for instance:

66%

of our residents either grow their own food or would like to, although a lack of space was often cited as the biggest barrier;

92%

of respondents felt that outdoor amenity was more important in shaping local identity than any other factor;

Exercise was undertaken more frequently when facilities were close to home

75%

of respondents said they attend local community events, such as food markets and festivals.

RESILIENCE

Climate change: reading the risks

Climate change has become an increasingly pressing concern for many Australians, including in the built environment. Given our reliance on water and exposure to the elements, as well as the long lifespans of our assets, it is important that we understand, inform, and minimise the risks climate change presents to our business, from damage caused by flooding or hailstorms, to loss of property value or insecurity of tenants' tenure. There are also risks that may not be so immediate, but are potentially just as significant, such as vulnerability to rising energy, water and materials costs.

We have been working to build greater resilience across our business. While it's our duty to meet compliance, we are also mindful that it's good for us and better for the community to continuously improve the way we deliver sustainable infrastructure. Better, more resilient buildings mean improved risk management, including more predictable responses to the changing climate and better ability to meet changing customer requirements. To this end, we've adopted a climate change policy and are undertaking a climate risk disclosure review.

AFFORDABILITY & ACCESS

Housing affordability has reached crisis levels in parts of Australia, and Mirvac has made it our business to adapt as our customers' needs change. The costs of both housing and living are big issues for many Australians and we are thinking deeply about how we can use our expertise, products and partnerships to make a difference. We launched an initiative called The Right Start at Sydney Olympic Park, which is designed to make it easier for first home buyers to secure a property by addressing some of the hurdles they face in securing a home. Read the full story on page 26.

We have also been exploring other ideas to address affordability and access, including:

- > the multi-generational house, a modular housing design that can be added to over time, as a family's needs change;
- > built-to-rent, which combats tenant insecurity by creating residential products with long-term leases in high-quality, well-maintained properties; and
- > the House with No Bills project, which we started work on last year.

House with No Bills becomes concrete

After announcing our concept for a house with no bills last year, we are happy that this concept is now close to delivery. Over the past 12 months, we secured key partnerships with specialist providers, including Evergen (renewable energy), Clipsal (home automation) and Fujitsu (information technology). The design of the home is complete and construction commenced in August 2017. We anticipate the selected family will be living there by 2018.

RENEWABLE ENERGY

Our initial residential solar power battery storage pilot, conducted in collaboration with specialist partner, Evergen has offered key learnings about installation and set-up, and confirmed that batteries are certainly worth pursuing. We plan to offer batteries as an upgrade option in all of our masterplanned community homes, and are working through our innovation program, Hatch, to understand the best ways in which we can also offer them to customers buying apartments.



0.12

EIFR (Environmental Incident Frequency Rate per one million hours worked). Improving on last year's 1.2 EIFR



23

biodiversity plans developed in FY17, 32 plans in total

BIODIVERSITY

Protecting and improving biodiversity is an integral part of reimagining urban life, which we have continued to progress which our initiatives this year. Through landscaping, native species and habitat protection, and tree planting we're working to leave a positive and lasting legacy in the areas where we operate - particularly in locations that are adjacent to protected or sensitive ecosystems.

Developed last year, our first bio-matrix has now been piloted on nine residential projects nationally, enabling us to measure the biodiversity at these sites before and after development. We have also created biodiversity plans at 23 assets this year to help understand biodiversity at the local level and identify actions to improve on the current status.

For example we installed an individual asset level can be showcased by the recent work to install an interior green wall at the Broadway Shopping Centre, Sydney. As well as its obvious aesthetic appeal, this green wall delivers great environmental benefits, improving air quality by absorbing pollutants and releasing oxygen creating a healthier place to work and play. Located right in the heart of the centre, it's a great illustration of how improving biodiversity can positively affect the customer experience in even the most unexpected context.

REWARDING REHABILITATION AT GAINSBOROUGH GREENS

Situated in the leafy suburb of Pimpana in south-east Queensland, Mirvac's masterplanned community, Gainsborough Greens, gave opportunity to create a series of vibrant and distinctive landscaped villages, interspersed by recreational areas and green space.

We sourced fill (low grade soil) from a nearby empty paddock that had been degraded by previous grazing activity, and worked with ecological habitat experts to completely rehabilitate the 50 hectare area.

By using an innovative direct seeding planting technique, instead of traditional tube stock planting, we were able to rehabilitate the site more quickly and cost efficiently, while introducing more diversity from the beginning which has proved beneficial.

In just 18 months, our rehabilitated site evolved into a large thriving wetland community, home to 34 native plant species. Fed by shallow lagoons, the site continues to evolve, with no need for irrigation, fertilisers, herbicides or pesticides.

We even witnessed a breeding pair of painted snipes (an endangered species listed by the International Union for the Conservation of Nature) which is a fantastic outcome for Mirvac and the local community.

Importantly, since rehabilitation began, the site has been subject to both severe flooding and drought conditions, and has responded with a very high degree of resilience thanks in part to replacing the introduced grasses with native species and the creation of the wetlands. An outstanding achievement by our team, we are now transferring the site to its local council as a conservation area.

This year, Gainsborough Greens was also the site for an innovative timber re-use initiative, which you can read about on page 51.



1m

Over one million plants



57

bird species (compared to 17 before)



\$2.8m

cost savings
85% of budget



95%

time savings
(equating to 3 months)

Our progress so far

Reimagining

Mission:

To be net positive by 2030

Given the nature of our work, using resources responsibly has the potential to make an enormous positive impact. From our construction methods, to our building management systems, we're going to great efforts to use our resources wisely; reducing our energy consumption and our reliance on traditional sources, conserving water, and diverting waste from landfill. Our mission to be net positive by 2030 is ambitious, and some areas such as water remain a challenge. Based on our performance to date, however, we still feel confident it's a goal that's within our reach.

ENERGY

Whether it's through energy-conscious design, renewables, or energy-saving customer incentives, Mirvac continues to work to reduce our reliance on traditional energy sources. Technologies, methods and regulatory environment continue to evolve, presenting new opportunities to do things even better.

Renewable energy

Our new business, Mirvac Energy, is a vehicle that's already enabling us to make serious in-roads in this area. Read the full story on page 22.

Renewable energy is also being used on more of our construction site sheds, such as Brighton Lakes in Sydney, where a new solar system was installed in January this year. Given the lifespan of these systems, we have also started reusing them on several site sheds, helping us to get maximum value from our investment. We have already reused a system from our site shed at Kawana Shoppingworld on the Sunshine Coast at Ascot Green in Brisbane, and plan to recycle more systems in this way in the future.

TARGET

PROGRESS

Reduce carbon intensity by 20% (2018) Achieved in 2016 with our focus now on achieving net positive by 2030.

Recycle 75% of waste (2018) & zero waste (2030) Operations 69%; construction 95%; waste to landfill 8,819 tonnes.¹

Implement three closed loop recycling projects (2018) Closed loop recycling projects are now being explored at Gainsborough Greens and Australian Technology Park.

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 (starting from June 2014) LCA assessments were completed for 12 projects this year, leading to an estimated 26% reduction in carbon impact.

Reduce potable water intensity by 15% (2018) Achieved in 2015 with our focus now on achieving net positive by 2030.

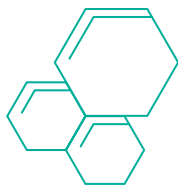
Increase water capture and recycling to 15% (2018) 71,970 kL captured water (operational control).

DEFINING OUR BOUNDARIES - OUR SUSTAINABILITY REPORTING METHODOLOGY

As property developers, we recognise that we leave a lasting impact on the world. For this reason, our reporting boundaries stretch beyond the initial design and construction of our assets, encompassing our broader sphere of influence too.

We have separated the boundary of our commitments into three categories: operational control, financial control and influence. Our reporting methodology was determined as part of the strategic development process and reviewed by third party experts.

For a detailed overview of how we calculate our progress against strategy commitments, click [here](#). For details on our connected reporting framework, click [here](#).



Energy intensity (GJ/m²)

Carbon intensity (CO₂-e/m²)

-8.7%

-26.3%

compared to FY13 baseline

1. Operational data includes wet waste.

Resources

| GHG Emissions | | | FY17 |
|------------------------------------|----------------|----------------|----------------------|
| Emissions tCO₂-e | FY13 | FY17 | source data |
| Scope 1 | | | |
| Natural gas | 2,697 | 3,065 | 59,488GJ |
| Refrigerants | 1,383 | 313 | 1,939kg |
| Diesel | 2,333 | 884 | 326,109L |
| Petrol | 646 | 288 | 122,937L |
| LPG | 7 | 89 | 57,402L |
| Kerosene | - | - | n/a |
| Wood | - | - | n/a |
| Total scope 1 | 7,0066 | 4,640 ✓ | |
| Scope 2 | | | |
| Electricity | 71,426 | 79,149 ✓ | 98,280,076kWh |
| Total scope 1 + 2 | 78,492 | 863,790 | |
| Scope 3 | | | |
| Natural gas | 471 | 477 | 59,844GJ |
| Electricity | 12,542 | 10,639 | 87,414,896kWh |
| Travel | 2,812 | 3,089 | 10,931,520km |
| Waste | 9,915 | 9,355 | 8,819T |
| Diesel | 178 | 45 | 326,109L |
| Petrol | 51 | 15 | 122,937L |
| LPG | 1 | 5 | 57,402L |
| Kerosene | - | - | - |
| Total scope 3 | 25,970 | 23,627 ✓ | |
| Total | 104,462 | 107,416 | |

In good company

As in past years, Mirvac continues to be active on a number of committees and working groups:

- > Green Building Council of Australia (including Board of Directors)
- > Property Industry Foundation (Board of Advisors)
- > Better Building Partnership (including chair of waste technical working group;
- > NABERS technical working group, focusing on the revised NABERS waste tool;
- > Property Council of Australia (including national sustainability roundtable and social sustainability roundtable);
- > Calculating Cool Tool steering group (rating tool for HVAC systems);
- > LBG Australia and New Zealand;
- > Responsible Construction Leadership Group; and
- > Supply Chain Sustainability School Advisory Committee

NABERS

With two buildings maintaining a 6 Star NABERS rating it was another strong year on the NABERS front.

CURRENT NABERS RATINGS

| Property | Energy Rating (Stars) | Water Rating (Stars) |
|------------------|------------------------------|-----------------------------|
| 189 Grey St | 4.5 | 4 |
| 101 Miller St | 5 | 3.5 |
| 40 Miller St | 4.5 | 3.5 |
| 275 Kent St | 5 | 3.5 |
| 65 Pirrama Rd | 6 | 4 |
| One Darling Isl | 5.5 | 3.5 |
| 8 Chifley Sq | 5 | 4 |
| 20 Bond St | 5.5 | 4 |
| 23 Furzer St | 6 | 5.5 |
| 1 Southbank Blvd | 4.5 | - |
| 4 Riverside Qy | 4 | - |
| 380 St Kilda Rd | 5 | 4.5 |
| 90 Collins St | 4 | - |
| 699 Bourke St | 5 | 4 |

Green Star

A highlight this year was earning a 6 Star Green Star As Built certification for 200 George Street, Sydney NSW, which joins our impressive list of credits. Two of our assets, 275 Kent Street Sydney NSW and 23 Furzer Street Woden ACT have maintained a 6 star Green Star Performance rating.

WATER

We live on a dry continent and we recognise that Australians and our producers have a very important relationship with water. While its consumption is necessary in our business, our aim is to keep this to a minimum. Having already achieved our target to reduce potable water intensity by 15 per cent from our baseline year, FY13, the past 12 months have seen us make some good progress on non-potable water.

Optimising our systems

In recent years, we have found that when we install a non-potable water system, the commissioning and optimisation are the greatest challenges. While it's hard to optimise a system, this step provides the greatest value; so this year, we focused on improving some existing systems we already had in place.

We made some major adjustments to the water capture system at 23 Furzer Street in Woden ACT, which saw the water rating improve back to a 5.5 Star NABERS rating, and we have re-commissioned systems in several of our retail assets.

At 275 Kent Street in Sydney, we also optimised the existing rainwater tank to make the most of its large capacity. By starting to feed captured condensate water into the tank, we have made a huge impact and expect the water harvest to be at least double the previous year's amount.

At Ascot Green in Brisbane, we have installed a new 50,000 litre water tank that is being used for dust suppression and stormwater treatment.

POTABLE WATER USAGE

| | FY13 | FY17 |
|---------------------|----------------|------------------|
| Retail | 492,216 | 527,127 ✓ |
| Office & Industrial | 349,597 | 474,154 ✓ |
| Total (kL) | 841,813 | 1,001,281 |

WATER INTENSITY REDUCTION (kL/m²)



NON-POTABLE WATER (kL)



% NON-POTABLE WATER



WASTE

Throughout FY17, we have carried on managing waste using our six key strategies: avoid, reuse, recycle, recover, treat and dispose.

Post-audit progress

After carrying out waste audits across a range of our assets last year, our national resource recovery manager has been able to implement strategic measures, such as improving cleaning processes and introducing a pre-sort to prevent contamination.

Keeping it clean with pre-fab

We're continuing to see the positive impact pre-fabricated components have on waste. At Yarra's Edge in Melbourne, using pre-fabricated bathrooms contributed to a 17 per cent waste reduction from a 2015 baseline. One of the standout examples is the structure of Building 2 at the Australian Technology Park in Sydney, which will be fabricated out of structural steel with an emphasis on prefabricated elements and modules. In addition to a significant reduction in waste generation, there are other advantages including reduction of temporary formwork and scaffolding resulting in site labour and program efficiencies.

| TOTAL WASTE | FY13 | FY17 |
|--------------|---------------|---------------|
| Construction | 35,565 | 23,469 ✓ |
| Investment | 12,833 | 24,654 ✓ |
| Total | 48,398 | 48,124 |


95%
 recycling targets on every
 new construction site


\$2,289,503
 in avoided landfill cost
 by sending less waste
 to landfill

The financial side of waste

Our work on waste is certainly helping to deliver value. Apart from its environmental impact, waste is costly to our business - when we create it, we not only have to pay landfill taxes, we need to pay to have it removed. As landfill levies continue to rise, we are appreciating the financial savings our work on waste is creating. Working together smarter and reimagining our resources, we are finding innovative solutions to help us reach our zero waste target.

| | | | |
|---------------------|-------------------|---------------------------------|-------------------|
| Construction | 95% ✓ recycled | 0% ¹ ✓ prescribed | 5% ✓ landfill |
| Investment | 69% ✓ recycled | 0% ✓ prescribed | 31% ✓ landfill |

New construction targets

Two years ago, our construction team did a benchmark survey on waste. The 2015 baseline was set per product line (that is, office, apartments and homes) that have been normalised for each area. From these, we've set 95 per cent recycling targets on every new construction site, and an internal target to reduce overall waste by 10 per cent. It's a stepping stone to get to zero waste by 2030.

Closing the loop

We are now a few steps closer to our target of implementing three closed-loop recycling projects by 2018, with three separate initiatives either in development or underway. Closed loop systems are those in which used products are recovered and recycled reducing overall resource costs for companies as well as their carbon footprint.

Second life for timber

At Gainsborough Greens, we collaborated with a specialist provider to recycle and reuse around 40 tonnes of timber that had been felled during the development process. Most of this timber was locally milled and repurposed, with lower quality timber becoming non-critical items like tree stakes and survey pegs, while higher quality wood was transformed into permanent structural elements, such as shelters. The wood that couldn't be milled was used for natural play features in the community's Forest Green park.

Through this initiative, we permanently sequestered over 140 tonnes of carbon (the equivalent to annual emissions from three houses) and saved approximately three hectares of forest from being mulched.

1. Hazardous waste is less than 0.05%

SUPPLY CHAIN FY17


4,544

Total number of suppliers



\$1.6bn

Total spend on suppliers



Amount spent in foreign currency:
Less than

\$4.3m



Number of suppliers flagged as
problematic

0

“Knowing what’s in our materials, where and how they are produced is vital. We are paying more attention to how we use our substantial purchasing power ethically and sustainably.”
– Sarah Clarke, Group General Manager Sustainability & Reputation

SUPPLY CHAIN AND GOVERNANCE - MATERIALS

Ensuring the integrity and sustainability of our materials is of vital importance to us. Mirvac relies on a host of different suppliers to provide an equally broad range of materials and services. With such a large and complex supply chain, careful management is essential, and we have worked hard to develop a strong procurement process, and a Vendor Code of Conduct, to which all suppliers need to adhere.

This year, we finished migrating all our vendor data across to Ariba so it’s now our single source of truth.

We are now also using Ariba to manage our corporate and facility management contracts too. There are three parts to this: tendering, contract management and relationships management. We are able to compare vendors side-by-side, and even anticipate when contracts are due to expire so we’re in a good position to renegotiate.

Sustainability now part of the process

We are continuing on our journey to embed sustainability into the procurement process having integrated sustainability criteria into our online tendering module. This means that the suppliers we work with will be required to answer questions on key topics such as corporate social responsibility, health safety and environment, governance and community and engagement. We recognise not all of our procurement spend currently goes through this system and are committed to rolling out a risk based approach for the remaining suppliers.

Construction risk assessment

Last year, construction suppliers accounted for almost half of our supply chain (by spend). As well as using lifecycle assessments to identify environmental hot spots, we also used international data on corruption and modern slavery to identify high risk countries. The outcomes of this assessment will be fed back into our procurement process to ensure we are taking a proactive stance in identifying and managing supply chain risk.

We also now have a supply chain section on our website, with free resources available (such as the supply chain survey) and a direct link to the Supply Chain School, of which we were proudly a founding partner.

LIFECYCLE ASSESSMENTS

Introduced only a few years ago, the lifecycle assessment (LCA) has rapidly become part of how we design and develop properties at Mirvac. The more we understand the long-lasting impacts of the materials we use, the more informed our choices can be.

We have now identified several key material hotspots:

- > cement-based materials (ready-mixed and precast concrete);
- > metals (steel and aluminium);
- > facades and windows (glass); and
- > in-fill and formwork materials (gravels and timber products).

Equipped with this knowledge, we have been able to make more strategic decisions when selecting materials, products, suppliers and construction processes, which save carbon and cost.

As we increase our use of pre-fab components, LCA will give us the ability to measure the impact of technology such as the velocity and modular bathroom systems.

Moving forward, our focus will be on continuing to use LCAs to identify the highest impact opportunities to save costs and carbon, and concentrating on these to improve our decisions, both ecologically and economically.

Construction, 200 George Street, Sydney, NSW



LCA ACHIEVEMENTS



26%

estimated reduction of carbon impact¹ from six comparable projects.



or an equivalent of taking

12,800

cars off the road

80%

predicted cost savings from the in-house expertise in future.

1. 58,400 tonnes of greenhouse gas emissions.

Our progress so far

Mission:

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

Creating vibrant and inclusive communities is a fundamental part of Mirvac's vision to Reimagine Urban Life. From our safe, neighbourly residential developments to the vertical communities in our office buildings, we create places where people can connect and collaborate.

This year, we've carried on driving better community outcomes through a range of initiatives, from employees donating their time and money to charity, to supporting public art projects. With our community framework now complete and our Reconciliation Action Plan launched in July this year, we've also made great progress towards achieving our strategy goals.

Our measurement of community investment is validated independently through the LBG Australia and New Zealand. Our total contribution this year was \$1,749,961, down from \$2,065,960 last year, which had included big initiatives such as the auction of a home for the Make-a-Wish Foundation. The total investment includes a management contribution of \$263,462. Leverage contributions (including contributions for customers, partners and employees) was up this year to \$637,893 from \$321,957 in FY16. We are measuring social return on investment and outcomes in the community in order to predict, demonstrate and influence future community engagement at Mirvac, focussing on managing social risk and co creating opportunities with our neighbours.

INVESTING IN AND ENGAGING WITH OUR COMMUNITIES

From engaging with local Indigenous communities at Australian Technology Park, to running the Mums & Co program across our retail centres, we have made many great community connections this year. One highlight was our public art initiative at Broadway Shopping Centre, Sydney, which you can read about on page 21.

TARGET

Develop a Reconciliation Action Plan (2017)

PROGRESS

Our Reconciliation Action Plan (RAP) is the formalisation of our ongoing engagement with Indigenous communities and the result of thoughtful consultation right across our business and with Indigenous Australians. It has now been endorsed by Reconciliation Australia, an important recognition of our progress, and was launched in July 2017.

Develop a community framework (2016)

We are creating a sustainable development plan that brings together our community framework and other sustainability initiatives.

Create community plans or charters for all residential, office and retail assets (2018)

A community charter was completed for 200 George St, Sydney that provides guidelines on how we engage with tenants and the surrounding community. This framework will be used for our office assets moving forward.

CHARITY

Whether it's through giving time, money, or both, we take our responsibilities to engage with, and contribute to, the not-for-profit sector seriously. We also recognise that in this exchange, we gain as much as we give. We learn more about our operating context, about the communities from which we gain skills and resources, and we understand our social risks and opportunities more deeply.

We understand that social cohesion is good for business. We can both contribute to and grow from these partnerships.

Our relationship with national charity partner, The Smith Family, now in its third year, has gone from strength to strength. In FY17, we supported The Smith Family through a number of activities, the most notable being the Share campaign. You can read more about it on page 36.

Our employees have also supported a wide range of causes and organisations, and in doing so they have gained valuable insights and understanding of the communities in which we operate. For a full overview, see page 34.

communities

\$1,749,961

of investment
(including \$263,462 of
management cost)

\$382,560

value of hours of support

\$5,072

in-kind donations

\$637,893

leverage contributions up
from \$321,957 in FY17

\$886,266

cash donations

OUR SOCIAL RETURN ON INVESTMENT JOURNEY CONTINUES

After developing our social return on investment (SROI) measurement process, which was validated externally, we have now piloted it nationally by embedding it in to the project delivery process. This means that, for the first time, we have a step in our development planning process to capture and predict the social impact of each proposed development.

What does that mean for our business? It means that we are measuring the key elements we know are important to our customers about their communities, like feeling safe and engaging with their neighbours. Having this data enables us to design and plan with these elements in mind, and it facilitates a range of constructive conversations with local and state governments about what it's like to partner with Mirvac. It helps us to build relationships with potential partners that are rooted in trust that Mirvac cares about and delivers on community needs.

As a result, our development managers can now see how their investments compare to other similar Mirvac developments when it comes to things like open space and community facilities. Based on the predicted SROI, our teams are able to consider whether they have enough funding, and whether it's been allocated to the right areas. The SROI research and prediction tool is also allowing development managers to engage in external conversations with local authorities about proposed design and investment decisions. By providing predicted social outcomes, we can model and negotiate different development scenarios, and clearly demonstrate the Mirvac difference.

COMMUNITY FRAMEWORK UPDATE

We recognise the importance of incorporating community assessments to understand local needs and values in our project delivery processes; from the early consultation stages, through the creation of ongoing plans for existing assets, these assessments help us to better understand social risks and opportunities.



\$38,000

fundraising effort in one day
for NSW hard hat day

Lessons learned:

This Changes Everything is delivering what we intended – it is both bold and broad.

BEING BOLD

Our strategy has been widely recognised as sector leading and we are proud that we've set big goals. With a purpose to reimagine urban life, we are a progressive and innovative company. We make it our business to set our sights high and to pursue what we believe can and ought to make a difference.

Being bold is true to our culture and it has helped us to deliver demonstrable value beyond expectations to our employees, customers, partners, communities, and securityholders. We envisage that our sustainability strategy will continue to evolve with this boldness at its heart.

BEING BROAD

By selecting 19 important issues, we have learned about a wide variety of topics and integrated those learnings within our business. This has provided us with opportunities to explore territories which had been unfamiliar, and anticipate both business risks and the needs of our stakeholders.

These experiences have empowered us to now better identify which issues really are the most significant so that we can apply our efforts strategically. We are likely to evolve This Changes Everything by refining our focus areas so that we can look more deeply at key issues.

We'll decide on this refinement by consulting internally to align our focus with what we collectively identify as our most important risks, and we'll validate those choices by consulting widely and transparently across all our stakeholder groups.

COMMITTED LEADERSHIP

At Mirvac, we don't just talk about sustainability. Our leaders take a visible role in demonstrating our commitment. We hear from them why it's important to them in managing business risk, we see them participating in our activities, and we welcome them holding us to a high standard. Sustainability is a contributor to the high levels of employee engagement at Mirvac and we will continue to see this leadership as we take our next steps.

GOOD GOVERNANCE

We have been disciplined in integrating explicit measures of our efforts across these areas into a scorecard linked to performance incentives. We have also monitored its progress through an internal governance process, the Health, Safety, Environment and Sustainability Committee, comprised of leaders in our business and chaired by a member of the Executive Leadership Team.

This commitment to measuring and monitoring our performance has helped us to integrate sustainability deeply within our strategy, operations, and culture. It really is who we are and how we conduct ourselves. We see the value of these formal processes and are committed to retaining them into the strategy's next stages. We will continue to refine them to ensure they are our most significant risks and opportunities.



OPERATIONAL LESSONS

Short term targets are a key part of This Changes Everything, enabling us to gain breadth of experience that stands us in good stead to reach our longer term goals. As the Mirvac Energy case study (page 22) illustrates, the lessons learned are not just technical but often commercial, logistical and social, reflecting the complex nature of the challenges we are tackling. This has reinforced the need to develop solutions and identify and engage with key stakeholders, particularly in the community, early in a project.

WATER

Our objective to be net positive by 2030 is ambitious and our efforts over the past four years have been valuable in identifying what works and what doesn't work for our portfolio. We found that black water treatment is an expensive and energy intensive exercise for high rise properties and is more appropriate for mixed use developments with diversity in water sources and usages. As a result, the black water treatment system at 8 Chifley Square has been deactivated and we have instead focused on rain water capture and potential for condensate capture at the site. This allows us to achieve greater utilisation of the existing infrastructure and provide a reliable source of non-potable water during the summer months.



200 George Street, Sydney, NSW

SMART BUILDINGS AND BIG DATA

The first step in creating a smart portfolio by 2020 was to deliver a smart building by 2018. The delivery of two smart buildings ahead of schedule has enabled us to better understand the inherent challenges in collating data across multiple systems and different and often proprietary communication protocols. It has also helped facilitate ongoing conversations around what data is meaningful to our business and stakeholders and will help us on our journey to net positive, while ensuring we continue to deliver buildings and communities that are healthy, vibrant and well connected.

We have seen this in our Living Lab at 200 George Street, Sydney, where we are gathering information on actual indoor environment quality that can be overlaid on energy, water and occupant data to optimise the tenant experience and building performance.

With 29 smart building systems and smart metering throughout 90% of our office and retail portfolios, we continue to learn about simplifying data collection, collation and use to unlock the potential and take us one step closer to realising our ambitions.

What's next?

“We are well on track to achieving the goals we've set for ourselves. It's always good to take stock, to do a pulse check, finesse our approach based on what we now know, and ensure we are having the maximum impact we can.”
Susan Lloyd-Hurwitz, CEO & Managing Director.

With a number of commitments due, we expect a big year ahead in FY18. We've learned a lot over the past four years, and we'll be applying that learning to refreshing our strategy. It's a good time in the cycle for us to review our key issues and reaffirm the alignment of sustainability within our purpose to reimagine urban life.

We'll continue to put people at the heart of what we do, to be a customer-centric and human organisation that creates sustainable and connected environments. We look forward to building on the great work we have done to date, and continuing to integrate sustainability into the business in a way that adds value to our stakeholders and supports our ambition to be zero waste and net positive by 2030.

In 2017, we're collaborating widely to review our significant issues. We will apply the broad learnings of the past four years to help us to focus on fewer things more deeply to deliver more value.

Importantly, this review will be anchored in risk management and will address those areas which we agree are, and will be, the most important in our sector, and for Mirvac in particular.

We are a people-focused business. It's absolutely vital that we listen to and reflect on the needs of our stakeholders and to put them front and centre in designing our next stage. We're planning a wide and thoughtful consultation process which seeks to understand what is valuable to our employees, customers, partners, communities and securityholders.

We'll take those insights and align them with our particular capabilities and strengths, as well as our interest areas, to ensure that what we're designing truly reflects our competitive points of difference.

Mirvac is a great partner. We want to strengthen our capability and reputation as being a trustworthy partner who listens to understand needs, collaborates on projects of mutual interest, and delivers on our promises every time. Our approach to refining key issues can really help us in this effort.

Some of the things which we know will continue to be a focus for us are our bold promise to be net positive and zero waste by 2030. Delivering our first megawatt of renewable energy has set us on the path to meeting this commitment.

In addition, we are continuing our journey to ensure excellent governance across the organisation, including the integrity of our supply chain and its materials, our investment in social businesses, and our ethical use of data.

We are strengthening our disciplined approach to understanding our customers and their communities. Our processes to listen and understand their values and engagement, measuring and refining our approach, will continue to help us to develop products that are good for people and will deliver ever increasing social benefits.

And of course, we are seeing real challenges on affordability in Sydney and Melbourne. Costs of housing and living are causing real pain and stress for an increasing group of people who are the most vulnerable in our society. We will continue to engage closely on these topics to ensure we understand the needs, appreciate the differences across our customer and community groups, and use our special capabilities to deliver on their needs. Social cohesion matters to us, and I think we will see our commitment to this increase over the evolution of This Changes Everything.

“Some of the things which we know will continue to be a focus for us are our bold promise to be net positive and zero waste by 2030.”
Sarah Clarke, Group General Manager, Sustainability & Reputation.



Governance

Governance

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Board of directors



John
Mulcahy



Susan
Lloyd-Hurwitz



Christine
Bartlett



Peter
Hawkins



James
M. Millar AM



Samantha
Mostyn



John
Peters



Elana
Rubin

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 30 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 The Shore Foundation Limited and the Great Barrier Reef Foundation 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 & 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 Pharmaceuticals Limited (appointed March 2016), TAL Life Limited (appointed January 2017) and Chairman of The Smith Family. She is also an external Director to the Board of Clayton Utz (appointed January 2016). 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 & 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) and Liberty Financial Pty Ltd, and a former Non-Executive Director of Treasury Corporation of Victoria, Clayton Utz and MG Responsible Entity Limited, the responsible entity for MG Unit Trust.

James M. Millar AM

BCom, FCA, FAICD - Independent Non-Executive
Chair of the Audit, Risk & 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, conducting some of the largest corporate workouts of the early 1990s. He has qualifications in both business and accounting.

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

James serves a number of charities where he is a Trustee of the Australian Cancer Research Foundation and the Vincent Fairfax Family Foundation. 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).

Samantha Mostyn

BA, 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 serves as the President of the Australian Council for International Development and is Chair of Carriageworks.

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, and served as a Director of Cover-More Group Limited, the Sydney Theatre Company, a Commissioner with the Australian Football League (AFL), the National Sustainability Council, and the National Mental Health Commission.

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 Non-Executive Director of Argyle Community Housing Ltd and 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 & 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 (formerly Touchcorp Limited) (appointed January 2015), Transurban Queensland, ME Bank, Victorian Funds Management Corporation, Victorian Managed Insurance Authority and LaunchVic. She is also a member of several advisory Boards in property, infrastructure and governance.

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 NAB Wealth / MLC (from April 2013 to October 2016), TAL Life Limited (formerly Tower Australia Limited) (from November 2007 to April 2013) and has been a Director on a number of listed companies and other entities including Bravura Solutions Ltd. Elana is a former member of the Federal Government's Infrastructure Australia Council (from May 2011 to September 2014).

COMPANY SECRETARY**Sean Ward**

BEC, BComm, FCSA, 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 17 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 (Mircac or Group) for the year ended 30 June 2017. 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.

MEETINGS OF DIRECTORS

The number of Directors' meetings held and attended by each Director during the year ended 30 June 2017 is detailed below:

| Director | Board | | Audit, Risk & Compliance Committee | | Human Resources Committee | | Nomination Committee | |
|---------------------|-------|----------|------------------------------------|----------|---------------------------|----------|----------------------|----------|
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| John Mulcahy | 11 | 11 | 6 | 6 | 5 | 5 | 4 | 4 |
| Susan Lloyd-Hurwitz | 11 | 11 | – | – | – | – | – | – |
| Christine Bartlett | 11 | 11 | 6 | 6 | – | – | – | – |
| Peter Hawkins | 11 | 11 | 6 | 6 | 5 | 5 | 4 | 4 |
| Samantha Mostyn | 11 | 10 | – | – | 5 | 5 | – | – |
| James M. Millar AM | 11 | 11 | 6 | 6 | – | – | 4 | 4 |
| John Peters | 11 | 11 | – | – | 5 | 5 | – | – |
| Elana Rubin | 11 | 11 | 6 | 6 | – | – | 4 | 4 |

OTHER DIRECTORSHIPS

Details of all directorships of other listed companies held by each Director in the three years immediately before 30 June 2017 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 Pharmaceuticals 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 |
| | Fantastic Holdings Limited | May 2012 | June 2014 |
| | Macquarie Media Limited | April 2015 | Current |
| | Slater & Gordon Limited | December 2015 | Current |
| 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 (formerly Touchcorp Limited) | January 2015 | Current |

DIRECTORS

The Directors of Mirvac in office at any time during the financial year and at the date of this report together with information on their qualifications and experience are set out on pages 62 to 63.

REMUNERATION REPORT

The Remuneration report as required under section 300A (1) of the *Corporations Act 2001* is set out on pages 67 to 87 and forms part of the Directors' report.

REVIEW OF OPERATIONS

A review of the operations of the Group during the financial year and the results of those operations are detailed in the operating and financial review on pages 8 to 27.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Details of the state of affairs of the Group are disclosed on pages 8 to 27. 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

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.

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 a high standard of corporate governance. The Directors believe that Mirvac's corporate governance framework is critical in maintaining high standards of corporate governance and fostering a culture that values ethical behaviour, integrity and respect, to protect stapled securityholders' and other stakeholders' interests at all times.

During the year ended 30 June 2017, 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 2017 and associated policies¹ can be found 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.

RISKS

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

The Group's objective is to ensure those risks are identified and appropriate strategies are implemented to control or otherwise manage the impact of those risks. Mirvac's risk management framework is integrated with its day-to-day business processes and is supported by a dedicated Group Risk function.

Further information on the Group's risk management framework is detailed in Mirvac's Corporate governance statement.

For the year ended 30 June 2017, the Group continued to review both internal and external risks which have the potential to affect the Group's targeted financial outcomes and to implement strategies to minimise their impact. Further information on the material risks identified for each of the sectors is outlined in the Operating and financial review on pages 8 to 27. At a Group level, Mirvac faces certain risks to achieving of its financial outcomes; these risks are the types of risks typical for an Australian property group. These may include debt refinancing and compliance with debt covenants, compliance with health, safety and environment regulations as well as broader economic conditions.

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.

1. Other than the Risk Management Policy & Framework, the Fraud, Bribery and Corruption Policy and the Political Donations Policy. A summary of the Risk Management Policy & Framework is contained below (see Principle 7), and a summary of the Fraud, Bribery and Corruption Policy and the Political Donations Policy is contained in the Code of Conduct which is available on our website (see Principle 3).

Directors' report

continued

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 2017 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 88 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

Director

Sydney

17 August 2017

Remuneration report

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Remuneration report

1 INTRODUCTION

The Directors of Mirvac are pleased to present securityholders with the FY17 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's remuneration framework is an integral component of the overall People Strategy. Our people are at the heart of what we do, and we recognise that our investment in them, along with fostering a positive culture, leads to better business outcomes. More on our People Strategy and how this supports Mirvac's performance can be found in the Our People and Culture section, page 28.

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

At the heart of our remuneration framework are:

- incentives based on financial measures that reflect core value drivers and strategic objectives that reflect key initiatives and goals critical to organisational transformation and 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 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.

Mirvac delivered excellent performance against key financial measures and key strategic objectives in FY17. This report outlines how Mirvac's performance has driven the remuneration outcomes for senior executives.

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 FY17, 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 | Chief Executive Officer & Managing Director ("CEO/MD") | Full Year |
| Brett Draffen | Chief Investment Officer | Full Year |
| Shane Gannon | Chief Financial Officer ("CFO") | Full Year |
| Campbell Hanan | Head of Office & Industrial | Full Year |
| Susan MacDonald | Head of Retail | Full Year |
| Stuart Penklis ¹ | Head of Residential | Part Year |
| Former Executive KMP | | |
| John Carfi ² | Head of Residential | Part Year |

1. Stuart Penklis commenced his role on 1 May 2017.

2. John Carfi ceased employment on 24 February 2017.

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 FY17 | | |
| 1. How is Mirvac's performance reflected in this year's remuneration outcomes? | <p>Mirvac's remuneration outcomes are strongly linked to the delivery of sustainable securityholder value over the short and long term.</p> <p><i>Short term:</i> Mirvac has delivered strong performance in terms of operating earnings, 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).</p> <p><i>Long term:</i> The three year performance period for the FY15 long term incentives (LTI) completed on 30 June 2017. The FY15 LTI was divided into two components, with half tested against relative TSR performance and the other half tested against ROIC targets, both over a three year period. The Group ROIC performance was 11.2 per cent which significantly outperformed the stretch target of 9 per cent resulting in 100 per cent vesting for this component. While the Group's absolute TSR performance was strong (48.5 per cent), it was marginally below the median of the comparator group and as a result this portion of the LTI did not vest for Executive KMP. As a result, total vesting for Executive KMP for the FY15 LTI award is 50 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 ROIC and TSR for the FY18 LTI award for the Executive KMP.</p> | Section 4 Page 71 |
| 2. What changes have been made to the remuneration structure in FY17? | <p>The CEO/MD's STI target was increased from 75 per cent to 80 per cent.</p> <p>The LTI broadly remained unchanged in FY17; however, the threshold performance level for the ROIC performance hurdle increased from 8 per cent to 9 per cent, with stretch remaining at 10 per cent.</p> <p>There were no changes to STI methodology.</p> | Section 6 Page 72 |
| 3. Are any changes planned for FY18? | No, there are no significant changes planned for FY18. However, in line with previous years, the Board will review and adjust (if necessary) the threshold and stretch performance levels for the performance objectives applicable to the STI and LTI awards. | Section 6 Page 72 |
| 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 72 |
| 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 72 |
| 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 Page 74 & 75 |
| 7. What is Mirvac's minimum securityholding requirement? | The CEO/MD must maintain a minimum securityholding of 100 per cent of fixed remuneration. Other Executives must hold 50 per cent of their fixed remuneration. Non-Executive Directors must hold 25,000 securities. In FY18 the minimum securityholding requirement for the Non-Executive Directors will be increased. | Section 12 Page 82 Section 16 Page 86 |

Remuneration report

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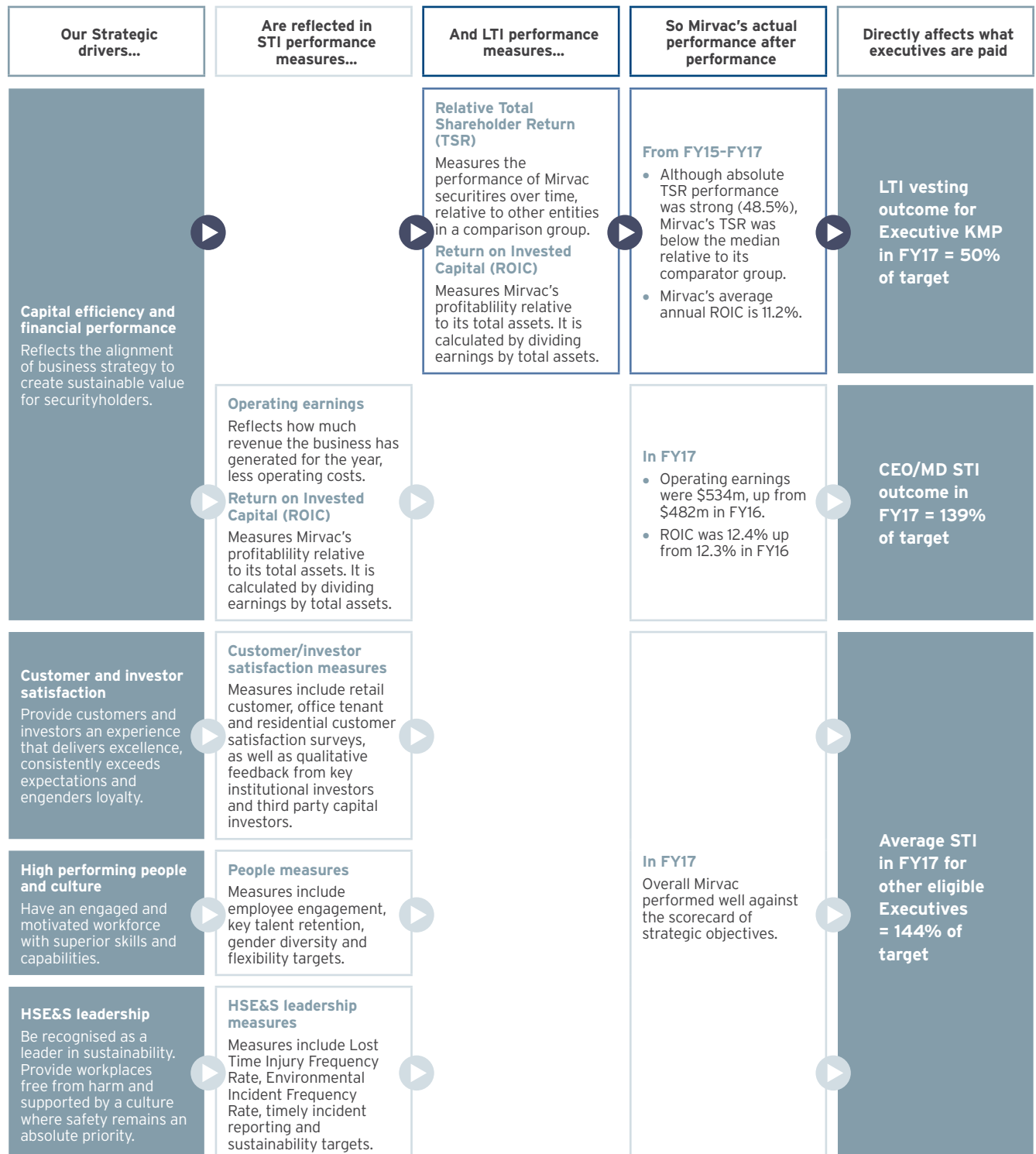
| Key questions | Mirvac approach | Further info |
|---|--|--|
| Short term incentives (STI) | | |
| 8. Are any STI payments deferred? | Yes, 25 per cent of STIs for Executive KMP are awarded as rights over Mirvac securities, half of which vest in one year and half in two years. If the Executive resigns before the vesting period ends, the rights do not vest and are forfeited. | Section 5 Page 72 Section 6 Page 74 |
| 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 73 |
| Long term incentives (LTI) | | |
| 10. What are the performance measures for the LTI? | 50 per cent subject to relative TSR and 50 per cent subject to ROIC, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance. | Section 6 Page 74 |
| 11. Does the LTI have re-testing? | No, there is no re-testing. | Section 6 Page 75 |
| 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 74 |
| 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 74 |
| 14. Can LTI participants hedge their unvested LTI? | No, this is prohibited. | Section 6 Page 75 |
| 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 75 |
| 16. Does Mirvac issue share options? | No, Mirvac uses performance rights for the deferred STI and LTI awards. | Section 6 Page 72 |
| 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 84 |

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.



Remuneration report

CONTINUED

5 EXECUTIVE KMP REMUNERATION AT MIRVAC

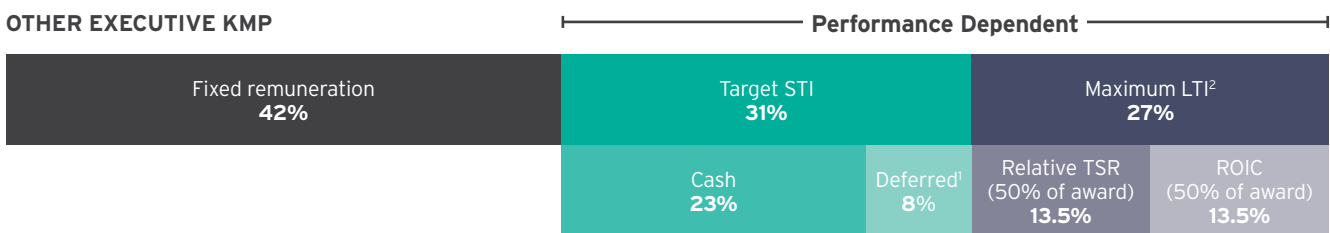
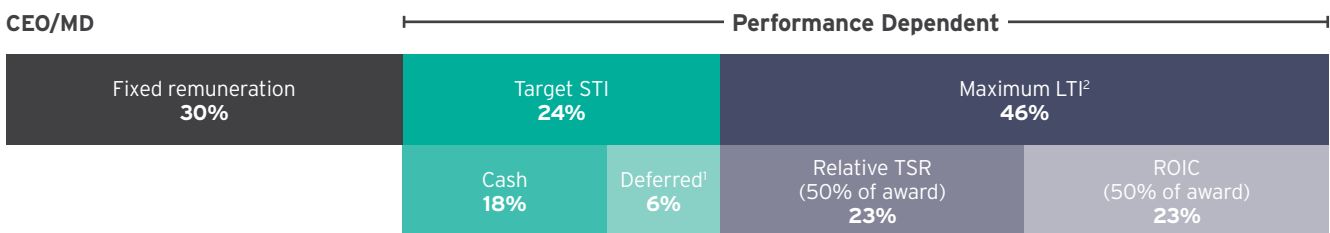
Mirvac's executive remuneration approach is strongly performance focused. A significant proportion of executive remuneration is based on sustained performance, aligned with the business strategy.

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, and all other Executive KMP are required to hold 50 per cent of their fixed remuneration as Mirvac securities; 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:



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 85.

For business roles

- primary comparison group: A-REIT sector, plus Lendlease and Aveo Group; 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 and Aveo Group.

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 is on target. Actual STI awards can range from zero to double the target opportunity, depending on Group and individual performance, but are capped at a maximum of 200 per cent of target. | | | | | | | | | | | | |
| Group STI scorecard/pool funding | <p>Group operating earnings must be at least 90 per cent of target before any STI payments are made.</p> <p>The STI pool funding is calculated based on operating earnings 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. The objectives are quantitative in nature and are set in line with the short and medium term strategic objectives.</p> | | | | | | | | | | | | |
| | Category | Measure | Rationale for using | Measurement | | | | | | | | | |
| | Financial measures | Operating earnings | 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. | | <table border="1"> <thead> <tr> <th>Performance level</th> <th>Group STI score % target</th> </tr> </thead> <tbody> <tr> <td><Threshold</td> <td>0</td> </tr> <tr> <td>Threshold</td> <td>75</td> </tr> <tr> <td>Plan</td> <td>100</td> </tr> <tr> <td>Stretch</td> <td>150</td> </tr> </tbody> </table> <p>A sliding scale operates between threshold and plan, and between plan and stretch.</p> | Performance level | Group STI score % target | <Threshold | 0 | Threshold | 75 | Plan | 100 |
| Performance level | Group STI score % target | | | | | | | | | | | | |
| <Threshold | 0 | | | | | | | | | | | | |
| Threshold | 75 | | | | | | | | | | | | |
| Plan | 100 | | | | | | | | | | | | |
| Stretch | 150 | | | | | | | | | | | | |
| | 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. | | | | | | | | | | | | |
| | Strategic objectives | Financial performance and capital efficiency | Reflects the alignment of business strategy to create sustainable value for securityholders. | Measures include EPS and operating cash flow targets 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 employee 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. | Measures include Lost Time Injury Frequency Rate, Environmental Incident Frequency Rate, timely incident reporting and sustainability targets. | | | | | | | | | |
| 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. | | | | | | | | | | | | |

Remuneration report

CONTINUED

| | |
|-------------------------------|---|
| Deferral | For Executive KMP: <ul style="list-style-type: none"> • 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. The clawback provisions apply to unvested STI and LTI awards received after the introduction of the policy in February 2013. |
| Hedging | Consistent with the <i>Corporations Act 2001</i> , 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 to 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 FY17 was equivalent to: <ul style="list-style-type: none"> • 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 FY17 grant has a performance period commencing 1 July 2016 and ending 30 June 2019. |
| 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 FY17: |

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 Mirvac's primary market competitors: the A-REIT constituents, Lendlease and Aveo Group.

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 by taking the average of the three annual ROIC figures (which are calculated as adjusted earnings of a financial year divided by average monthly operating assets for the financial year). These adjustments are made to ensure that rewards reflect management's contribution to Mirvac's long term performance.

In FY17, the threshold performance level for ROIC was increased from 8 per cent to 9 per cent, with stretch remaining at 10 per cent, to reflect Mirvac's expectations for returns through the cycle, and over the longer term.

| 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% | Nil | |
| Threshold | 50th | 50 | 9% | 50 | |
| Threshold to maximum | >50th to 75th | Pro-rata between 50 and 100 per cent | >9% to 10% | Pro-rata between 50 and 100 per cent | |
| Maximum | 75th and above | 100 | 10% | 100 | |
| Vesting/delivery | <p>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.</p> <p>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.</p> <p>Executive KMP members will be expected to retain the resulting securities until they satisfy the minimum securityholding guidelines.</p> | | | | |
| Termination/forfeiture | <p>Resignation or dismissal: all unvested performance rights are forfeited.</p> <p>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.</p> <p>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.</p> | | | | |
| Clawback policy | <p>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. The clawback provisions apply to unvested STI and LTI awards received after the introduction of the policy in February 2013.</p> | | | | |
| Dilution | <p>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.</p> | | | | |
| Hedging | <p>Consistent with the <i>Corporations Act 2001</i>, participants are prohibited from hedging their unvested performance rights.</p> | | | | |

Remuneration report

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7 BUSINESS AND EXECUTIVE REMUNERATION OUTCOMES

HOW THE GROUP'S PERFORMANCE HAS TRANSLATED INTO STI AWARDS

Performance was strong across the Group in FY17, with operating earnings and ROIC outperforming targets set by the Board. The Group's STI scorecard of 135 per cent (of a potential 150 per cent) reflects the strong financial results.

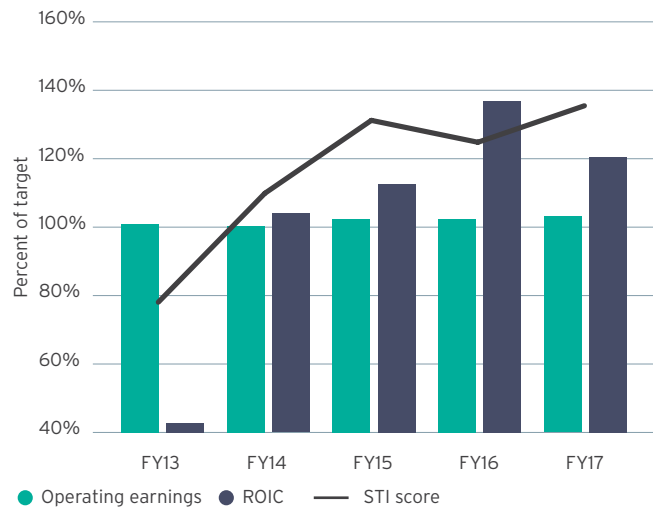
Mirvac's financial performance directly affects the STI awards in two ways:

- the STI has a gateway requirement of Group operating earnings being at least 90 per cent of target; and
- the Group's STI scorecard has two financial measures, each worth 50 per cent of the total pool: operating earnings and ROIC.

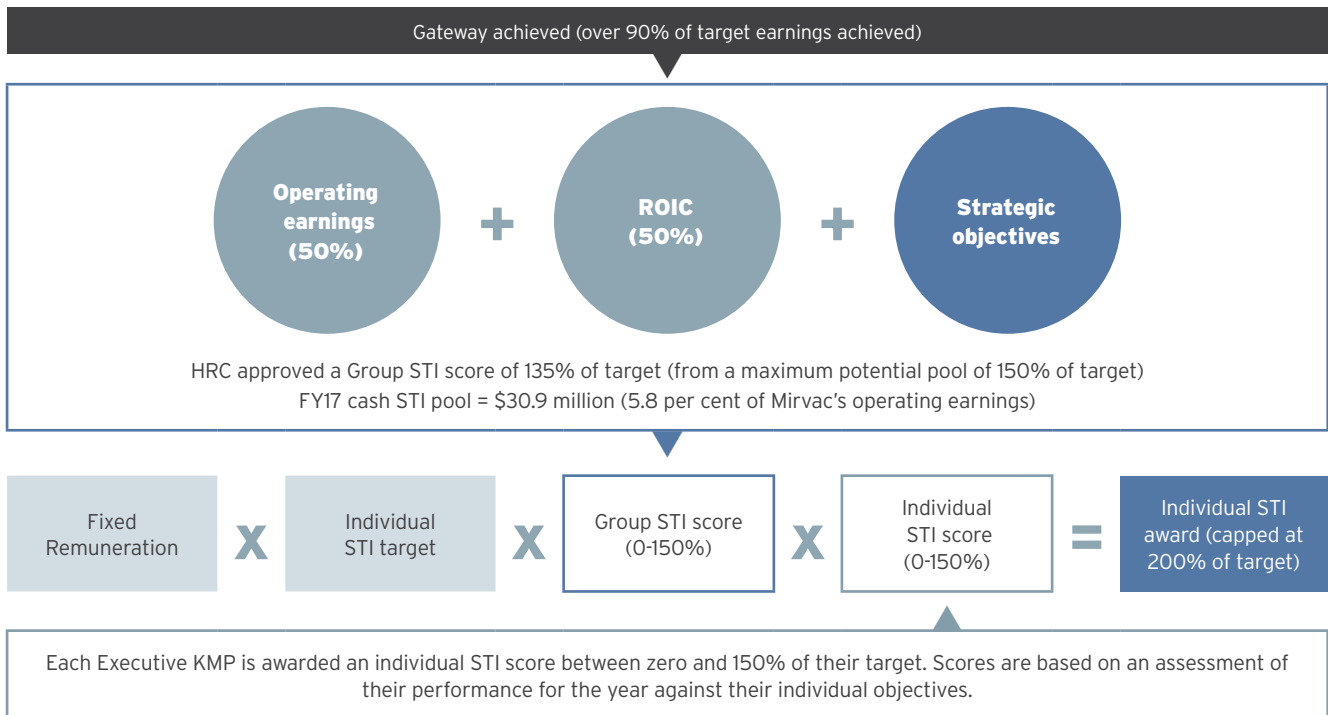
This graph shows how the average STI outcome for all employees has been closely tied to performance on these two measures since FY13.

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.

FINANCIAL PERFORMANCE VS AVERAGE STI OUTCOME



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.

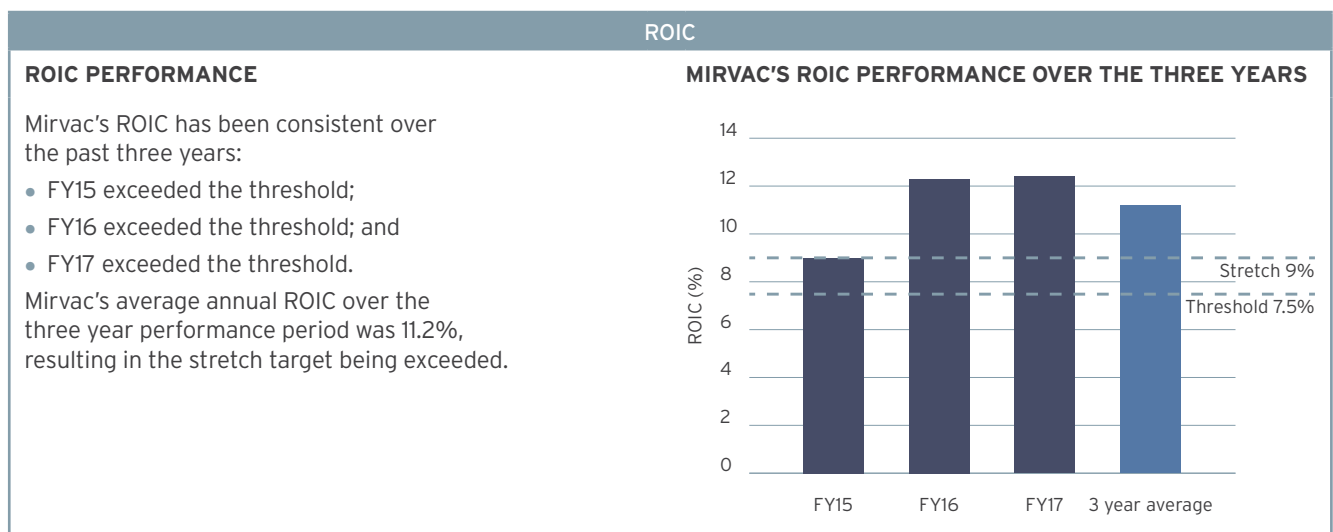
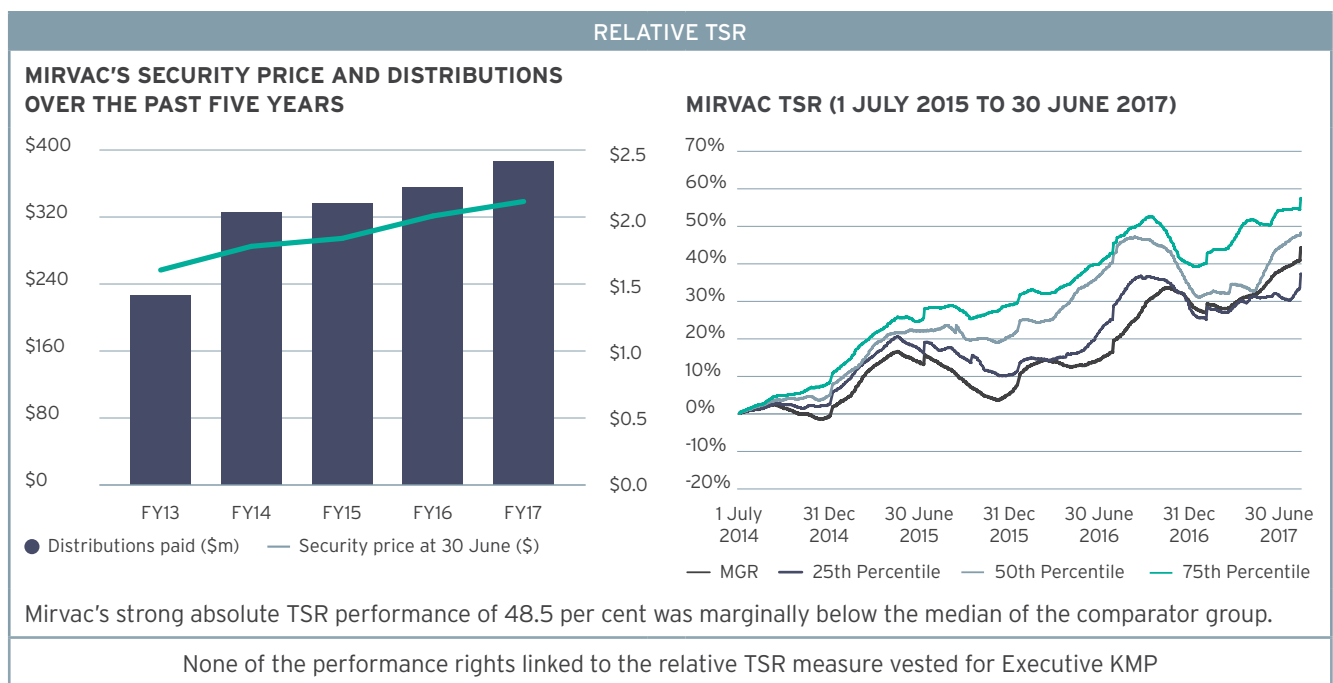
Vesting of LTI grants is dependent on achieving relative TSR performance and ROIC targets over a three year period, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance. The Group ROIC performance was 11.2 per cent which significantly outperformed the stretch target of 9 per cent resulting in 100 per cent vesting for this component. While the Group's absolute TSR performance was strong (48.5 per cent), it was marginally below the median of the comparator group and as a result this portion of the LTI did not vest for members of the Executive Leadership Team (including the Executive KMP). As a result, total vesting for Executive KMP for the FY15 LTI award is 50 per cent.

For participants outside the Executive Leadership Team with continued service up to the end of the performance period, the Board exercised its discretion to determine that the relative TSR component of the FY15 LTI award would vest at threshold level (i.e. 50 per cent vesting). The Board took into account various factors when making this decision, including corporate activity in the comparator group; the desire for overall LTI outcomes to reflect sustained organisational performance and reward for execution of the agreed strategy; and the need for the LTI to provide a sufficient performance and retention incentive. Accordingly, for participants outside of the Executive Leadership Team, the vesting outcome for the FY15 LTI was 75 per cent of the total award.

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

FY15 LTI grants to eligible participants and relative TSR and ROIC performance hurdles are set

30 June 2017: three year performance period ends for the FY15 grants and performance is measured for relative TSR and ROIC



50% vesting of the total FY15 LTI award for Executive KMP

Remuneration report

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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 % |
|------------|-----------------------|--------------------|--------------------------|----------|
| FY13 | Relative TSR and ROE | 3 years | 30 June 2015 | 36.5 |
| FY14 | Relative TSR and ROIC | 3 years | 30 June 2016 | 47.0 |
| FY15 | Relative TSR and ROIC | 3 years | 30 June 2017 | 50.0 |

Past financial performance

The table below provides summary information on the Group's earnings and securityholders' wealth for the five years to 30 June 2017:

| | FY17 | FY16 | FY15 | FY14 | FY13 |
|--|--------------|-------|------|------|------|
| Profit attributable to the stapled securityholders of Mirvac (\$m) | 1,064 | 1,033 | 610 | 447 | 140 |
| Operating profit (\$m) | 534 | 482 | 455 | 438 | 378 |
| Distributions paid (\$m) | 386 | 355 | 336 | 326 | 226 |
| Security price at 30 June (\$) | 2.13 | 2.02 | 1.85 | 1.79 | 1.61 |
| Operating earnings per stapled security (EPS) - diluted (cents) | 14.4 | 13.0 | 12.3 | 11.9 | 10.9 |
| Statutory EPS - basic (cents) | 31.4 | 27.9 | 16.5 | 12.2 | 4.1 |

8 SUMMARY OF FY17 REMUNERATION

Strong financial performance and sound capital management are reflected in above-target STI payouts for Executive KMP in FY17. The performance period for the FY15 LTI award ended on 30 June 2017. Vesting of 50 per cent reflects the mixed results with strong ROIC performance over the three year period, but below median relative TSR performance.

| | |
|--|---|
| CEO/MD remuneration | <p>The CEO/MD's fixed remuneration was not increased during FY17 however, STI target was increased from 75 per cent to 80 per cent.</p> <p>Actual remuneration for the CEO/MD in the table in section 9 increased from \$4.5m in FY16 to \$4.9m in FY17 due to a larger STI outcome, the partial vesting of the FY15 LTI award and the higher security price for both the LTI and STI vesting dates.</p> |
| Fixed and total target remuneration | <p>There were no increases to the fixed remuneration or total target remuneration for any other Executive KMP during FY17.</p> |
| STI | <p>Strong results across all operating metrics resulted in an above target STI pool of 135 per cent, up from 125 percent in FY16.</p> <p>The STI pool in FY17 was driven by:</p> <ul style="list-style-type: none"> operating earnings increasing to \$534m from \$482m; ROIC performance improving to 12.4 per cent from 12.3 per cent; and strong performance against the scorecard of the strategic objectives. |
| LTI | <p>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 Group ROIC performance was 11.2 per cent which significantly outperformed the stretch target of 9 per cent resulting in 100 per cent vesting for this component. While the Group's absolute TSR performance was strong (48.5 per cent), it was marginally below the median of the comparator group and as a result this portion of the LTI did not vest for members of the Executive Leadership Team (including the Executive KMP). As a result, total vesting for Executive KMP for the FY15 LTI award is 50 per cent.</p> |
| Non-Executive Director fees | <p>No changes.</p> |

9 ACTUAL REMUNERATION RECEIVED IN FY17

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 2017 in recognition of performance during FY17;

Deferred STI vested: the value of the deferred STI from prior years that vested in FY17 (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 2017 (being the number of performance rights that vested multiplied by the security price on 30 June 2017, being the last day of the performance period).

ACTUAL REMUNERATION RECEIVED IN FY17

| | Year | Fixed remuneration \$ | Cash STI \$ | Deferred STI vested \$ | LTI vested \$ | Other ¹ \$ | Total \$ |
|----------------------------------|-------------|--------------------------|------------------|---------------------------|------------------|--------------------------|------------------|
| Executive KMP | | | | | | | |
| Susan Lloyd-Hurwitz ² | FY17 | 1,500,000 | 1,249,715 | 535,796 | 1,555,965 | 24,659 | 4,866,135 |
| | FY16 | 1,500,000 | 1,077,288 | 499,819 | 1,396,093 | 25,535 | 4,498,735 |
| Brett Draffen ³ | FY17 | 950,000 | 804,215 | 332,683 | 591,282 | 15,328 | 2,693,508 |
| | FY16 | 950,000 | 735,101 | 310,345 | 327,705 | 20,094 | 2,343,245 |
| Shane Gannon ⁴ | FY17 | 900,000 | 763,715 | 225,323 | 560,162 | 14,665 | 2,463,865 |
| | FY16 | 900,000 | 697,601 | 210,193 | 212,064 | 14,707 | 2,034,565 |
| Campbell Hanan ⁵ | FY17 | 800,000 | 601,715 | - | - | 12,996 | 1,414,711 |
| | FY16 | 266,667 | 547,601 | - | - | 4,345 | 818,613 |
| Susan MacDonald ³ | FY17 | 700,000 | 530,840 | 99,855 | 242,045 | 11,330 | 1,584,070 |
| | FY16 | 700,000 | 481,976 | 93,150 | 195,465 | 10,918 | 1,481,509 |
| Stuart Penklis ⁶ | FY17 | 116,667 | 412,715 | - | 128,214 | 11,319 | 668,915 |
| Former Executive KMP | | | | | | | |
| John Carfi ⁷ | FY17 | 460,830 | - | 99,855 | - | 339,914 | 900,599 |
| | FY16 | 700,000 | 481,976 | 93,150 | 58,788 | 11,750 | 1,345,664 |

- Includes long service leave accrued during the year. In the case of John Carfi, Other reflects the accrued annual leave and long service leave paid upon his termination.
- Amount shown does not include a novated lease rebate of \$9,814.83 for overpayments in prior periods.
- Brett Draffen and Susan MacDonald elected to purchase additional leave, the amount shown above reflects Fixed remuneration before deducting the purchased leave.
- Shane Gannon elected to purchase additional leave and took a period of unpaid leave (seven days) during FY17, the amount shown above reflects Fixed remuneration before deducting the purchased leave and unpaid leave.
- Campbell Hanan commenced employment with Mirvac as an Executive KMP on 9 February 2016.
- Stuart Penklis commenced his role and therefore became an Executive KMP on 1 May 2017.
- John Carfi ceased employment with Mirvac on 24 February 2017.

EXECUTIVE KMP STI AWARDS IN FY17

The following table shows the actual STI outcomes (including any deferred component) for each of the Executive KMP for FY17:

| 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 | 69 | 31 | 1,666,286 |
| Brett Draffen | 80 | 160 | 71 | 29 | 1,072,286 |
| Shane Gannon | 80 | 160 | 71 | 29 | 1,018,286 |
| Campbell Hanan | 70 | 140 | 72 | 28 | 802,286 |
| Susan MacDonald | 70 | 140 | 72 | 28 | 707,786 |
| Stuart Penklis | 70 | 140 | 74 | 26 | 550,286 |

Remuneration report

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10 TOTAL REMUNERATION IN FY17

The following table shows the total remuneration for members of the Executive KMP for FY17 and FY16 including remuneration details for individuals who are no longer Executive KMP but were included in the FY16 remuneration report. These disclosures are calculated in accordance with the accounting standards and accordingly differ from the information presented in the actual remuneration received in FY17 table in section 9.

| Year | Short term benefits | | | Post-employment | Security based payments | | Other long term benefits | Termination benefits ⁶ | Total remuneration | Performance related remuneration % of total remuneration |
|----------------------------------|-----------------------------------|-----------------------|--------------------------------|------------------------------|------------------------------|---------------------------|---------------------------------|-----------------------------------|--------------------|--|
| | Cash salary and fees ¹ | Cash STI ² | Non-cash benefits ³ | Superannuation contributions | Value of rights ⁴ | Deferred STI ⁴ | Long service leave ⁵ | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Executive Director | | | | | | | | | | |
| Susan Lloyd-Hurwitz ⁷ | FY17 | 1,464,997 | 1,249,715 | 15,388 | 19,616 | 2,167,066 | 366,478 | 24,659 | 5,307,919 | 71% |
| | FY16 | 1,443,189 | 1,077,288 | 38,922 | 19,308 | 1,545,795 | 382,676 | 24,166 | 4,531,294 | 66% |
| Other Executive KMP | | | | | | | | | | |
| Brett Draffen ⁸ | FY17 | 884,824 | 804,215 | 9,022 | 19,616 | 823,509 | 249,454 | 15,328 | 2,805,968 | 67% |
| | FY16 | 921,670 | 735,101 | 13,724 | 19,308 | 467,566 | 252,553 | 15,392 | 2,425,314 | 60% |
| Shane Gannon ⁹ | FY17 | 823,038 | 763,715 | - | 19,616 | 780,167 | 228,047 | 14,665 | 2,629,248 | 67% |
| | FY16 | 880,692 | 697,601 | - | 19,308 | 384,814 | 204,519 | 14,707 | 2,201,641 | 58% |
| Campbell Hanan ¹⁰ | FY17 | 780,384 | 601,715 | - | 19,616 | 101,473 | 206,328 | 12,996 | 1,722,512 | 53% |
| | FY16 | 257,013 | 547,601 | - | 9,654 | - | 76,056 | 4,345 | 894,669 | 70% |
| Susan MacDonald ⁸ | FY17 | 666,923 | 530,840 | - | 19,616 | 337,109 | 157,048 | 11,330 | 1,722,866 | 59% |
| | FY16 | 653,769 | 481,976 | - | 19,308 | 227,635 | 127,427 | 10,918 | 1,521,033 | 55% |
| Stuart Penklis ¹¹ | FY17 | 113,397 | 412,715 | - | 3,269 | 186,692 | 51,042 | 11,319 | 778,434 | 84% |
| | FY16 | 680,692 | 481,976 | 382 | 19,308 | 236,571 | 127,427 | 11,368 | - | 1,557,724 |
| Former Executive KMP | | | | | | | | | | |
| John Carfi ¹² | FY17 | 447,917 | - | - | 12,914 | (296,261) | (97,770) | - | 339,914 | 406,714 |
| | FY16 | 680,692 | 481,976 | 382 | 19,308 | 236,571 | 127,427 | 11,368 | - | 1,557,724 |

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.

3. Non-cash benefits include salary-sacrificed benefits and related FBT where applicable.

4. Valuation of rights is conducted by an independent advisor.

5. Long service leave relates to amounts accrued during the year.

6. Termination benefit for John Carfi reflects the accrued annual leave and long service leave paid upon his termination.

7. Amount shown does not include a novated lease rebate of \$9,814.83 for overpayments in prior periods.

8. 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.

9. Shane Gannon elected to purchase additional leave and took a period of unpaid leave during FY17, 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.

10. Campbell Hanan commenced employment with Mirvac as an Executive KMP on 9 February 2016.

11. Stuart Penklis commenced his role and therefore became an Executive KMP on 1 May 2017.

12. John Carfi ceased employment with Mirvac on 24 February 2017. In accordance with accounting standards, the reversal of expense shown for security based payments reflects the forfeiture of the unvested equity awards.

11 LTI GRANTS IN FY17

The table below shows LTI grants made during FY17, subject to performance conditions over the three year performance period ending 30 June 2019. 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 performance 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 | 621,547 | 1.39 | 863,950 |
| | | ROIC | 621,546 | 1.37 | 848,410 |
| Total | 150 | | 1,243,093 | | 1,712,360 |
| Brett Draffen | | Relative TSR | 236,188 | 1.39 | 328,301 |
| | | ROIC | 236,187 | 1.37 | 322,395 |
| Total | 90 | | 472,375 | | 650,696 |
| Shane Gannon | | Relative TSR | 223,757 | 1.39 | 311,022 |
| | | ROIC | 223,756 | 1.37 | 305,427 |
| Total | 90 | | 447,513 | | 616,449 |
| Campbell Hanan | | Relative TSR | 110,497 | 1.39 | 153,591 |
| | | ROIC | 110,497 | 1.37 | 150,828 |
| Total | 50 | | 220,994 | | 304,419 |
| Susan MacDonald | | Relative TSR | 96,685 | 1.39 | 134,392 |
| | | ROIC | 96,685 | 1.37 | 131,975 |
| Total | 50 | | 193,370 | | 266,367 |
| Stuart Penklis ² | | Relative TSR | 55,249 | 1.39 | 76,796 |
| | | ROIC | 55,248 | 1.37 | 75,414 |
| Total | 40 | | 110,497 | | 152,210 |

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.
2. LTI award for Stuart Penklis granted prior to him commencing his role as Head of Residential and becoming an Executive KMP.

Key inputs used in valuing performance rights granted during FY17 were as follows:

| | | | |
|------------------------------|-----------------------|---|-----------|
| Grant date | 6 December 2016 | Exercise price | \$nil |
| Performance hurdles | Relative TSR and ROIC | Expected life | 2.6 years |
| Performance period start | 1 July 2016 | Volatility | 17% |
| Performance period end | 30 June 2019 | Risk-free interest rate (per annum) | 2% |
| Security price at grant date | \$2.05 | Dividend/distribution yield (per annum) | 4.6% |

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.

Executive KMP members have five years to build up their securityholding to the expected level. As at 30 June 2017, the number of ordinary securities in Mirvac held by Executive KMP, including their personally related parties, is set out below:

| | Balance 1 July 2016 | Changes ¹ | Balance 30 June 2017 | Value 30 June 2017 \$ | Minimum securityholding guideline \$ | Date securityholding to be attained |
|----------------------|------------------------|----------------------|-------------------------|-----------------------------|---|---|
| Executive KMP | | | | | | |
| Susan Lloyd-Hurwitz | 584,665 | 938,570 | 1,523,235 | 3,244,491 | 1,500,000 | November 2017 |
| Brett Draffen | 1,119,204 | (71,364) | 1,047,840 | 2,231,899 | 475,000 | July 2017 |
| Shane Gannon | 36,297 | 209,038 | 245,335 | 522,564 | 450,000 | December 2018 |
| Campbell Hanan | – | – | – | – | 400,000 | February 2021 |
| Susan MacDonald | 319,715 | 142,878 | 462,593 | 985,323 | 350,000 | July 2019 |
| Stuart Penklis | – | 43,988 | 43,988 | 93,694 | 350,000 | May 2022 |

1. Changes include additions/disposals resulting from first or final disclosure of a KMP and vesting of performance rights where the performance period ended on 30 June 2017.

OPTIONS

No options (i.e. a right to acquire a security upon payment of an exercise price) were granted as remuneration during FY17 and no unvested or unexercised options are held by Executive KMP as at 30 June 2017.

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:

| | Balance 1 July 2016 | LTI | | Deferred STI | | Other changes ¹ | Balance 30 June 2017 |
|-----------------------------|------------------------|------------------|--|------------------|--------------------------------|-------------------------------|-------------------------|
| | | Rights issued | Rights relating to performance period ended 30 June 2017 vested/ forfeited | Rights issued | Rights vested/ forfeited | | |
| Executive KMP | | | | | | | |
| Susan Lloyd-Hurwitz | 3,311,276 | 1,243,093 | (1,461,000) | 177,770 | (247,435) | – | 3,023,704 |
| Brett Draffen | 1,357,056 | 472,375 | (555,194) | 121,303 | (153,636) | – | 1,241,904 |
| Shane Gannon | 1,227,199 | 447,513 | (525,974) | 115,115 | (104,056) | – | 1,159,797 |
| Campbell Hanan | – | 220,994 | – | 90,362 | – | – | 311,356 |
| Susan MacDonald | 548,257 | 193,370 | (227,272) | 79,533 | (46,114) | – | 547,774 |
| Stuart Penklis | – | 110,497 | (120,389) | – | – | 251,107 | 241,215 |
| Former Executive KMP | | | | | | | |
| John Carfi | 913,081 | – | – | 79,533 | (171,760) | (820,854) | – |

1. Changes include additions/disposals resulting from first or final disclosure of a KMP.

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

| Plan | Grant Date | Number of rights granted | Value at grant date ¹ \$ | Vesting Date | Vested | | | Lapsed | | | |
|----------------------|------------|--------------------------|--|--------------|------------------|------------------|-----------------------|------------------|------------------|-----------------------|----------------|
| | | | | | Number of rights | % of total grant | Value of rights \$ | Number of rights | % of total grant | Value of rights \$ | |
| Executive KMP | | | | | | | | | | | |
| Susan Lloyd-Hurwitz | STI | 19 Sep 14 | 115,094 | 178,396 | 19 Sep 16 | 115,094 | 100% | 178,396 | - | 0% | - |
| | LTI | 17 Dec 14 | 1,461,000 | 1,015,395 | 30 Jun 17 | 730,500 | 50% | 507,698 | 730,500 | 50% | 507,698 |
| | STI | 18 Sep 15 | 132,341 | 213,069 | 18 Sep 16 | 132,341 | 100% | 213,069 | - | 0% | - |
| | STI | 18 Sep 15 | 132,341 | 201,158 | 18 Sep 17 | - | - | - | - | - | - |
| | LTI | 7 Dec 15 | 1,470,500 | 1,146,990 | 30 Jun 18 | - | - | - | - | - | - |
| | STI | 23 Sep 16 | 88,885 | 186,659 | 23 Sep 17 | - | - | - | - | - | - |
| | STI | 23 Sep 16 | 88,885 | 178,659 | 23 Sep 18 | - | - | - | - | - | - |
| | LTI | 6 Dec 16 | 1,243,093 | 1,712,360 | 30 Jun 19 | - | - | - | - | - | - |
| Total | | 4,732,139 | 4,832,686 | | 977,935 | | 899,163 | 730,500 | | | 507,698 |
| Brett Draffen | STI | 19 Sep 14 | 64,232 | 99,560 | 19 Sep 16 | 64,232 | 100% | 99,560 | - | 0% | - |
| | LTI | 17 Dec 14 | 555,194 | 385,860 | 30 Jun 17 | 277,597 | 50% | 192,930 | 277,597 | 50% | 192,930 |
| | STI | 18 Sep 15 | 89,404 | 143,940 | 18 Sep 16 | 89,404 | 100% | 143,940 | - | 0% | - |
| | STI | 18 Sep 15 | 89,403 | 135,893 | 18 Sep 17 | - | - | - | - | - | - |
| | LTI | 7 Dec 15 | 558,823 | 435,882 | 30 Jun 18 | - | - | - | - | - | - |
| | STI | 23 Sep 16 | 60,652 | 127,369 | 23 Sep 17 | - | - | - | - | - | - |
| | STI | 23 Sep 16 | 60,651 | 121,909 | 23 Sep 18 | - | - | - | - | - | - |
| | LTI | 6 Dec 16 | 472,375 | 650,696 | 30 Jun 19 | - | - | - | - | - | - |
| Total | | 1,950,734 | 2,101,109 | | 431,233 | | 436,430 | 277,597 | | | 192,930 |
| Shane Gannon | STI | 19 Sep 14 | 36,297 | 56,260 | 19 Sep 16 | 36,297 | 100% | 56,260 | - | 0% | - |
| | LTI | 17 Dec 14 | 525,974 | 365,552 | 30 Jun 17 | 262,987 | 50% | 182,776 | 262,987 | 50% | 182,776 |
| | STI | 18 Sep 15 | 67,759 | 109,092 | 18 Sep 16 | 67,759 | 100% | 109,092 | - | 0% | - |
| | STI | 18 Sep 15 | 67,758 | 102,992 | 18 Sep 17 | - | - | - | - | - | - |
| | LTI | 7 Dec 15 | 529,411 | 412,941 | 30 Jun 18 | - | - | - | - | - | - |
| | STI | 23 Sep 16 | 57,558 | 120,872 | 23 Sep 17 | - | - | - | - | - | - |
| | STI | 23 Sep 16 | 57,557 | 115,690 | 23 Sep 18 | - | - | - | - | - | - |
| | LTI | 6 Dec 16 | 447,513 | 616,449 | 30 Jun 19 | - | - | - | - | - | - |
| Total | | 1,789,827 | 1,899,848 | | 367,043 | | 348,128 | 262,987 | | | 182,776 |
| Campbell Hanan | STI | 23 Sep 16 | 45,181 | 94,880 | 23 Sep 17 | - | - | - | - | - | - |
| | STI | 23 Sep 16 | 45,181 | 90,814 | 23 Sep 18 | - | - | - | - | - | - |
| | LTI | 6 Dec 16 | 220,994 | 304,419 | 30 Jun 19 | - | - | - | - | - | - |
| Total | | 311,356 | 490,113 | | - | | - | - | | | - |
| Susan MacDonald | LTI | 17 Dec 14 | 227,272 | 157,954 | 30 Jun 17 | 113,636 | 50% | 78,977 | 113,636 | 50% | 78,977 |
| | STI | 18 Sep 15 | 46,114 | 74,244 | 18 Sep 16 | 46,114 | 100% | 74,244 | - | 0% | - |
| | STI | 18 Sep 15 | 46,113 | 70,092 | 18 Sep 17 | - | - | - | - | - | - |
| | LTI | 7 Dec 15 | 228,758 | 178,431 | 30 Jun 18 | - | - | - | - | - | - |
| | STI | 23 Sep 16 | 39,767 | 83,511 | 23 Sep 17 | - | - | - | - | - | - |
| | STI | 23 Sep 16 | 39,766 | 79,930 | 23 Sep 18 | - | - | - | - | - | - |
| Total | | 821,160 | 910,529 | | 159,750 | | 153,221 | 113,636 | | | 78,977 |
| Stuart Penklis | LTI | 17 Dec 14 | 120,389 | 83,670 | 30 Jun 17 | 60,194 | 50% | 41,835 | 60,195 | 50% | 41,835 |
| | LTI | 7 Dec 15 | 130,718 | 101,960 | 30 Jun 18 | - | - | - | - | - | - |
| | LTI | 6 Dec 16 | 110,497 | 152,210 | 30 Jun 19 | - | - | - | - | - | - |
| Total | | 361,604 | 337,840 | | 60,194 | | 41,835 | 60,195 | | | 41,835 |

Remuneration report

CONTINUED

| Plan | Grant Date | Number of rights granted | Value at grant date ¹ \$ | Vesting Date | Vested | | | Lapsed | | | |
|-----------------------------|------------|--------------------------|--|----------------|------------------|------------------|-----------------------|------------------|------------------|-----------------------|----------------|
| | | | | | Number of rights | % of total grant | Value of rights \$ | Number of rights | % of total grant | Value of rights \$ | |
| Former Executive KMP | | | | | | | | | | | |
| John Carfi | LTI | 17 Dec 14 | 409,090 | 284,318 | 30 Jun 17 | – | 0% | – | 409,090 | 100% | 284,318 |
| | STI | 18 Sep 15 | 46,114 | 74,244 | 18 Sep 16 | 46,114 | 100% | 74,244 | – | 0% | – |
| | STI | 18 Sep 15 | 46,113 | 70,092 | 18 Sep 17 | – | 0% | – | 46,113 | 100% | 70,092 |
| | LTI | 7 Dec 15 | 411,764 | 321,176 | 30 Jun 18 | – | 0% | – | 411,764 | 100% | 321,176 |
| | STI | 23 Sep 16 | 39,767 | 83,511 | 23 Sep 17 | – | 0% | – | 39,767 | 100% | 83,511 |
| | STI | 23 Sep 16 | 39,766 | 79,930 | 23 Sep 18 | – | 0% | – | 39,766 | 100% | 79,930 |
| Total | | | 992,614 | 913,271 | | 46,114 | | 74,244 | 946,500 | | 839,027 |

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 the FY17 grant assumes 75 per cent vesting, which is reflected in the above valuation.

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 FY17. Stuart Penklis commenced his role as the Head of Residential on 1 May 2017 on similar terms and conditions to those of other Executive KMP in respect of notice and termination.

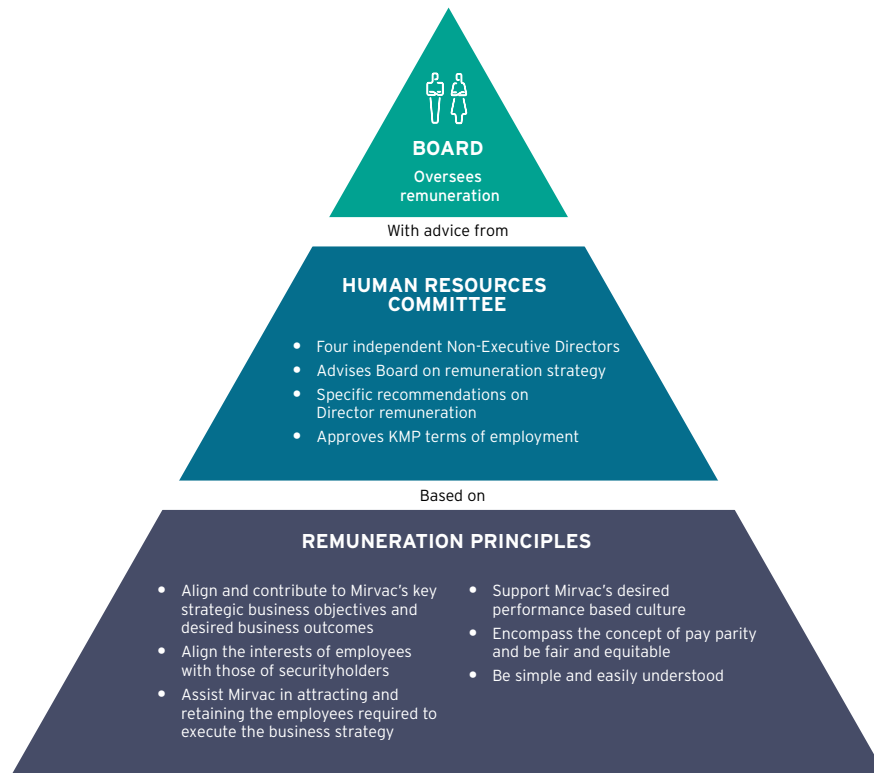
The key terms of the service agreements for the CEO/MD and other Executive KMP members are summarised below:

| | Contract term | Notice period | | Termination payment ¹ |
|---------------------|---------------|---------------|----------|----------------------------------|
| | | Employee | Group | |
| 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 FY17, Ernst & Young provided the HRC with:

- fair value calculations for equity awards;
- market remuneration information, used as an input to the annual review of Executive KMP remuneration; 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.

Remuneration report

CONTINUED

The schedule of fees for Non-Executive Directors during FY17 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

| Non-Executive Directors | Year | Short term benefits | Post-employment ¹ | Total \$ |
|-------------------------|-------------|-------------------------|---------------------------------|------------------|
| | | Cash salary and fees \$ | Superannuation contributions \$ | |
| John Mulcahy | FY17 | 460,384 | 19,616 | 480,000 |
| | FY16 | 460,692 | 19,308 | 480,000 |
| Christine Bartlett | FY17 | 185,388 | 17,612 | 203,000 |
| | FY16 | 185,388 | 17,612 | 203,000 |
| Peter Hawkins | FY17 | 213,384 | 19,616 | 233,000 |
| | FY16 | 213,692 | 19,308 | 233,000 |
| James M. Millar AM | FY17 | 213,384 | 19,616 | 233,000 |
| | FY16 | 213,692 | 19,308 | 233,000 |
| Samantha Mostyn | FY17 | 185,388 | 17,612 | 203,000 |
| | FY16 | 185,388 | 17,612 | 203,000 |
| John Peters | FY17 | 171,142 | 31,858 | 203,000 |
| | FY16 | 171,324 | 31,676 | 203,000 |
| Elana Rubin | FY17 | 185,388 | 17,612 | 203,000 |
| | FY16 | 185,388 | 17,612 | 203,000 |
| Total | FY17 | 1,614,458 | 143,542 | 1,758,000 |
| | FY16 | 1,615,564 | 142,436 | 1,758,000 |

1. Relates to payments required under superannuation legislation.

MINIMUM SECURITYHOLDING FOR NON-EXECUTIVE DIRECTORS AND ACTUAL SECURITYHOLDING

In order to further strengthen the alignment of interests between Non-Executive Directors and securityholders, each Non-Executive Director is required to hold a minimum securityholding of 25,000 Mirvac stapled securities. The securities can be acquired over a two year period from their date of appointment. In FY18 the minimum securityholding requirement for the Non-Executive Directors will be increased.

| | Balance 1 July 2016 | Changes | Balance 30 June 2017 | Minimum securityholding guideline | Date securityholding to be attained |
|------------------------------|------------------------|---------|-------------------------|---|---|
| John Mulcahy | 25,000 | - | 25,000 | 25,000 | July 2014 |
| Christine Bartlett | 25,000 | - | 25,000 | 25,000 | December 2016 |
| Peter Hawkins | 596,117 | - | 596,117 | 25,000 | July 2014 |
| James M. Millar AM | 40,714 | - | 40,714 | 25,000 | July 2014 |
| Samantha Mostyn ¹ | 15,000 | - | 15,000 | 25,000 | March 2017 |
| John Peters | 30,000 | - | 30,000 | 25,000 | July 2014 |
| Elana Rubin | 34,343 | - | 34,343 | 25,000 | July 2014 |

1. Samantha Mostyn was unable to meet the minimum securityholding guideline by March 2017 as she was privy to inside information during the recent trading windows. The additional securities are intended to be purchased in the next available trading window.

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.

LOANS TO DIRECTORS AND EXECUTIVE KMP

Details of loans made to Directors and Executive KMP (including loans granted under legacy LTI plans), including their personally related parties, are set out below:

| | Balance 1 July 2016 \$ | Balance 30 June 2017 \$ | Highest indebtedness during the year \$ |
|------------|------------------------------|-------------------------------|--|
| John Carfi | 170,404 | – | 170,404 |

No write-downs or provision for impairment for receivables has been recognised in relation to any loans made to Directors or Executive KMP.

18 TERMS USED IN THIS REMUNERATION REPORT

| Term | Meaning |
|-------------------|---|
| Adjusted earnings | Statutory profit/(loss) after tax excluding: income tax expense and benefits; interest expense; bank and intercompany interest income; fair value of derivatives and foreign exchange (FX) differences; and changes in reserves (not including FX reserve). |
| 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 | The KMP that are also part of the Executive Leadership Team (including the CEO/MD, CFO and heads of business units who are part of the Executive Leadership Team). |
| Executives | Members of Mirvac's Executive Leadership Team (including the Executive KMP and other Executives). |
| KMP | Key management personnel are those people with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. |
| Operating assets | Closing total assets excluding: cash and cash equivalents; tax assets; derivative financial assets; intercompany assets (i.e. intercompany receivables and intercompany loans); shares in subsidiaries; and deferred payment for land. |
| Performance right | A right to a Mirvac security at the end of a performance period, subject to the satisfaction of performance measures. |
| ROIC | Adjusted earnings of a financial year divided by average monthly operating assets for the financial year. |
| 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



Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2017, 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.

A handwritten signature in black ink that reads 'Reilly' in a cursive script.

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
17 August 2017

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Consolidated financial statements

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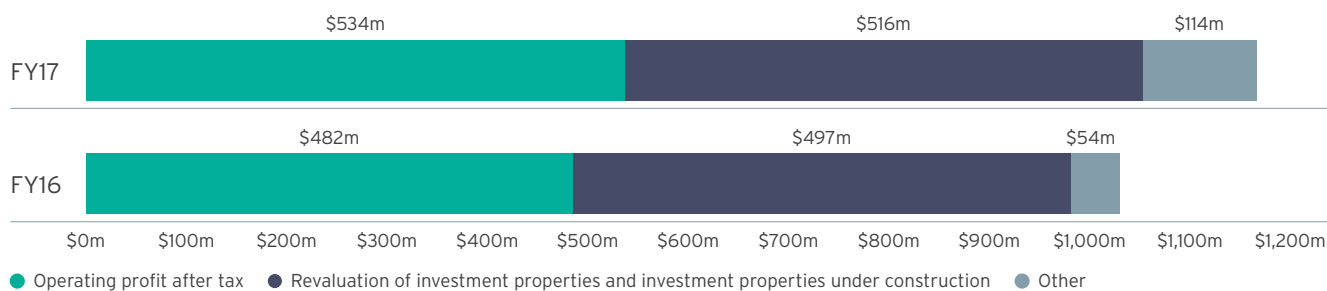
Consolidated statement of comprehensive income

For the year ended 30 June 2017

| | Note | 2017 \$m | 2016 \$m |
|--|------|--------------|-------------|
| Revenue | B2 | 2,275 | 2,321 |
| Other income | | | |
| Revaluation of investment properties and investment properties under construction | C2 | 516 | 497 |
| Share of net profit of joint ventures | C3 | 147 | 115 |
| Gain on financial instruments | B2 | 83 | 86 |
| Net gain on sale of investment properties | B2 | – | 33 |
| Total revenue and other income | | 3,021 | 3,052 |
| Development expenses | | 1,210 | 1,335 |
| Investment properties expenses and outgoings | | 163 | 149 |
| Employee and other expenses | B3 | 169 | 174 |
| Selling and marketing expenses | | 45 | 47 |
| Depreciation and amortisation expenses | | 34 | 37 |
| Finance costs | B3 | 162 | 137 |
| Loss on financial instruments | B3 | 134 | 96 |
| Business combination transaction costs | | – | 2 |
| Profit before income tax | | 1,104 | 1,075 |
| Income tax benefit/(expense) | B5 | 60 | (42) |
| Profit for the year attributable to stapled securityholders | | 1,164 | 1,033 |
| Other comprehensive income that may be reclassified to profit or loss | | | |
| Exchange differences on translation of foreign operations, net of tax | E3 | (1) | (1) |
| Other comprehensive income that will not be reclassified to profit or loss | | | |
| Revaluation of owner-occupied properties | E3 | – | 41 |
| Other comprehensive income for the year | | (1) | 40 |
| Total comprehensive income for the year attributable to stapled securityholders | | 1,163 | 1,073 |
| Earnings per stapled security (EPS) attributable to stapled securityholders | | Cents | Cents |
| Basic EPS | H2 | 31.4 | 27.9 |
| Diluted EPS | H2 | 31.4 | 27.9 |

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 2017

| | Note | 2017 \$m | 2016 \$m |
|---|------|---------------|-------------|
| Current assets | | | |
| Cash and cash equivalents | | 106 | 354 |
| Receivables | F1 | 97 | 110 |
| Inventories | C4 | 662 | 750 |
| Derivative financial assets | D3 | 2 | 5 |
| Other financial assets | F2 | 130 | 2 |
| Other assets | | 30 | 25 |
| Total current assets | | 1,027 | 1,246 |
| Non-current assets | | | |
| Receivables | F1 | 72 | 56 |
| Inventories | C4 | 1,005 | 848 |
| Investment properties | C2 | 8,278 | 7,100 |
| Investments in joint ventures | C3 | 1,078 | 824 |
| Derivative financial assets | D3 | 116 | 228 |
| Other financial assets | F2 | 25 | 152 |
| Property, plant and equipment | | 34 | 311 |
| Intangible assets | F3 | 78 | 79 |
| Deferred tax assets | B5 | 395 | 325 |
| Total non-current assets | | 11,081 | 9,923 |
| Total assets | | 12,108 | 11,169 |
| Current liabilities | | | |
| Payables | F4 | 462 | 425 |
| Deferred revenue | B2 | 57 | 106 |
| Borrowings | D2 | 200 | 604 |
| Derivative financial liabilities | D3 | 6 | 9 |
| Provisions | F5 | 219 | 209 |
| Total current liabilities | | 944 | 1,353 |
| Non-current liabilities | | | |
| Payables | F4 | 107 | 82 |
| Deferred revenue | B2 | 46 | 60 |
| Borrowings | D2 | 2,765 | 2,211 |
| Derivative financial liabilities | D3 | 83 | 102 |
| Deferred tax liabilities | B5 | 179 | 169 |
| Provisions | F5 | 12 | 12 |
| Total non-current liabilities | | 3,192 | 2,636 |
| Total liabilities | | 4,136 | 3,989 |
| Net assets | | 7,972 | 7,180 |
| Equity | | | |
| Contributed equity | E2 | 6,819 | 6,812 |
| Reserves | E3 | 36 | 138 |
| Retained earnings | | 1,117 | 230 |
| Total equity attributable to the stapled securityholders | | 7,972 | 7,180 |

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

Consolidated statement of changes in equity

For the year ended 30 June 2017

| | Note | Attributable to stapled securityholders | | | Total equity \$m |
|--|-------|---|-----------------|-----------------------------|---------------------|
| | | Contributed equity \$m | Reserves \$m | Retained earnings \$m | |
| Balance 1 July 2016 | | 6,812 | 138 | 230 | 7,180 |
| Profit for the year | | – | – | 1,164 | 1,164 |
| Other comprehensive income for the year | | – | (1) | – | (1) |
| Total comprehensive income for the year | | – | (1) | 1,164 | 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) |
| Reclassification of owner-occupied properties | | – | (109) | 109 | – |
| Total transactions with owners of the Group | | 7 | (101) | (277) | (371) |
| Balance 30 June 2017 | | 6,819 | 36 | 1,117 | 7,972 |
| Balance 1 July 2015 | | 6,804 | 95 | (437) | 6,462 |
| Profit for the year | | – | – | 1,033 | 1,033 |
| Other comprehensive income for the year | | – | 40 | – | 40 |
| Total comprehensive income for the year | | – | 40 | 1,033 | 1,073 |
| Transactions with owners of the Group | | | | | |
| Security-based payments | | | | | |
| Expense recognised - EEP | E4 | 1 | – | – | 1 |
| Expense recognised - LTI and STI | E4 | – | 9 | – | 9 |
| LTI vested | E2/E4 | 4 | (4) | – | – |
| STI vested | E4 | – | (1) | – | (1) |
| Legacy schemes vested | E2 | 3 | (1) | – | 2 |
| Distributions | E1 | – | – | (366) | (366) |
| Total transactions with owners of the Group | | 8 | 3 | (366) | (355) |
| Balance 30 June 2016 | | 6,812 | 138 | 230 | 7,180 |

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

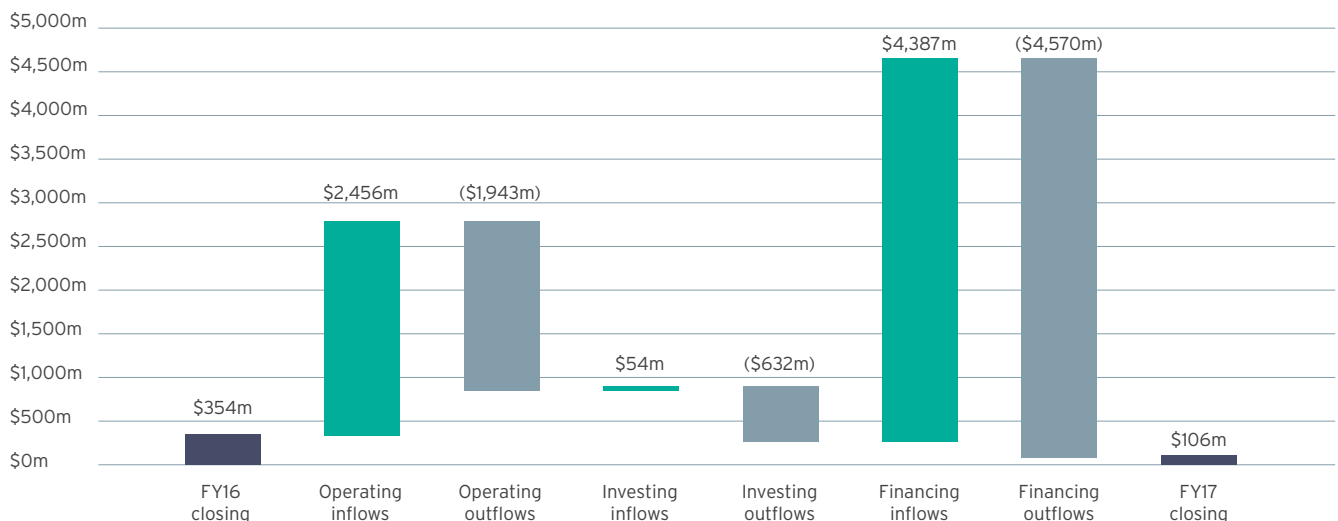
Consolidated statement of cash flows

For the year ended 30 June 2017

| | Note | 2017 \$m | 2016 \$m |
|--|------|--------------|-------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 2,392 | 2,215 |
| Payments to suppliers and employees (inclusive of GST) | | (1,790) | (1,618) |
| | | 602 | 597 |
| Interest received | | 13 | 23 |
| Distributions received from joint ventures | | 50 | 41 |
| Distributions received | | 1 | - |
| Interest paid | | (152) | (151) |
| Tax paid | | (1) | (1) |
| Net cash inflows from operating activities | H4 | 513 | 509 |
| Cash flows from investing activities | | | |
| Payments for investment properties | | (430) | (751) |
| Payments for property, plant and equipment | | (14) | (16) |
| Proceeds from sale of investment properties and assets held for sale | | - | 800 |
| Repayments of loans from unrelated parties | | 20 | 44 |
| Contributions to joint ventures | | (187) | (28) |
| Proceeds from joint ventures | | 34 | 15 |
| Payments for intangibles | | - | (38) |
| Payments for investments | | (1) | (27) |
| Net cash outflows from investing activities | | (578) | (1) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 4,387 | 2,761 |
| Repayments of borrowings | | (4,196) | (2,620) |
| Distributions paid | | (374) | (355) |
| Net cash outflows from financing activities | | (183) | (214) |
| Net (decrease)/increase in cash and cash equivalents | | (248) | 294 |
| Cash and cash equivalents at the beginning of the year | | 354 | 60 |
| Cash and cash equivalents at the end of the year | | 106 | 354 |

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, owner-occupied properties, 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 2017 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

Certain new accounting standards have been published that are not mandatory for the year ended 30 June 2017 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 | Nature of change | Impact on financial statements | Mandatory application date/ expected adoption date |
|--|---|---|---|
| AASB 9 <i>Financial Instruments</i> | AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging. | The Group does not expect a material impact to the Group's accounting for financial instruments. | Mandatory for financial years commencing on or after 1 January 2018. Mirvac will be required to adopt AASB 9 for the year ending 30 June 2019, and will apply the standard retrospectively. |
| AASB 15 <i>Revenue from Contracts with Customers</i> | 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 will not impact on investment properties rental revenue, as the revenue is accounted for under AASB 117 <i>Leases</i> . AASB 15 permits either a full retrospective or a modified retrospective approach for adoption. | The new standard will have minimal impact on the Group's property rental revenue and assets and funds management revenue. Currently property rental revenue is recognised on a straight-line basis over the lease term and asset and funds management revenue is recognised upon delivery of services. Recognition will remain the same for these income streams under the new standard. An observable impact to development revenue on commercial projects is likely to arise on application of the new standard. The overall impact is not expected to be significant, but may affect the timing of revenue and costs recognition on commercial developments. There will be no impact on residential developments which will continue to be recognised upon settlement. | Mandatory for financial years commencing on or after 1 January 2018, with early adoption permitted. The Group expects to adopt this standard for the year ending 30 June 2019. |
| AASB 16 <i>Leases</i> | AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will predominantly affect lessees, bringing all major leases on balance sheet. | As the Group operates mainly as a lessor, the standard is not expected to impact the Group's accounting for leases significantly. | Mandatory for financial years commencing on or after 1 January 2019. Early adoption 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 2016.

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.

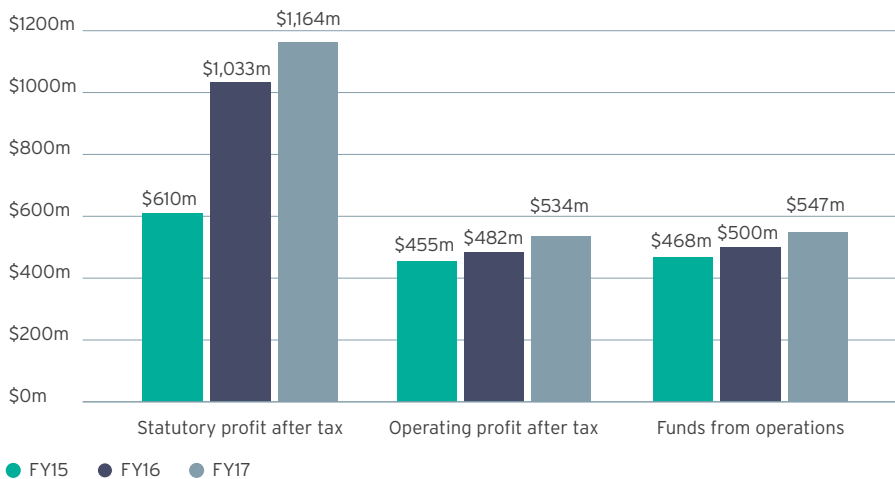


Corporate & other

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 increases from FY16 of:

- 13% for statutory profit after tax;
- 11% for operating profit after tax; and
- 9% for funds from operations.

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

KEY PROFIT METRICS

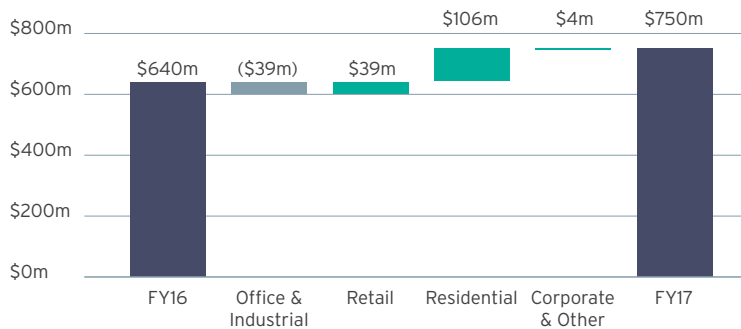
| | Office & Industrial | | Retail | | Residential | | Corporate & other | | Total | |
|--|---------------------|-------------|-------------|-------------|-------------|-------------|-------------------|--------------|-------------|-------------|
| | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m |
| Property net operating income | 293 | 331 | 163 | 125 | – | – | 18 | 16 | 474 | 472 |
| Development EBIT | 36 | 33 | – | – | 319 | 209 | – | – | 355 | 242 |
| Asset and funds management EBIT | 8 | 9 | 5 | 3 | – | – | – | 1 | 13 | 13 |
| Management and administration expenses | (18) | (15) | (12) | (11) | (17) | (13) | (45) | (48) | (92) | (87) |
| Earnings before interest and tax (EBIT)¹ | 319 | 358 | 156 | 117 | 302 | 196 | (27) | (31) | 750 | 640 |
| Development interest costs ² | (1) | (3) | – | – | (86) | (61) | – | – | (87) | (64) |
| Other net interest costs ³ | – | – | – | – | – | – | (63) | (58) | (63) | (58) |
| Income tax expense | – | – | – | – | – | – | (66) | (36) | (66) | (36) |
| Operating profit after tax | 318 | 355 | 156 | 117 | 216 | 135 | (156) | (125) | 534 | 482 |
| Include security-based payments expense | – | – | – | – | – | – | (15) | (10) | (15) | (10) |
| Exclude amortisation | 21 | 19 | 7 | 9 | – | – | – | – | 28 | 28 |
| Funds from operations | 339 | 374 | 163 | 126 | 216 | 135 | (171) | (135) | 547 | 500 |

1. EBIT includes share of net profit of joint ventures.

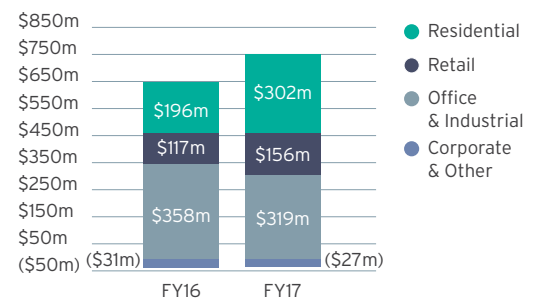
2. Includes cost of goods sold interest of \$1m in Office & Industrial and \$53m in Residential (2016: \$3m in Office & Industrial and \$40m in Residential).

3. Includes interest revenue of \$12m (2016: \$15m).

OPERATING EBIT: FY16 TO FY17



EBIT BY SEGMENT



B Results for the year

CONTINUED

B1 SEGMENT INFORMATION CONTINUED

REVENUE BY FUNCTION

| | Office & Industrial | | Retail | | Residential | | Corporate & other | | Total | |
|---|---------------------|--------------|-------------|-------------|--------------|--------------|-------------------|-------------|--------------|--------------|
| | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m |
| Property rental revenue ¹ | 353 | 393 | 258 | 211 | – | – | – | – | 611 | 604 |
| Development revenue ² | 194 | 558 | 13 | 5 | 1,398 | 1,091 | – | – | 1,605 | 1,654 |
| Asset and funds management revenue ³ | 10 | 7 | 10 | 6 | – | – | 2 | 4 | 22 | 17 |
| Other revenue | 4 | 5 | 3 | 6 | 9 | 11 | 14 | 15 | 30 | 37 |
| Total operating revenue | 561 | 963 | 284 | 228 | 1,407 | 1,102 | 16 | 19 | 2,268 | 2,312 |
| Share of net profit of joint ventures | 25 | 21 | 7 | – | 34 | 17 | 18 | 16 | 84 | 54 |
| Other income | 25 | 21 | 7 | – | 34 | 17 | 18 | 16 | 84 | 54 |
| Total operating revenue and other income | 586 | 984 | 291 | 228 | 1,441 | 1,119 | 34 | 35 | 2,352 | 2,366 |
| Non-operating items ⁴ | 442 | 463 | 111 | 129 | – | – | 116 | 94 | 669 | 686 |
| Total statutory revenue and other income | 1,028 | 1,447 | 402 | 357 | 1,441 | 1,119 | 150 | 129 | 3,021 | 3,052 |

1. Excludes straight-lining of lease revenue of \$7m in Office & Industrial (2016: \$9m in Office & Industrial).

2. Includes management fees.

3. Property management revenue incurred on the Group's investment properties of \$6m in Office & Industrial and \$7m in Retail has been eliminated (2016: \$7m in Office & Industrial and \$5m in Retail).

4. Relates mainly to fair value of investment properties and investment properties under construction.

OTHER INFORMATION

| | Office & Industrial | | Retail | | Residential | | Corporate & other | | Total | |
|--|---------------------|--------------|--------------|--------------|--------------|--------------|-------------------|----------------|---------------|---------------|
| | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m |
| Segment assets and liabilities | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Investment properties ¹ | 5,371 | 4,721 | 2,907 | 2,663 | – | – | – | – | 8,278 | 7,384 |
| Inventories | 195 | 121 | 20 | 2 | 1,452 | 1,475 | – | – | 1,667 | 1,598 |
| Indirect investments ² | 599 | 564 | 158 | 6 | 302 | 280 | 209 | 177 | 1,268 | 1,027 |
| Other assets | 23 | 22 | 24 | 30 | 38 | 25 | 810 | 1,083 | 895 | 1,160 |
| Total assets | 6,188 | 5,428 | 3,109 | 2,701 | 1,792 | 1,780 | 1,019 | 1,260 | 12,108 | 11,169 |
| Total liabilities | 155 | 278 | 63 | 68 | 387 | 326 | 3,531 | 3,317 | 4,136 | 3,989 |
| Net assets | 6,033 | 5,150 | 3,046 | 2,633 | 1,405 | 1,454 | (2,512) | (2,057) | 7,972 | 7,180 |
| Other segment information | | | | | | | | | | |
| Share of net profit of joint ventures | 54 | 74 | 7 | – | 34 | 18 | 52 | 23 | 147 | 115 |
| Depreciation and amortisation expenses | 16 | 20 | 11 | 10 | 1 | 2 | 6 | 5 | 34 | 37 |
| Acquisitions of investments and PPE | 323 | 506 | 297 | 404 | 33 | 106 | 13 | 16 | 666 | 1,032 |

1. Includes investment properties under construction and owner-occupied properties.

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:

| | 2017 | | | | | 2016 |
|--|-------------------------|------------|-----------------|-----------------------|--------------|-----------|
| | Office & Industrial \$m | Retail \$m | Residential \$m | Corporate & other \$m | Total \$m | Total \$m |
| Profit for the year attributable to stapled securityholders | 750 | 262 | 216 | (64) | 1,164 | 1,033 |
| Exclude specific non-cash items | | | | | | |
| Revaluation of investment properties and investment properties under construction ¹ | (429) | (111) | – | – | (540) | (546) |
| Share of net profit of joint ventures relating to movement of non-cash items ² | (5) | – | – | (34) | (39) | (12) |
| Straight-lining of lease revenue ³ | (7) | – | – | – | (7) | (9) |
| Net loss on financial instruments | (2) | – | – | 53 | 51 | 10 |
| Amortisation ⁴ | 11 | 5 | – | – | 16 | 10 |
| Security-based payments expense ⁵ | – | – | – | 15 | 15 | 10 |
| Depreciation of owner-occupied properties ⁴ | – | – | – | – | – | 7 |
| Exclude significant items | | | | | | |
| Net gain on sale of non-aligned assets ⁶ | – | – | – | – | – | (33) |
| Restructuring costs ⁵ | – | – | – | – | – | 4 |
| Business combination transaction costs | – | – | – | – | – | 2 |
| Tax effect | | | | | | |
| Tax effect of non-cash and significant items ⁷ | – | – | – | (126) | (126) | 6 |
| Operating profit after tax | 318 | 156 | 216 | (156) | 534 | 482 |

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 employee and other expenses.

6. Included within Net gain on sale of assets.

7. Included within Income tax expense.

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 and not be repaid in cash. At 30 June 2017, the Group held \$103m of deferred revenue which mainly related to the Green Square, Sydney and Australian Technology Park, Sydney projects (2016: \$166m mainly related to Green Square, Sydney and Riverside Quay, Melbourne 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.



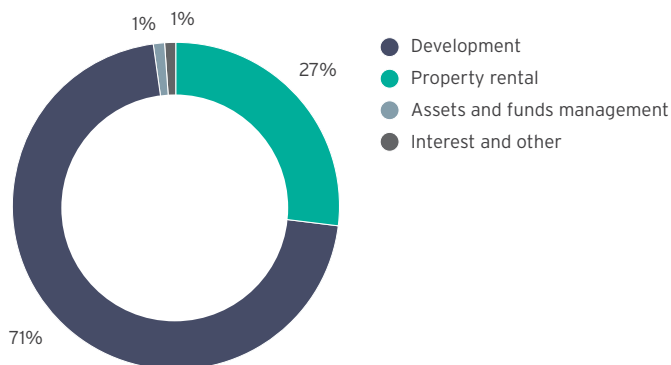
Asset and funds management revenue

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

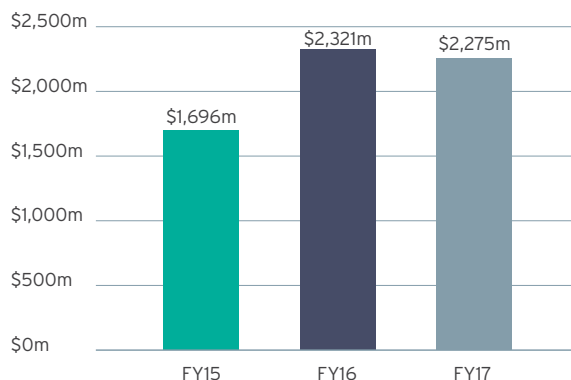
| | 2017 \$m | 2016 \$m |
|--------------------------------------|--------------|--------------|
| Revenue | | |
| Development revenue | 1,605 | 1,654 |
| Property rental revenue ¹ | 618 | 613 |
| Asset and funds management revenue | 22 | 17 |
| Interest revenue | 12 | 15 |
| Other revenue | 18 | 22 |
| Total revenue | 2,275 | 2,321 |

1. Includes straight-lining of lease revenue of \$7m (2016: \$9m).

FY17 REVENUE BY FUNCTION



REVENUE FY15 TO FY17



| | 2017 \$m | 2016 \$m |
|---|-------------|-------------|
| Gain on financial instruments | | |
| Gain on interest rate derivatives | 40 | – |
| Gain on assets at fair value through profit or loss | 1 | – |
| Gain on cross currency derivatives | – | 86 |
| Gain on foreign exchange | 42 | – |
| Total gain on financial instruments | 83 | 86 |

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;
- owner-occupied properties 40 years; and
- land is not depreciated.

| | 2017 \$m | 2016 \$m |
|--|-------------|-------------|
| Profit before income tax includes the following specific expenses: | | |
| Employee benefits expenses | 96 | 115 |
| Security-based payments expense | 15 | 10 |
| Other expenses | 58 | 49 |
| Total employee and other expenses | 169 | 174 |
| Finance costs | | |
| Interest paid/payable (net of inventory provision release) | 143 | 140 |
| Interest capitalised ¹ | (38) | (49) |
| Interest previously capitalised and now expensed (net of inventory provision release) ² | 54 | 43 |
| Borrowing costs amortised | 3 | 3 |
| Total finance costs | 162 | 137 |
| Loss on financial instruments | | |
| Unrealised foreign exchange loss on borrowings | – | 39 |
| Loss on interest rate derivatives | – | 51 |
| Loss on other financial instruments | 134 | 6 |
| Total loss on financial instruments | 134 | 96 |

1. Relates to Residential \$28m (2016: \$38m) and commercial projects \$10m (2016: \$11m).

2. Relates to Residential \$53m (2016: \$40m) and commercial projects \$1m (2016: \$3m).

B Results for the year

CONTINUED

B4 EVENTS OCCURRING AFTER THE END OF THE YEAR

No 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.

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 | 2017 \$m | 2016 \$m |
|---|-------------|-------------|
| Profit before income tax | 1,104 | 1,075 |
| Add: Group elimination entries not subject to corporate taxation ¹ | – | 41 |
| Less: MPT profit not subject to taxation | (934) | (977) |
| Profit which is subject to taxation | 170 | 139 |
| Income tax expense calculated at 30 per cent | 51 | 42 |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income | | |
| Non-deductible inventory expenses | 5 | – |
| Recognition of deferred tax assets for prior year tax losses ² | (121) | – |
| Other non-deductible/non-assessable items | 3 | 3 |
| | (62) | 45 |
| (Over)/under-provision in prior years | 2 | (3) |
| Income tax (benefit)/expense³ | (60) | 42 |
| Effective tax rate⁴ | 36% | 30% |

1. Group eliminations not subject to corporate tax generally relate to MPT profit restatements required for consolidated group reporting purposes. There were no eliminations required in the current period.
2. Management determined it appropriate during the current 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.
3. The income tax expense represents both current and deferred tax.
4. 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 (benefit)/expense to tax paid | 2017 \$m | 2016 \$m |
|--|-------------|-------------|
| Current tax | 1 | 1 |
| Deferred tax | (61) | 41 |
| Total income tax (benefit)/expense | (60) | 42 |
| Temporary differences | | |
| Unearned progress billings | (19) | (71) |
| Inventories | (43) | 65 |
| Unrealised derivative financial instrument revaluations | 35 | (11) |
| Unrealised foreign currency translation revaluations | (12) | 12 |
| Other temporary differences | 1 | (7) |
| Transfer to/(from) tax losses | 99 | (29) |
| Tax paid¹ | 1 | 1 |

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

| Unrecognised tax losses | 2017 \$m | 2016 \$m |
|---|-------------|-------------|
| Unused tax losses which have not been recognised as deferred tax assets due to uncertainty of utilisation | 226 | 625 |
| Potential tax benefit at 30 per cent | 68 | 188 |

| Movement in deferred tax | Balance 1 July 2015 \$m | Recognised in profit or loss \$m | Recognised on acquisition \$m | Balance 30 June 2016 \$m | Recognised in profit or loss \$m | Recognised on acquisition \$m | Balance 30 June 2017 \$m |
|---|----------------------------------|---|--|-----------------------------------|---|--|-----------------------------------|
| Unearned gains and losses with joint ventures | 11 | (1) | – | 10 | 5 | – | 15 |
| Accruals | 31 | (5) | – | 26 | (1) | – | 25 |
| Employee provisions and accruals | 7 | – | – | 7 | 1 | – | 8 |
| Deferred revenue | 125 | (71) | – | 54 | (19) | – | 35 |
| Derivative financial instruments | 27 | 6 | – | 33 | (2) | – | 31 |
| Impairment of loans to unrelated parties | 4 | – | – | 4 | – | – | 4 |
| PPE | 2 | – | – | 2 | (1) | – | 1 |
| Tax losses | 185 | (29) | – | 156 | 99 | – | 255 |
| Foreign exchange translation losses | 21 | 12 | – | 33 | (12) | – | 21 |
| Deferred tax assets | 413 | (88) | – | 325 | 70 | – | 395 |
| Investments in joint ventures | (4) | (1) | – | (5) | 1 | – | (4) |
| Inventories | (151) | 65 | – | (86) | (43) | (1) | (130) |
| Derivative financial instruments | (55) | (17) | – | (72) | 37 | – | (35) |
| Land and buildings | – | – | – | – | (4) | – | (4) |
| Other | (3) | – | (3) | (6) | – | – | (6) |
| Deferred tax liabilities | (213) | 47 | (3) | (169) | (9) | (1) | (179) |
| Net deferred tax assets | 200 | (41) | (3) | 156 | 61 | (1) | 216 |

Deferred tax assets expected to be recovered after more than 12 months are \$329m (2016: \$295m).

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; and

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.

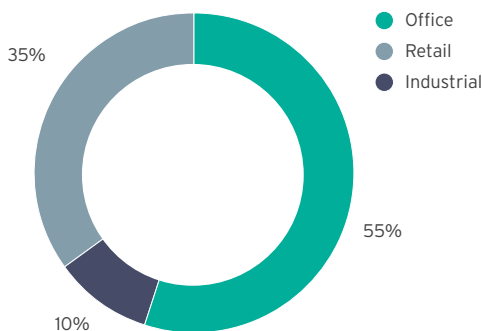
BREAKDOWN OF MIRVAC'S PROPERTY PORTFOLIO BY SECTOR

| | Note | 2017 | | | | 2016 |
|--|------|--------------|----------------|--------------|--------------|-----------|
| | | Office \$m | Industrial \$m | Retail \$m | Total \$m | Total \$m |
| Investment properties | | 4,348 | 842 | 2,874 | 8,064 | 6,919 |
| Investment properties under construction | | 150 | 31 | 33 | 214 | 181 |
| Total investment properties | C2 | 4,498 | 873 | 2,907 | 8,278 | 7,100 |
| Owner-occupied properties ¹ | | - | - | - | - | 284 |
| Investment in JV ² | C3 | 439 | - | 155 | 594 | 410 |
| Total property portfolio | | 4,937 | 873 | 3,062 | 8,872 | 7,794 |

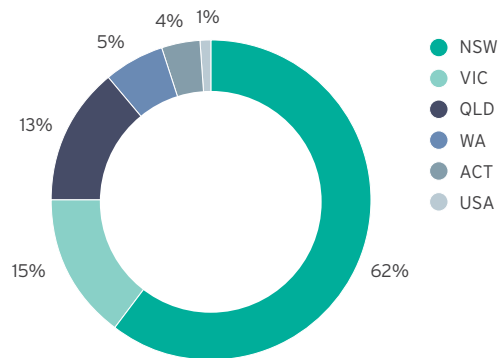
1. In July 2016, Mirvac ceased its use of part of 60 Margaret Street, Sydney NSW as a head office. The property was transferred from owner-occupied properties to investment properties during the year ended 30 June 2017.
2. Represents Mirvac's share of the JV's investment properties which is included within the carrying value of investments in JV.

PROPERTY PORTFOLIO AS AT 30 JUNE 2017

BY SEGMENT



BY GEOGRAPHY



Office

- \$535m increase in Office assets
- 8.3% net valuation uplift
- Weighted average capitalisation rate of 5.92%¹



Industrial

- \$144m increase in Industrial assets
- 4.8% net valuation uplift
- Weighted average capitalisation rate of 6.37%



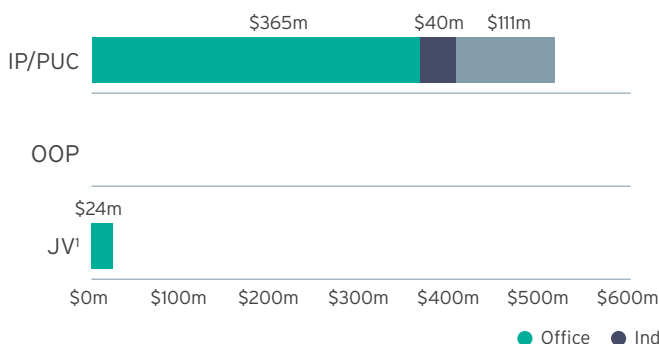
Retail

- \$399m increase Retail assets
- 3.8% net valuation uplift
- Weighted average capitalisation rate of 5.67%

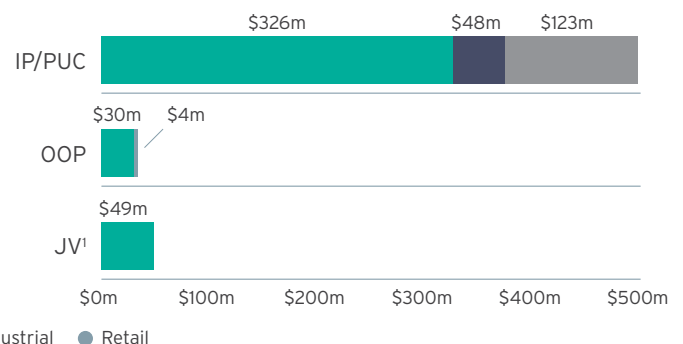
1. Includes investment properties under construction but excludes 55 Coonara Avenue, West Pennant Hills NSW.

REVALUATION OF PROPERTY PORTFOLIO

FY17 NET REVALUATION GAIN (\$540m)



FY16 NET REVALUATION GAIN (\$580m)



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.

| | 2017 | | | | 2016 |
|---|---------------|-------------------|---------------|--------------|--------------|
| | Office \$m | Industrial \$m | Retail \$m | Total \$m | Total \$m |
| Balance 1 July | 3,780 | 729 | 2,591 | 7,100 | 6,751 |
| Expenditure capitalised | 215 | 29 | 115 | 359 | 378 |
| Acquisitions | – | 79 | 27 | 106 | 418 |
| Disposals | – | – | – | – | (774) |
| Net revaluation gains from fair value adjustments | 365 | 40 | 111 | 516 | 497 |
| Exchange differences on translation of foreign operations | – | (2) | – | (2) | 2 |
| Transfer (to)/from inventories | (45) | – | 3 | (42) | (135) |
| Transfer from property, plant and equipment ¹ | 212 | – | 72 | 284 | – |
| Amortisation | (29) | (2) | (12) | (43) | (37) |
| Balance 30 June | 4,498 | 873 | 2,907 | 8,278 | 7,100 |

1. In July 2016, Mirvac ceased its use of part of 60 Margaret Street, Sydney NSW as a head office. The property was transferred from owner-occupied properties to investment properties during the year ended 30 June 2017.

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:

| Segment | Level 3 fair value \$m | Inputs used to measure fair value | | | | |
|---------------------|------------------------------|-----------------------------------|---|-----------------------------|------------------------|-----------------------|
| | | Net market income \$/sqm | 10-year compound annual growth rate % | Capitalisation rate % | Terminal yield % | Discount rate % |
| 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 |
| 2016 | | | | | | |
| Office ¹ | 3,780 | 325 - 1,590 | 0.00 - 3.75 | 5.38 - 9.50 | 5.75 - 10.00 | 7.13 - 9.50 |
| Industrial | 729 | 52 - 225 | 2.50 - 3.50 | 5.50 - 7.75 | 6.00 - 8.00 | 7.50 - 9.50 |
| Retail ¹ | 2,591 | 225 - 1,524 | 3.00 - 4.40 | 5.25 - 8.00 | 5.50 - 8.00 | 7.75 - 9.50 |

1. Includes owner-occupied properties.

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 the 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.



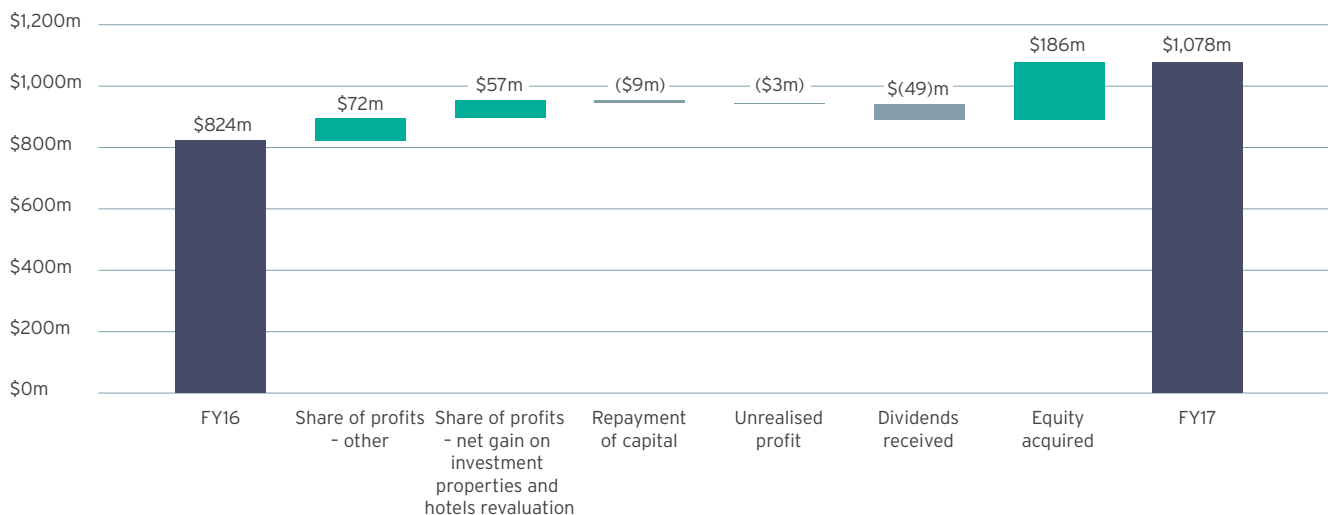
Judgement in testing for impairment of investments in JV

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 2017, none of the investments in JV is considered to be impaired (2016: 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 | | Mircac (Old Treasury) Trust ² | | Mircac SLS Development Trust ² | | Tucker Box Hotel Group | | Other joint ventures | | Total | |
|--|---|----------|-------------------------------------|------------|--|------------|---|------------|------------------------|------------|----------------------|------------|--------------|--------------|
| | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m |
| Principal Activities | Property investment | | Property investment | | Property investment | | Residential development | | Hotel investment | | Various | | | |
| Summarised SoFP | | | | | | | | | | | | | | |
| Cash and cash equivalents | 2 | - | 2 | - | 6 | 6 | 14 | - | 4 | 3 | 115 | 43 | 143 | 52 |
| Other current assets | 1 | - | 1 | 2 | 1 | 1 | 1 | - | 7 | 7 | 142 | 248 | 153 | 258 |
| Total current assets | 3 | - | 3 | 2 | 7 | 7 | 15 | - | 11 | 10 | 257 | 291 | 296 | 310 |
| Total non-current assets | 310 | - | 460 | 412 | 419 | 409 | 165 | 153 | 582 | 507 | 405 | 403 | 2,341 | 1,884 |
| Borrowings | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other current liabilities | 2 | - | 3 | 3 | 7 | 7 | 2 | - | 11 | 11 | 111 | 145 | 136 | 166 |
| Total current liabilities | 2 | - | 3 | 3 | 7 | 7 | 2 | - | 11 | 11 | 111 | 145 | 136 | 166 |
| Borrowings | - | - | - | - | - | - | - | - | 173 | 170 | 54 | 63 | 227 | 233 |
| Other non-current liabilities | - | - | - | - | - | - | - | - | 1 | 1 | 2 | 16 | 3 | 17 |
| Total non-current liabilities | - | - | - | - | - | - | - | - | 174 | 171 | 56 | 79 | 230 | 250 |
| Net assets | 311 | - | 460 | 411 | 419 | 409 | 178 | 153 | 408 | 335 | 495 | 470 | 2,271 | 1,778 |
| Group's share of net assets in % | 50 | - | 50 | 50 | 50 | 50 | 51 | 51 | 50 | 50 | | | | |
| Group's share of net assets in \$ | 155 | - | 230 | 206 | 210 | 204 | 91 | 78 | 204 | 168 | 240 | 222 | 1,130 | 878 |
| Carrying amount in Group's SoFP | 155 | - | 213 | 189 | 203 | 198 | 78 | 66 | 203 | 167 | 226 | 204 | 1,078 | 824 |

1. Mirvac acquired 50% of Joynton North Property Trust on 1 July 2016 as part of its acquisition of East Village Shopping Centre, Zetland NSW.
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 | |
|--|---|----------|------------------------|----------|-----------------------------|----------|------------------------------|----------|------------------------|----------|----------------------|----------|----------|----------|
| | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m | 2017 \$m | 2016 \$m |
| Summarised SoCI | | | | | | | | | | | | | | |
| Revenue | 23 | - | 77 | 60 | 40 | 95 | 2 | - | 116 | 56 | 315 | 280 | 573 | 491 |
| EBITDA | 15 | - | 25 | 23 | 25 | 16 | (5) | - | 43 | 39 | 83 | 53 | 186 | 131 |
| Interest income | - | - | - | - | - | 1 | - | - | - | - | 1 | 1 | 1 | 2 |
| Interest expense | - | - | - | - | - | - | - | - | 7 | 7 | 15 | 16 | 22 | 23 |
| Income tax expense | - | - | - | - | - | - | - | - | - | - | - | 4 | - | 4 |
| Profit after tax | 14 | - | 73 | 55 | 35 | 91 | (5) | - | 106 | 47 | 70 | 35 | 293 | 228 |
| Non-operating items | 1 | - | (48) | (32) | (10) | (74) | - | - | (70) | (15) | (1) | (1) | (128) | (122) |
| Operating profit after tax | 15 | - | 25 | 23 | 25 | 17 | (5) | - | 36 | 32 | 69 | 34 | 165 | 106 |
| Profit after tax | 14 | - | 73 | 55 | 35 | 91 | (5) | - | 106 | 47 | 70 | 35 | 293 | 228 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | 1 | - | 1 | - |
| Total comprehensive income | 14 | - | 73 | 55 | 35 | 91 | (5) | - | 106 | 47 | 71 | 35 | 294 | 228 |
| Distributions received/receivable by Group from JV | 6 | - | 12 | 12 | 12 | 8 | - | - | 16 | 14 | 3 | 1 | 49 | 35 |

1. Mirvac acquired 50% of Joynton North Property Trust on 1 July 2016 as part of its acquisition of East Village Shopping Centre, Zetland NSW.

CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2017, the Group's share of its JV's capital commitments which have been approved but not yet provided for was \$nil (2016: \$nil).

C4 INVENTORIES

The Group develops 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).

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.



Interest

Interest costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset whilst in active development. Qualifying assets are assets that take a substantial period of time to get ready for their intended use or sale. Other interest costs are expensed as incurred.

C Property and development assets

CONTINUED

C4 INVENTORIES CONTINUED

| | 2017 | | 2016 | |
|--|-------------|-----------------|-------------|-----------------|
| | Current \$m | Non-current \$m | Current \$m | Non-current \$m |
| Residential apartments | | | | |
| Acquisition costs | 113 | 170 | 113 | 153 |
| Development costs | 273 | 275 | 361 | 260 |
| Interest capitalised during development | 30 | 43 | 32 | 48 |
| NRV write-downs provision | (2) | (74) | – | (64) |
| Total residential apartments | 414 | 414 | 506 | 397 |
| Residential masterplanned communities | | | | |
| Acquisition costs | 97 | 380 | 67 | 318 |
| Development costs | 63 | 68 | 115 | 74 |
| Interest capitalised during development | 17 | 37 | 23 | 42 |
| NRV write-downs provision | (2) | (36) | (25) | (43) |
| Total residential masterplanned communities | 175 | 449 | 180 | 391 |
| Total Residential | 589 | 863 | 686 | 788 |
| Office & Industrial | | | | |
| Acquisition costs | 18 | 68 | 3 | 33 |
| Development costs | 47 | 55 | 60 | 26 |
| Interest capitalised during development | 3 | 4 | 1 | 1 |
| NRV write-downs provision | – | – | (2) | – |
| Total Office & Industrial | 68 | 127 | 62 | 60 |
| Retail | | | | |
| Acquisition costs | – | 15 | – | – |
| Development costs | 5 | – | – | – |
| Interest capitalised during development | – | – | 2 | – |
| Total Retail | 5 | 15 | 2 | – |
| Total inventories | 662 | 1,005 | 750 | 848 |



Residential

- Key inventory movements during the year included Bondi, Green Square, Gainsborough Greens, Yarra's Edge - Wharfs Entrance and Tullamore
- 3,311 lots settled during the year



Office & Industrial

- Practical completion achieved for Riverside Quay
- Key active developments: Australian Technology Park, Calibre, 664 Collins St and 447 Collins St

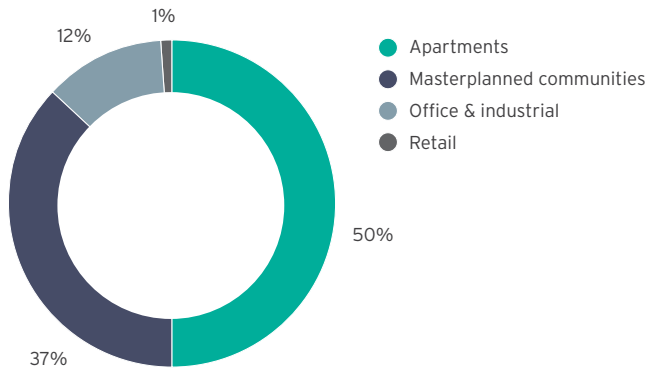


Retail

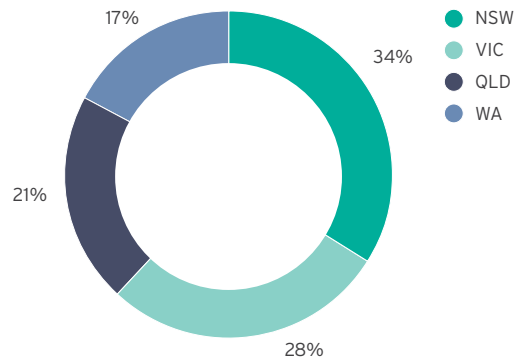
- Acquired South Village Shopping Centre
- Key Retail active developments: Broadway Shopping Centre and Birkenhead Point, Flinders Gallery

INVENTORIES AS AT 30 JUNE 2017

BY PRODUCT LINE



BY GEOGRAPHY



| Inventory movement | 2017 \$m | 2016 \$m |
|-------------------------------------|--------------|--------------|
| Balance 1 July | 1,598 | 1,713 |
| Costs incurred | 1,254 | 1,110 |
| Settlements | (1,247) | (1,388) |
| Provision utilisation | 20 | 28 |
| Transfer from investment properties | 42 | 135 |
| Balance 30 June | 1,667 | 1,598 |

C5 COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

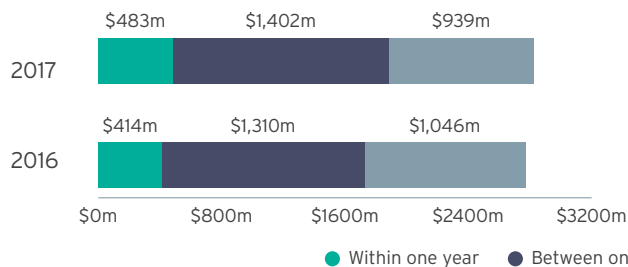
At 30 June 2017, capital commitments on Mirvac's existing property portfolio were \$383m (2016: \$225m). There are no properties pledged as security by the Group (2016: nil).

LEASE COMMITMENTS

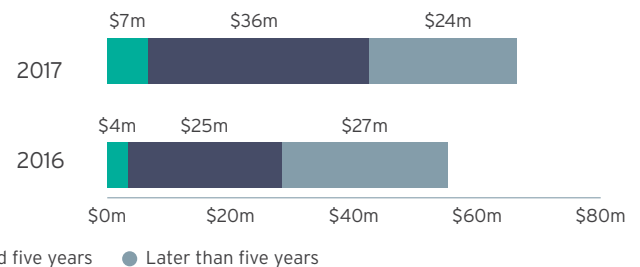
Property rental revenue is accounted for as operating leases. The revenue and expenses are recognised in the consolidated SoCI on a straight-line basis over the lease term. Payments for operating leases are made net of any lease incentives.

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



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

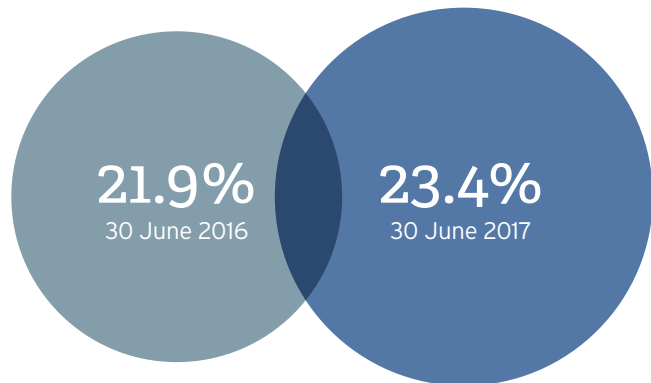
Mirvac has a capital management framework, approved and monitored by the Board. The framework aims to address the market, credit and liquidity risks while also meeting the Group's strategic objectives.

The Group seeks to maintain an 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.

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 2017, the Group was in compliance with all regulatory and debt covenant ratios.

GEARING RATIO



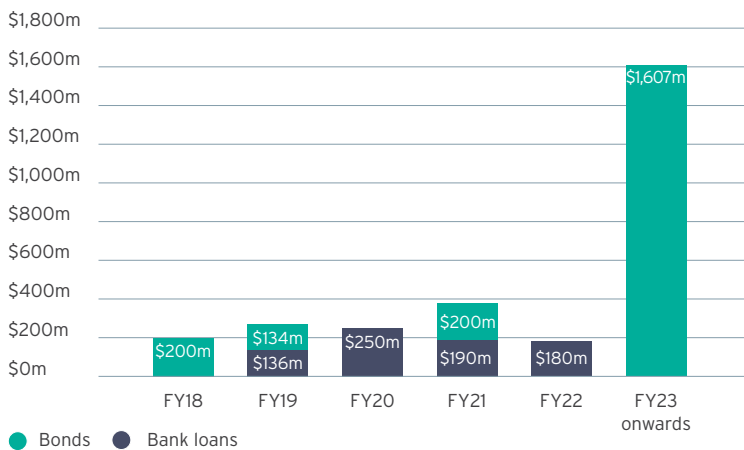
D2 BORROWINGS AND LIQUIDITY

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

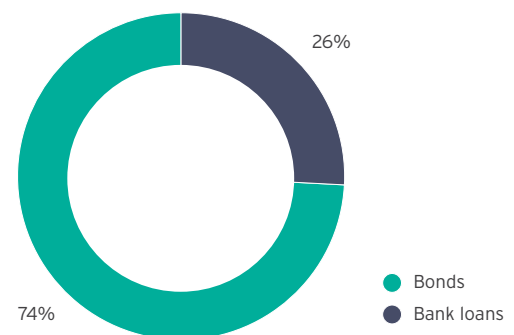
During the period, the Group completed over \$1bn of new financing and refinancing. The capital raised was predominantly applied towards repaying \$713m of bonds expiring during the year and allowed the Group to decrease its bank loan facility limits from \$1,700m to \$1,400m.

At 30 June 2017, the Group had \$749m of cash and committed undrawn bank facilities available.

DRAWN DEBT MATURITIES AS AT 30 JUNE 2017



DRAWN DEBT SOURCES AS AT 30 JUNE 2017



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.

| | 2017 | | | | 2016 | | | |
|-----------------------------------|----------------|------------------------|------------------------------------|----------------------------|----------------|------------------------|------------------------------------|----------------------------|
| | 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 | – | 757 | 757 | 757 | – | 867 | 867 | 867 |
| Bonds | 200 | 2,008 | 2,208 | 2,182 | 604 | 1,344 | 1,948 | 2,090 |
| Total unsecured borrowings | 200 | 2,765 | 2,965 | 2,939 | 604 | 2,211 | 2,815 | 2,957 |
| Undrawn bank facilities | | | 643 | | | | 833 | |

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.

| | 2017 | | | | | | 2016 | | | | | | | |
|---------------------|-------------------------------------|-------------------------------|------------------------|------------------------|------------------------|-------------------------------|--------------|-------------------------------------|-----------------------------|------------------------|------------------------|-------|--|--------------|
| | Floating interest rate \$m | Fixed interest maturing in: | | | | | Total \$m | Floating interest rate \$m | Fixed interest maturing in: | | | | | Total \$m |
| | | Less than 1 year \$m | 1 to 2 years \$m | 2 to 5 years \$m | Over 5 years \$m | Less than 1 year \$m | | | 1 to 2 years \$m | 2 to 5 years \$m | Over 5 years \$m | | | |
| Bank loans | 757 | – | – | – | – | 757 | 867 | – | – | – | – | 867 | | |
| Bonds | 1,416 | – | – | 200 | 525 | 2,141 | 1,080 | 235 | 200 | 200 | 125 | 1,840 | | |
| Interest rate swaps | (1,400) | 200 | 200 | 600 | 400 | – | (1,300) | – | 100 | 500 | 700 | – | | |
| Total | 773 | 200 | 200 | 800 | 925 | 2,898 | 647 | 235 | 300 | 700 | 825 | 2,707 | | |

D Capital structure and risks

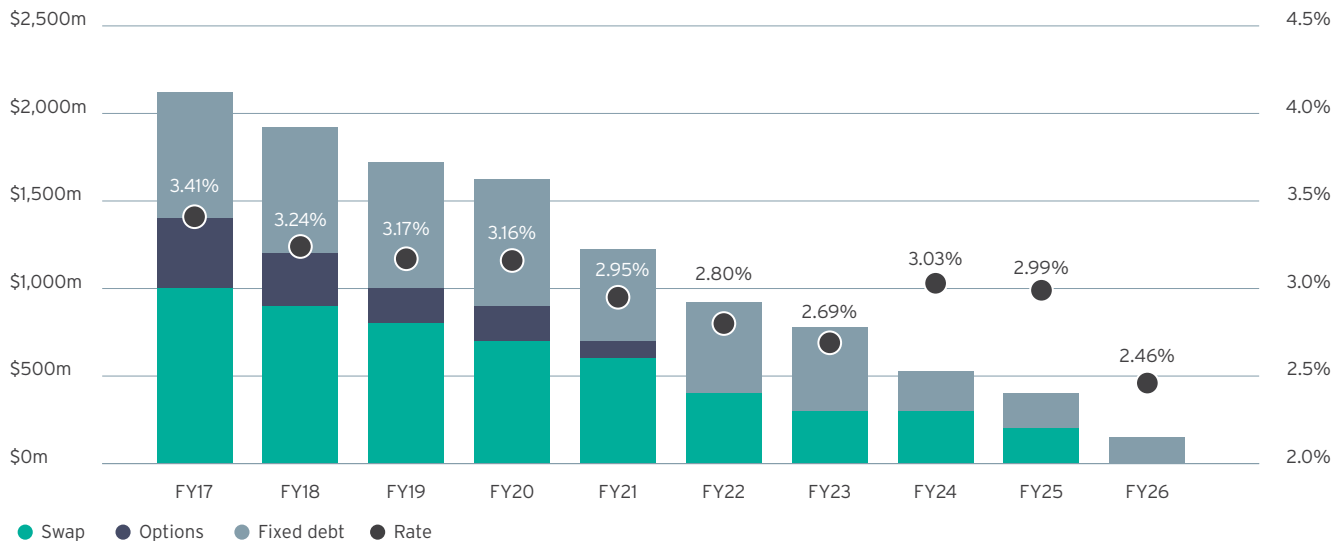
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D3 DERIVATIVE FINANCIAL INSTRUMENTS

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 average fixed interest rate payable each year:

HEDGING PROFILE AS AT 30 JUNE 2017



| | 2017 | | 2016 | |
|---|--------------|------------------|--------------|------------------|
| | Asset \$m | Liability \$m | Asset \$m | Liability \$m |
| Current | | | | |
| Interest rate swaps | 2 | 6 | – | 9 |
| Cross currency interest rate swaps | – | – | 5 | – |
| Total current derivative financial instruments | 2 | 6 | 5 | 9 |
| Non-current | | | | |
| Interest rate swaps | 1 | 40 | 5 | 80 |
| Cross currency interest rate swaps | 115 | 43 | 223 | 22 |
| Total non-current derivative financial instruments | 116 | 83 | 228 | 102 |
| Total derivative financial assets/liabilities | 118 | 89 | 233 | 111 |

Although Mirvac uses derivative financial instruments to economically hedge its borrowings, they are not formally designated as hedges for accounting purposes. The fair value movements are recognised in profit or loss; if hedge accounting were applied, the fair value movements would be classified as other comprehensive income in the consolidated SoCI and held in a separate hedging reserve in equity. The net fair value loss for the year was \$94m (2016: \$35m gain).

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

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 | <ul style="list-style-type: none"> Borrowings issued at fixed rates and variable rates Derivatives | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Bonds denominated in US dollars Receipts and payments which are denominated in other currencies | <ul style="list-style-type: none"> Cross currency interest rate swaps to convert US dollar borrowings to Australian dollar exposures. 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 | <ul style="list-style-type: none"> Other financial assets at fair value through profit or loss, with any resultant gain or loss recognised in other comprehensive income | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Cash and cash equivalents Receivables Derivative financial assets Other financial assets | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> Payables Borrowings Derivative financial liabilities | <ul style="list-style-type: none"> 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

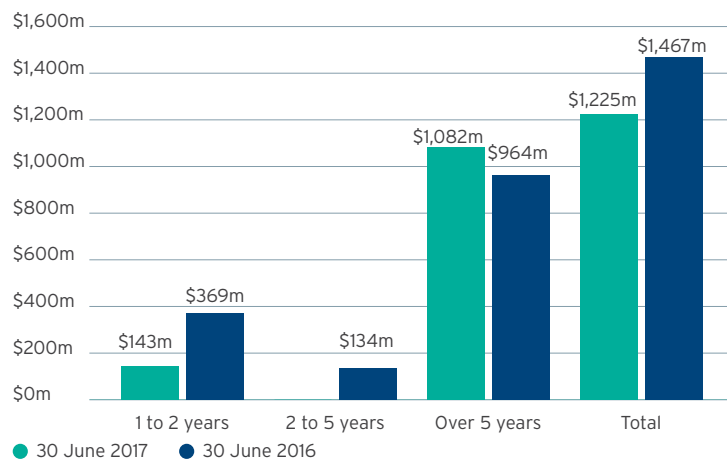
MARKET RISK

Foreign exchange risk

The cross currency 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 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 and JPY:AUD exchange rates changed by 50 basis points (bp):

| | | 2017 | | 2016 | |
|--|---------------------------|----------------|----------------|----------------|----------------|
| | | 50 bp \$m ↑ | 50 bp \$m ↓ | 50 bp \$m ↑ | 50 bp \$m ↓ |
| Total impact on profit after tax and equity | | | | | |
| Sensitivity in: | Changes in: | | | | |
| Interest rate risk ¹ | Australian interest rates | \$28m increase | \$28m decrease | \$29m increase | \$34m decrease |
| Foreign exchange risk ² | Foreign exchange rates | \$56m decrease | \$59m increase | \$61m decrease | \$59m increase |

- 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.
- The profit and loss impact is due to fair value movements in the cross-currency swaps; operating profit would not be impacted by movements in US or Japanese 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:

| | 2017 | | | | | 2016 | | | | |
|---|----------------------|------------------|------------------|------------------|-----------|----------------------|------------------|------------------|------------------|-----------|
| | Maturing in: | | | | Total \$m | Maturing in: | | | | Total \$m |
| | Less than 1 year \$m | 1 to 2 years \$m | 2 to 5 years \$m | Over 5 years \$m | | Less than 1 year \$m | 1 to 2 years \$m | 2 to 5 years \$m | Over 5 years \$m | |
| Payables ¹ | 519 | 103 | 50 | – | 672 | 531 | 106 | 36 | – | 673 |
| Unsecured bank loans | 16 | 155 | 643 | – | 814 | 16 | 52 | 854 | – | 922 |
| Bonds | 294 | 214 | 425 | 1,949 | 2,882 | 692 | 264 | 485 | 951 | 2,392 |
| Net settled derivatives | | | | | | | | | | |
| Interest rate swaps - floating to fixed | 23 | 12 | 12 | (2) | 45 | 21 | 23 | 33 | 11 | 88 |
| Interest rate swaps - fixed to floating | (2) | – | – | – | (2) | (7) | (4) | – | – | (11) |
| Gross settled derivatives (cross currency swaps) | | | | | | | | | | |
| - Outflow | 48 | 184 | 160 | 1,392 | 1,784 | 800 | 43 | 258 | 1,216 | 2,317 |
| -(Inflow) | (52) | (178) | (133) | (1,347) | (1,710) | (811) | (53) | (272) | (1,304) | (2,440) |
| | 846 | 490 | 1,157 | 1,992 | 4,485 | 1,242 | 431 | 1,394 | 874 | 3,941 |

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 swaps 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, convertible notes issued by related parties 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 basis:

| | 2017 | | | | 2016 | | | |
|--|----------------|----------------|----------------|--------------|----------------|----------------|----------------|--------------|
| | 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 | – | – | 24 | 24 | – | – | 23 | 23 |
| Other financial assets | – | – | 131 | 131 | – | – | 131 | 131 |
| Derivative financial assets | – | 118 | – | 118 | – | 233 | – | 233 |
| | – | 118 | 155 | 273 | – | 233 | 154 | 387 |
| Financial liabilities carried at fair value | | | | | | | | |
| Derivative financial liabilities | – | 89 | – | 89 | – | 111 | – | 111 |
| | – | 89 | – | 89 | – | 111 | – | 111 |

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):

| | 2017 | | 2016 | |
|---|----------------------------|-------------------------------|----------------------------|-------------------------------|
| | Unlisted securities \$m | Other financial assets \$m | Unlisted securities \$m | Other financial assets \$m |
| Balance 1 July | 23 | 131 | 11 | 264 |
| Acquisitions ¹ | – | – | 27 | – |
| Equity conversion | – | – | – | (95) |
| Net gain/(loss) recognised in loss on financial instruments | 2 | – | (6) | – |
| Repayment ² | – | – | – | (38) |
| Return of capital | (1) | – | (9) | – |
| Balance 30 June | 24 | 131 | 23 | 131 |

1. 2016 primarily relates to the acquisition of Leader Auta Trust of \$27m.

2. 2016 relates to the repayment of Blackstone loan notes.

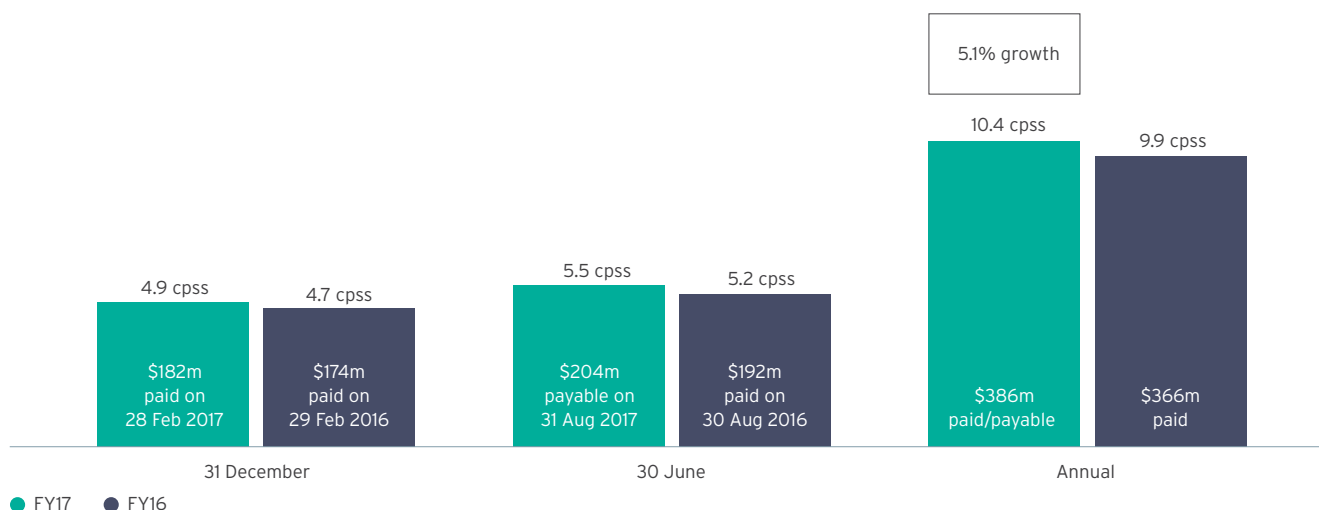
Refer to note C2 for a reconciliation of the carrying value of Level 3 investment properties.

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:



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 (2016: \$22m).

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

| | 2017 | | 2016 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | No. securities m | Securities \$m | No. securities m | Securities \$m |
| Mirvac Limited - ordinary shares issued | 3,703 | 2,074 | 3,699 | 2,073 |
| MPT - ordinary units issued | 3,703 | 4,745 | 3,699 | 4,739 |
| Total contributed equity | | 6,819 | | 6,812 |

The total number of stapled securities issued as listed on the ASX at 30 June 2017 was 3,705m (2016: 3,702m) which included 2m of stapled securities issued under the LTI plan and EIS (2016: 3m). 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

| | 2017 | | 2016 | |
|-----------------------------|---------------------|-------------------|---------------------|-------------------|
| | No. securities m | Securities \$m | No. securities m | Securities \$m |
| Balance 1 July | 3,699 | 6,812 | 3,694 | 6,804 |
| Securities issued under EEP | - | 1 | - | 1 |
| LTI vested | 4 | 5 | 4 | 4 |
| Legacy schemes vested | - | 1 | 1 | 3 |
| Balance | 3,703 | 6,819 | 3,699 | 6,812 |

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.

FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

Mirvac has 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 | FCTR | SBP reserve | NCI reserve | Capital reserve | Total reserves |
|--|------|----------|----------|-------------|-------------|-----------------|----------------|
| 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 |
| Balance 1 July 2015 | | 68 | 4 | 16 | 8 | (1) | 95 |
| Revaluation of owner-occupied properties | | 41 | – | – | – | – | 41 |
| Foreign currency translation differences | D4 | – | (1) | – | – | – | (1) |
| Security-based payment movements | E4 | – | – | 3 | – | – | 3 |
| Balance 30 June 2016 | | 109 | 3 | 19 | 8 | (1) | 138 |

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 LTI PLAN AND EIS

The superseded LTI plan operated from 2006 to 2007, providing eight-year interest-free loans to eligible employees and executives. 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 in contributed equity immediately. The securities issued in FY17 were issued on 20 March 2017 when the stapled security price was \$2.15. At 30 June 2017, a total of 7.2m (2016: 6.8m) stapled securities have been issued to employees under the EEP.

The LTI, STI and legacy LTI plan and 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 | 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 |
| LTI | 17,968,147 | 9,688,810 | 3,422,760 | 5,463,589 | 18,770,608 |
| STI | 720,515 | 1,034,268 | 360,258 | – | 1,394,525 |
| Total rights FY16 | 18,688,662 | 10,723,078 | 3,783,018 | 5,463,589 | 20,165,133 |

The weighted average remaining contractual life at 30 June 2017 was 1.41 years (2016: 1.44 years).

SBP expense recognised within employee benefits expenses is as follows:

| | 2017 \$m | 2016 \$m |
|---|-------------|-------------|
| LTI | 2 | 7 |
| STI | 12 | 2 |
| Total SBP expense taken to SBP reserve | 14 | 9 |
| EEP recognised directly in contributed equity | 1 | 1 |
| Total SBP expense | 15 | 10 |

The movements in the SBP reserve are as follows:

| | 2017 \$m | 2016 \$m |
|--|-------------|-------------|
| Balance 1 July | 19 | 16 |
| Total SBP expense taken to SBP reserve | 14 | 9 |
| LTI vested and taken to contributed equity | (4) | (4) |
| STI vested | (2) | (1) |
| Legacy schemes vested | – | (1) |
| Balance 30 June | 27 | 19 |



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 method; key judgements and assumptions include exercise price, vesting and performance criteria, security price at grant date, volatility, distribution yield and risk-free interest rate. 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 | 6 December 2016 | Exercise price | \$nil |
| Performance hurdles | Relative TSR and ROIC | Expected life | 2.6 years |
| Performance period start | 1 July 2016 | Volatility | 17% |
| Performance period end | 30 June 2019 | Risk-free interest rate (per annum) | 2% |
| Security price at grant date | \$2.05 | Distribution yield (per annum) | 4.6% |

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.

| | Note | 2017 | | | 2016 | | |
|--------------------------------------|------|-----------|------------------------------|------------|-----------|------------------------------|---------|
| | | Gross \$m | Provision for impairment \$m | Net \$m | Gross \$m | Provision for impairment \$m | Net \$m |
| Current receivables | | | | | | | |
| Trade receivables | | 46 | – | 46 | 33 | – | 33 |
| Loans to related parties | H3 | 19 | (4) | 15 | 35 | (4) | 31 |
| Loans to unrelated parties | | 12 | (11) | 1 | 25 | (12) | 13 |
| Other receivables | | 35 | – | 35 | 33 | – | 33 |
| Total current receivables | | 112 | (15) | 97 | 126 | (16) | 110 |
| Non-current receivables | | | | | | | |
| Loans to related parties | H3 | 22 | (22) | – | 30 | (22) | 8 |
| Other receivables | | 108 | (36) | 72 | 81 | (33) | 48 |
| Total non-current receivables | | 130 | (58) | 72 | 111 | (55) | 56 |
| Total receivables | | 242 | (73) | 169 | 237 | (71) | 166 |

PROVISION FOR IMPAIRMENT

| | 2017 \$m | 2016 \$m |
|--|-------------|----------|
| Balance 1 July | (71) | (74) |
| Amounts utilised for write-down of receivables | – | 1 |
| Provision for impairment release/(recognised) | (2) | 2 |
| Balance 30 June | (73) | (71) |

AGEING

| | Not past due \$m | Days past due | | | | | Total \$m |
|-----------------------------|------------------|---------------|-------------|-------------|--------------|--------------|------------|
| | | 1 – 30 \$m | 31 – 60 \$m | 61 – 90 \$m | 91 – 120 \$m | Over 120 \$m | |
| 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 |
| Total receivables | 111 | 76 | 3 | 2 | – | 45 | 237 |
| Provision for impairment | (36) | – | – | – | – | (35) | (71) |
| Balance 30 June 2016 | 75 | 76 | 3 | 2 | – | 10 | 166 |

The Group does not have any significant credit risk exposure to a single customer. The Group holds collateral over receivables of \$219m (2016: \$211m). 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 unlisted 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 was repaid in full in FY16, with partial repayment of the original also made during the year. The loan notes mature on 30 June 2018 and have therefore been reclassified to current during FY17.

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.

| | 2017 \$m | 2016 \$m |
|---|-------------|-------------|
| Current | | |
| Units in unlisted funds | – | 2 |
| Loan notes issued by unrelated parties | 130 | – |
| Total current other financial assets | 130 | 2 |
| Non-current | | |
| Units in unlisted funds | 24 | 21 |
| Loan notes issued by unrelated parties | 1 | 131 |
| Total non-current other financial assets | 25 | 152 |

F3 INTANGIBLE ASSETS

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

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 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.

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

| Carrying amounts | Balance 1 July 2015 \$m | Additions \$m | Balance 30 June 2016 \$m | Amortisation of management rights \$m | Balance 30 June 2017 \$m |
|--------------------------------|-------------------------------|------------------|--------------------------------|--|--------------------------------|
| Goodwill | | | | | |
| Office & Industrial | 31 | 31 | 62 | – | 62 |
| Corporate | 5 | – | 5 | – | 5 |
| Total goodwill | 36 | 31 | 67 | – | 67 |
| Management rights | | | | | |
| Office & Industrial | – | 9 | 9 | (1) | 8 |
| Retail | 3 | – | 3 | – | 3 |
| Total management rights | 3 | 9 | 12 | (1) | 11 |
| Total intangible assets | 39 | 40 | 79 | (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 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.

| Cash generating units | 2017 | | 2016 | |
|--------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Growth rate ¹ % pa | Pre-tax discount rate % pa | Growth rate ¹ % pa | Pre-tax discount rate % pa |
| Goodwill | | | | |
| Office & Industrial | - ² | 7.4 | - ² | 7.5 |
| Corporate | - ² | 9.8 | - 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 in 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 2017 (2016: 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.

| | 2017 \$m | 2016 \$m |
|-----------------------------------|-------------|-------------|
| Current | | |
| Trade payables | 134 | 87 |
| Accruals | 228 | 256 |
| Deferred payment for land | 17 | 5 |
| Annual leave accrual | 13 | 12 |
| Other payables | 70 | 65 |
| Total current payables | 462 | 425 |
| Non-current | | |
| Deferred payment for land | 90 | 65 |
| Other payables | 17 | 17 |
| Total non-current payables | 107 | 82 |
| Total payables | 569 | 507 |

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 2016 | 12 | 192 | 11 | 6 | 221 |
| Additional provisions | – | 386 | 1 | – | 387 |
| Payments made/amounts utilised during the year | – | (374) | (5) | – | (379) |
| Net long service leave movement | 2 | – | – | – | 2 |
| Balance 30 June 2017 | 14 | 204 | 7 | 6 | 231 |
| Current | 10 | 204 | 5 | – | 219 |
| Non-current | 4 | – | 2 | 6 | 12 |

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.

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 | 2017 \$m | 2016 \$m |
|---|--------------|--------------|
| Revenue | 1,945 | 2,115 |
| Other income | | |
| Revaluation of investment properties and investment properties under construction | 18 | 10 |
| Share of net profit of joint ventures | 36 | 19 |
| Gain on financial instruments | 81 | 86 |
| Total revenue and other income | 2,080 | 2,230 |
| Development expenses | 1,391 | 1,677 |
| Investment properties expenses and outgoings | 13 | 9 |
| Employee and other expenses | 153 | 176 |
| Selling and marketing expenses | 47 | 46 |
| Depreciation and amortisation expenses | 8 | 7 |
| Finance costs | 151 | 132 |
| Loss on financial instruments | 133 | 52 |
| Business combination transaction costs | – | 2 |
| Profit before income tax | 184 | 91 |
| Income tax benefit/(expense) | 64 | (26) |
| Profit for the year | 248 | 65 |

G Group structure

CONTINUED

G1 GROUP STRUCTURE AND DEED OF CROSS GUARANTEE CONTINUED

| Closed Group SoFP | 2017 \$m | 2016 \$m |
|--------------------------------------|--------------|--------------|
| Current assets | | |
| Cash and cash equivalents | 70 | 324 |
| Receivables | 111 | 135 |
| Inventories | 662 | 761 |
| Derivative financial assets | 2 | 5 |
| Other assets | 17 | 14 |
| Total current assets | 862 | 1,239 |
| Non-current assets | | |
| Receivables | 1,301 | 1,044 |
| Inventories | 1,006 | 923 |
| Investment properties | 609 | 254 |
| Investments in joint ventures | 307 | 273 |
| Derivative financial assets | 116 | 228 |
| Other financial assets | 417 | 332 |
| Property, plant and equipment | 34 | 27 |
| Intangible assets | 42 | 42 |
| Deferred tax assets | 402 | 331 |
| Total non-current assets | 4,234 | 3,454 |
| Total assets | 5,096 | 4,693 |
| Current liabilities | | |
| Payables | 545 | 573 |
| Deferred revenue | 56 | 121 |
| Borrowings | 200 | 604 |
| Derivative financial liabilities | 6 | 9 |
| Provisions | 16 | 17 |
| Total current liabilities | 823 | 1,324 |
| Non-current liabilities | | |
| Payables | 158 | 79 |
| Deferred revenue | 62 | 60 |
| Borrowings | 2,765 | 2,186 |
| Derivative financial liabilities | 83 | 102 |
| Deferred tax liabilities | 174 | 169 |
| Provisions | 12 | 11 |
| Total non-current liabilities | 3,254 | 2,607 |
| Total liabilities | 4,077 | 3,931 |
| Net assets | 1,019 | 762 |
| Equity | | |
| Contributed equity | 2,074 | 2,074 |
| Reserves | 21 | 13 |
| Retained earnings | (1,076) | (1,325) |
| Total equity | 1,019 | 762 |

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 | 2017 \$m | 2016 \$m |
|--|--------------|-------------|
| Current assets | 4,359 | 4,020 |
| Total assets | 4,809 | 4,356 |
| Current liabilities | 2,590 | 2,265 |
| Total liabilities | 2,591 | 2,265 |
| Equity | | |
| Contributed equity | 2,074 | 2,073 |
| SBP reserve | 27 | 19 |
| Retained earnings | 117 | (1) |
| Total equity | 2,218 | 2,091 |
| Profit/(loss) for the year | 119 | (2) |
| Total comprehensive income for the year | 119 | (2) |

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 2017, the Group did not provide any other guarantees (2016: \$nil), have any contingent liabilities (2016: \$nil), or any capital commitments (2016: \$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.

| | 2017 \$m | 2016 \$m |
|--|-------------|-------------|
| Bank guarantees and performance bonds granted in the normal course of business | 280 | 197 |
| Health and safety claims | 1 | 1 |

As at 30 June 2017, the Group had no contingent liabilities relating to joint ventures (2016: \$nil).

H2 EARNINGS PER STAPLED SECURITY

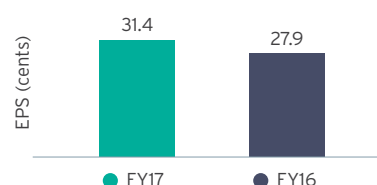
Basic earnings per stapled security (EPS) is calculated by dividing:

- 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.

| | 2017 | 2016 |
|--|-------|-------|
| Profit attributable to stapled securityholders used to calculate basic and diluted EPS (\$m) | 1,164 | 1,033 |
| WANOS used in calculating basic EPS (m) | 3,702 | 3,697 |
| WANOS used in calculating diluted EPS (m) | 3,705 | 3,700 |

BASIC AND DILUTED EPS



H3 RELATED PARTIES

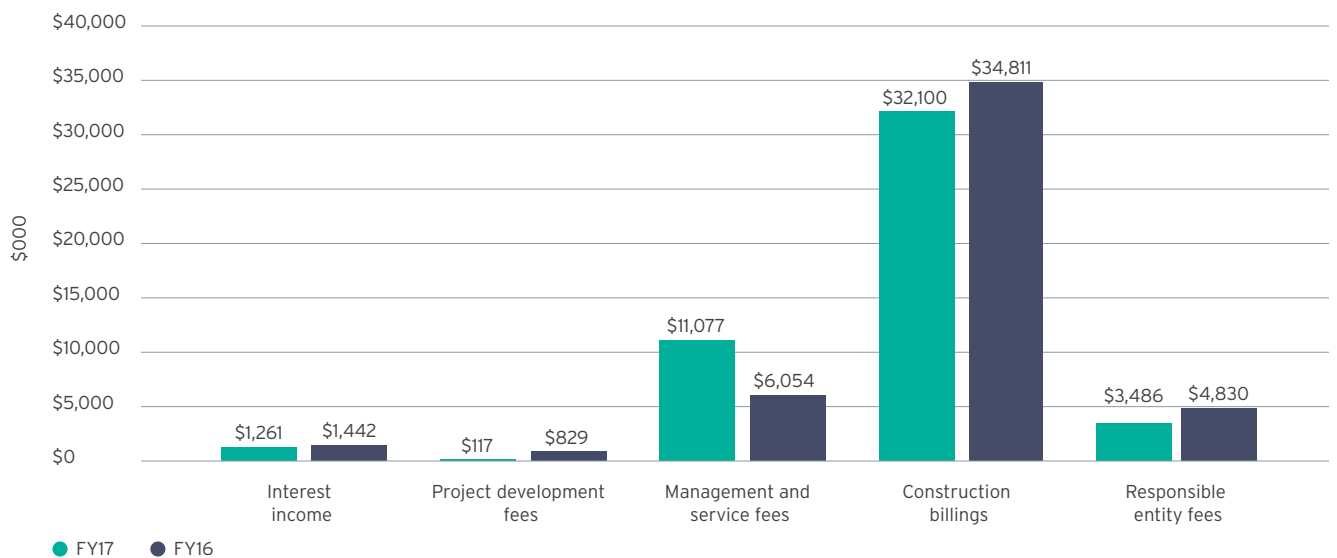
KEY MANAGEMENT PERSONNEL COMPENSATION

The Remuneration report on pages 67 to 87 provides detailed disclosures of key management personnel compensation. The total expense is summarised below:

| | 2017 \$000 | 2016 \$000 |
|--|---------------|---------------|
| Short-term employment benefits | 11,183 | 10,527 |
| Security-based payments | 245 | 4,033 |
| Post-employment benefits | 5,654 | 249 |
| Other long term benefits | 90 | 81 |
| Total key management personnel compensation | 17,172 | 14,890 |

There are no outstanding loans to directors or employees (2016: nil).

TRANSACTIONS WITH JV



| | 2017 \$m | 2016 \$m |
|--------------------------|-------------|-------------|
| Loans due from JV | | |
| Balance 1 July | 39 | 45 |
| Loans advanced | - | 4 |
| Loan repayments received | (25) | (11) |
| Write-offs | - | (1) |
| Interest capitalised | 1 | 2 |
| Balance 30 June | 15 | 39 |

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.

H Other information

CONTINUED

H4 RECONCILIATION OF PROFIT TO OPERATING CASH FLOW

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.

| | 2017 \$m | 2016 \$m |
|---|-------------|-------------|
| Profit for the year attributable to stapled securityholders | 1,164 | 1,033 |
| Net loss/(gain) on financial instruments | 92 | (29) |
| Net (gain)/loss on foreign exchange | (41) | 39 |
| Net gain on sale of investment properties | – | (33) |
| Share of net profit of joint ventures | (148) | (115) |
| Joint venture distributions received | 50 | 41 |
| Revaluation of investment properties and investment properties under construction | (516) | (497) |
| Depreciation and amortisation expenses | 34 | 37 |
| Security-based payments expense | 15 | 10 |
| Change in operating assets and liabilities | | |
| Increase in receivables | (47) | (40) |
| Increase in inventories | (105) | (37) |
| Increase in payables | 70 | 68 |
| Increase/(decrease) in provisions for employee benefits | 1 | (5) |
| (Increase)/decrease in tax effected balances | (59) | 41 |
| Decrease/(increase) in other assets/liabilities | 3 | (4) |
| Net cash inflows from operating activities | 513 | 509 |

H5 AUDITORS' REMUNERATION


| | 2017 \$000 | 2016 \$000 |
|---------------------------------------|---------------|---------------|
| Audit services | | |
| Audit and review of financial reports | 1,565 | 1,700 |
| Other assurance services | 479 | 504 |
| Total audit services | 2,044 | 2,204 |
| Other services | | |
| Tax advice and compliance services | 124 | 182 |
| Advisory services | – | 31 |
| Total other services | 124 | 213 |
| Total auditors' remuneration | 2,168 | 2,417 |

I Appendices

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

II PROPERTY LISTING

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


| Office  | Book value | | Capitalisation rate | | Discount rate | |
|--|--------------|-------------|---------------------|-----------|---------------|-----------|
| | 2017 \$m | 2016 \$m | 2017 % | 2016 % | 2017 % | 2016 % |
| 1 Darling Island, Pyrmont NSW | 236 | 207 | 6.00 | 6.50 | 7.25 | 7.50 |
| 10-20 Bond Street, Sydney NSW (50% interest) | 275 | 240 | 5.50 | 5.75 | 7.13 | 7.25 |
| 101-103 Miller Street, North Sydney NSW (50% interest) | 237 | 215 | 5.88 | 6.00 | 7.13 | 7.50 |
| 189 Grey Street, Southbank QLD | 88 | 86 | 7.25 | 7.25 | 7.75 | 8.00 |
| 2 Riverside Quay, Southbank VIC (50% interest) ¹ | 123 | – | 5.38 | – | 7.00 | – |
| 200 George Street, Sydney NSW (50% interest) | 432 | 371 | 5.00 | 5.38 | 6.75 | 7.13 |
| 23 Furzer Street, Phillip ACT | 270 | 254 | 6.75 | 7.13 | 7.50 | 8.75 |
| 275 Kent Street, Sydney NSW (50% interest) | 516 | 476 | 5.25 | 5.38 | 7.25 | 7.50 |
| 340 Adelaide Street, Brisbane QLD | 61 | 50 | 8.25 | 8.25 | 8.50 | 8.25 |
| 367 Collins Street, Melbourne VIC | 289 | 262 | 5.88 | 6.37 | 7.25 | 7.50 |
| 37 Pitt Street, Sydney NSW | 75 | 73 | 6.50 | 7.00 | 7.25 | 7.75 |
| 380 St Kilda Road, Melbourne VIC | 166 | 159 | 6.50 | 6.75 | 7.50 | 7.50 |
| 40 Miller Street, North Sydney NSW | 143 | 135 | 6.25 | 6.25 | 7.25 | 7.50 |
| 477 Collins Street, Melbourne VIC ² | – | 78 | – | 7.00 | – | 8.00 |
| 51 Pitt Street, Sydney NSW | 28 | 26 | 6.50 | 7.00 | 7.25 | 7.50 |
| 55 Coonara Avenue, West Pennant Hills NSW | 77 | 75 | 9.50 | 9.50 | 9.50 | 9.50 |
| 6-8 Underwood Street, Sydney NSW | 12 | 10 | 6.75 | 7.25 | 7.25 | 7.75 |
| 60 Margaret Street, Sydney NSW (50% interest) ³ | 256 | – | 5.75 | – | 7.13 | – |
| 65 Pirrama Road, Pyrmont NSW | 146 | 132 | 6.25 | 6.50 | 7.50 | 7.50 |
| 699 Bourke Street, Melbourne VIC (50% interest) | 91 | 82 | 5.50 | 5.88 | 7.25 | 7.50 |
| 90 Collins Street, Melbourne VIC | 224 | 205 | 5.75 | 6.00 | 7.25 | 7.50 |
| Allendale Square, 77 St Georges Terrace, Perth WA | 238 | 214 | 7.25 | 7.25 | 8.00 | 8.00 |
| Australian Technology Park (Locomotive Sheds), Locomotive Street, Redfern NSW | 85 | 82 | 7.15 | 7.50 | 7.41 | 8.25 |
| Quay West Car Park, 109-111 Harrington Street, Sydney NSW | 37 | 34 | 6.81 | 7.00 | 8.50 | 8.75 |
| Riverside Quay, Southbank VIC | 243 | 215 | 6.50 | 6.75 | 7.50 | 7.75 |
| Total investment properties | 4,348 | 3,681 | | | | |
| 2 Riverside Quay, Southbank VIC (50% interest) | – | 55 | – | 5.87 | – | 7.50 |
| 477 Collins Street, Melbourne VIC (50% interest) ² | 55 | – | 5.00 | – | 7.00 | – |
| 664 Collins Street, Melbourne VIC (50% interest) | 45 | 15 | 5.50 | 6.00 | 7.00 | 7.50 |
| Australian Technology Park (CBA), Locomotive Street, Redfern NSW (33.3% interest) | 50 | 29 | 5.50 | 5.75 | 7.75 | 8.00 |
| Total investment properties under construction | 150 | 99 | | | | |
| Total investment properties and investment properties under construction | 4,498 | 3,780 | | | | |
| Owner-occupied property | | | | | | |
| 60 Margaret Street, Sydney NSW ³ | – | 212 | – | 6.00 | – | 7.50 |
| Investment in joint ventures | | | | | | |
| 8 Chifley Square, Sydney NSW (50% interest) | 230 | 206 | 5.00 | 5.38 | 6.75 | 7.13 |
| David Malcolm Justice Centre, 28 Barrack Street, Perth WA (50% interest) | 209 | 204 | 5.50 | 6.00 | 7.50 | 8.00 |
| Total Office | 4,937 | 4,402 | | | | |

I Appendices

CONTINUED

11 PROPERTY LISTING CONTINUED

| Industrial  | Book value | | Capitalisation rate | | Discount rate | |
|--|-------------|-------------|---------------------|-----------|---------------|-----------|
| | 2017 \$m | 2016 \$m | 2017 % | 2016 % | 2017 % | 2016 % |
| 1-47 Percival Road, Smithfield NSW | 42 | 41 | 6.75 | 6.75 | 8.00 | 8.00 |
| 1900-2060 Pratt Boulevard, Chicago Illinois USA | 52 | 52 | 6.75 | 7.00 | 8.25 | 8.25 |
| 26-38 Harcourt Road, Altona VIC | 37 | 28 | 6.25 | 6.75 | 7.50 | 8.50 |
| 271 Lane Cove Road, North Ryde NSW | 38 | 34 | 7.75 | 7.75 | 8.00 | 8.25 |
| 274 Victoria Rd, Rydalmere NSW ⁴ | 48 | – | 6.75 | – | 8.00 | – |
| 34-39 Anzac Avenue, Smeaton Grange NSW | 27 | 25 | 7.25 | 7.50 | 8.25 | 8.25 |
| 36 Gow Street, Padstow NSW ⁴ | 32 | – | 6.50 | – | 8.00 | – |
| 39 Britton Street, Smithfield NSW | 23 | 22 | 6.75 | 6.75 | 7.75 | 8.00 |
| 39 Herbert Street, St Leonards NSW | 170 | 167 | 6.39 | 6.50 | 7.75 | 8.00 |
| 47-67 Westgate Drive, Altona North VIC | 28 | 22 | 6.50 | 7.25 | 7.50 | 8.00 |
| 8 Brabham Drive, Huntingwood NSW | 22 | 21 | 6.50 | 6.50 | 7.75 | 7.75 |
| Calibre, Building 1, 60 Wallgrove Rd, Eastern Creek NSW (50% interest) ⁵ | 18 | – | 6.25 | – | 7.25 | – |
| Hoxton Distribution Park, Hoxton Park NSW (50% interest) | 170 | 150 | 5.25 | 5.50 | 7.25 | 7.50 |
| Nexus Industry Park (Building 1), Lyn Parade, Prestons NSW | 23 | 23 | 6.75 | 7.00 | 7.75 | 8.00 |
| Nexus Industry Park (Building 2), Lyn Parade, Prestons NSW | 17 | 16 | 6.75 | 7.00 | 7.75 | 8.00 |
| Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW | 29 | 29 | 6.75 | 7.25 | 7.75 | 8.25 |
| Nexus Industry Park (Building 4), Lyn Parade, Prestons NSW | 44 | 43 | 6.50 | 6.75 | 7.50 | 8.00 |
| Nexus Industry Park (Building 5), Lyn Parade, Prestons NSW | 22 | 22 | 6.75 | 7.00 | 7.75 | 8.25 |
| Total investment properties | 842 | 695 | | | | |
| Calibre, 60 Wallgrove Road, Eastern Creek NSW (50% interest) ⁵ | 31 | 34 | 6.50 | 6.75 | 7.25 | 8.00 |
| Total investment property under construction | 31 | 34 | | | | |
| Total investment properties and investment properties under construction | 873 | 729 | | | | |
| Total Industrial | 873 | 729 | | | | |

| Retail  | Book value | | Capitalisation rate | | Discount rate | |
|--|--------------|-------------|---------------------|-----------|---------------|-----------|
| | 2017 \$m | 2016 \$m | 2017 % | 2016 % | 2017 % | 2016 % |
| 1-3 Smail Street, Ultimo NSW (50% interest) | 28 | 28 | 5.75 | 6.25 | 7.25 | 8.25 |
| 80 Bay St, Glebe, Sydney Retail (50% interest) ⁴ | 11 | – | 5.75 | – | 7.25 | – |
| Birkenhead Point Outlet Centre, Drummoyne NSW ⁶ | 375 | 342 | 5.50 | 6.00 | 7.50 | 8.00 |
| Broadway, Sydney NSW (50% interest) | 402 | 350 | 4.75 | 5.25 | 7.25 | 7.75 |
| Cherrybrook Village Shopping Centre, Cherrybrook NSW | 99 | 96 | 6.25 | 6.50 | 7.75 | 8.50 |
| Coleman Court, Weston ACT | 59 | 56 | 7.00 | 7.00 | 8.50 | 8.50 |
| Greenwood Plaza, North Sydney NSW (50% interest) | 106 | 107 | 6.00 | 6.00 | 8.00 | 8.00 |
| Harbourside, Sydney NSW | 261 | 260 | 6.00 | 6.50 | 8.00 | 8.25 |
| Kawana Shoppingworld, Buddina QLD | 360 | 332 | 5.50 | 6.00 | 7.75 | 8.25 |
| Moonee Ponds Central, Moonee Ponds VIC | 77 | 72 | 6.50 | 6.50 | 8.00 | 8.00 |
| Orion Springfield Central, Springfield QLD | 357 | 323 | 5.50 | 6.00 | 7.50 | 8.00 |
| Rhodes Waterside, Rhodes NSW (50% interest) | 179 | 168 | 5.75 | 6.00 | 7.75 | 8.25 |
| St Marys Village Centre, St Marys NSW | 53 | 50 | 6.50 | 7.00 | 7.75 | 8.50 |
| Stanhope Village, Stanhope Gardens NSW | 136 | 129 | 6.00 | 6.25 | 7.75 | 8.25 |
| The Metcentre, Sydney NSW (50% interest) ³ | 78 | – | 5.75 | – | 7.75 | – |
| Toombul Shopping Centre, Nundah VIC ⁷ | 249 | 230 | 6.25 | 6.50 | 7.50 | 8.50 |
| Tramsheds Harold Park, Glebe NSW ¹ | 44 | – | 5.50 | – | 7.25 | – |
| Total investment properties | 2,874 | 2,543 | | | | |
| Investment properties under construction | | | | | | |
| Orion Springfield land, Springfield QLD | 18 | 14 | – | – | – | – |
| South Village, Kirrawee NSW - Stage 1 (50% interest) | 15 | – | – | – | – | – |
| Tramsheds, Harold Park NSW ¹ | – | 34 | – | 6.00 | – | 8.00 |
| Total investment properties under construction | 33 | 48 | | | | |
| Total investment properties and investment properties under construction | 2,907 | 2,591 | | | | |
| Owner-occupied property | | | | | | |
| The Metcentre, Sydney NSW ³ | – | 72 | – | 6.00 | – | 8.25 |
| Investment in joint ventures | | | | | | |
| East Village, Zetland NSW (49.9% interest) | 155 | – | 5.25 | – | 7.50 | – |
| Total Retail | 3,062 | 2,663 | | | | |
| Property portfolio | | | | | | |
| Total investment properties and investment properties under construction | 8,278 | 7,100 | | | | |
| Total owner-occupied properties | – | 284 | | | | |
| Total investments in JV | 594 | 410 | | | | |
| Total property portfolio | 8,872 | 7,794 | | | | |

1. Investment property reached practical completion during the year and was reclassified from investment properties under construction.

2. During the year, 50 per cent transferred to inventories and the remaining 50 per cent reclassified as investment properties under construction.

3. During the year, transferred from owner-occupied to investment property.

4. Investment property acquired during the year.

5. During the year, Building 1 reached practical completion and was transferred to investment properties.

6. Book value includes Birkenhead Point Marina, Drummoyne NSW and 64 Roseby St, Drummoyne NSW. Birkenhead Point Marina capitalisation rate 8.00 per cent (2016: 8.00 per cent), discount rate 9.50 per cent (2016: 9.50 percent).

7. During the year, \$3m of land was transferred from inventories.

I Appendices

CONTINUED

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

1. 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.
2. Previously registered as Mirvac Capital Office Pty Limited.
3. Previously registered as Mirvac REIT Management Limited.
4. Previously registered as Mirvac International (Middle East) No 3 Pty Limited.

INTERESTS IN CONTROLLED ENTITIES OF MIRVAC NOT INCLUDED IN THE CLOSED GROUP

| | |
|---|--|
| 107 Mount Street Head Trust | Mirvac King Street Pty Ltd ⁵ |
| 107 Mount Street Sub Trust | Mirvac Living Investment Company Pty Ltd ⁵ |
| 477 Collins Street No. 2 Trust ¹ | Mirvac Living Investment Manager Pty Ltd ⁵ |
| Banksia Unit Trust | Mirvac Living Real Estate Services Pty Ltd ⁵ |
| BL Developments Pty Ltd ² | Mirvac Locomotive Trust |
| Domaine Investments Management Pty Limited ³ | Mirvac Nike Holding Pty Ltd |
| Eveleigh Commercial Holdings Pty Limited | Mirvac Pennant Hills Residential Trust |
| Eveleigh Commercial Pty Ltd | Mirvac Ping An Residential Developments Pty Ltd ³ |
| Eveleigh Precinct Pty Ltd | Mirvac Precinct Trust |
| Magenta Shores Unit Trust | Mirvac Projects Dalley Street Trust |
| Magenta Unit Trust | Mirvac Projects George Street Trust |
| MFM US Real Estate Inc ⁴ | Mirvac Projects Norwest Trust |
| MGR US Real Estate Inc ⁴ | Mirvac Projects Norwest No. 2 Trust |
| Mirvac (Old Treasury) Pty Limited ³ | Mirvac Project Trust |
| Mirvac 8 Chifley Pty Limited ³ | Mirvac Showground Pty Ltd ⁵ |
| Mirvac Blue Trust | Mirvac Showground Trust ⁵ |
| Mirvac BTR Head SPV Pty Ltd ⁵ | Mirvac St Leonards Pty Limited |
| Mirvac BTR Head Trust ⁵ | Mirvac St Leonards Trust |
| Mirvac BTR Sub SPV Pty Ltd ⁵ | Mirvac SLS Development Pty Ltd ³ |
| Mirvac BTR Sub Trust ⁵ | MWID (Brendale) Unit Trust |
| Mirvac Chifley Holdings Pty Limited | Pigface Unit Trust |
| Mirvac Green Trust | Rovno Pty Limited |
| Mirvac Harbourside Sub Trust ⁶ | Suntrack Holdings Pty Limited |
| Mirvac Harold Park Trust | Suntrack Property Trust |
| Mirvac Industrial No. 2 Sub Trust | Taree Shopping Centre Pty Limited |

1. On 31 January 2017, 100 per cent of the units in this trust were transferred from MPT to Mirvac Limited.
2. On 21 June 2017, the remaining 50 per cent of shares not held by Mirvac were purchased by Mirvac (WA) Pty Ltd.
3. The Group holds 50 per cent of this entity.
4. This entity was incorporated in the USA.
5. This entity was incorporated/established during the year ended 30 June 2017.
6. On 30 September 2016, 100 per cent of the units in this trust were transferred from MPT to Mirvac Limited.

I Appendices

CONTINUED

12 CONTROLLED ENTITIES CONTINUED

INTERESTS IN CONTROLLED ENTITIES OF MPT

| | |
|---|--|
| 10-20 Bond Street Trust | Mirvac Funds Finance Pty Limited |
| 1900-2000 Pratt Inc. ¹ | Mirvac Funds Loan Note Pty Limited |
| 197 Salmon Street Trust | Mirvac Glasshouse Sub-Trust |
| 275 Kent Street Holding Trust | Mirvac Group Funding No.2 Pty Limited |
| 367 Collins Street Trust | Mirvac Group Funding No.3 Pty Limited |
| 367 Collins Street No. 2 Trust | Mirvac Industrial Fund |
| 380 St Kilda Road Trust ² | Mirvac Industrial No. 1 Sub Trust |
| 477 Collins Street No. 1 Trust | Mirvac Kirawee Trust ¹ ³ |
| Australian Office Partnership Trust | Mirvac Kirawee Trust ² ³ |
| Chifley Holding Trust | Mirvac Living Trust ³ |
| Eveleigh Trust | Mirvac Padstow Trust No.1 ³ |
| George Street Holding Trust | Mirvac Pitt Street Trust |
| James Fielding Trust | Mirvac Property Trust No.3 |
| JF Infrastructure - Sustainable Equity Fund | Mirvac Property Trust No.4 |
| JFIF Victorian Trust | Mirvac Property Trust No.5 |
| JFM Hotel Trust | Mirvac Property Trust No.6 |
| Meridian Investment Trust No. 1 | Mirvac Property Trust No.7 |
| Meridian Investment Trust No. 2 | Mirvac Real Estate Investment Trust |
| Meridian Investment Trust No. 3 | Mirvac Retail Head Trust |
| Meridian Investment Trust No. 4 | Mirvac Retail Sub-Trust No. 1 |
| Meridian Investment Trust No. 5 | Mirvac Retail Sub-Trust No. 2 |
| Meridian Investment Trust No. 6 | Mirvac Retail Sub-Trust No. 3 |
| Mirvac 90 Collins Street Trust | Mirvac Retail Sub-Trust No. 4 |
| Mirvac Allendale Square Trust | Mirvac Rhodes Sub-Trust |
| Mirvac Altona Trust No. 1 | Mirvac Rydalmere Trust No. 1 |
| Mirvac Altona Trust No. 2 | Mirvac Rydalmere Trust No. 2 |
| Mirvac Bay Trust | Mirvac Smail St Trust |
| Mirvac Bourke Street No.1 Sub-Trust | Mirvac Toombul Trust No. 1 |
| Mirvac Bourke Street No.2 Sub-Trust | Mirvac Toombul Trust No. 2 |
| Mirvac Broadway Sub-Trust | Nike Holding Trust |
| Mirvac Capital Partners 1 Trust | Old Treasury Holding Trust |
| Mirvac Collins Street No.1 Sub-Trust | Pennant Hills Office Trust |
| Mirvac Collins Street No.2 Sub-Trust | Springfield Regional Shopping Centre Trust |
| Mirvac Commercial No.3 Sub Trust | The George Street Trust |
| Mirvac Commercial Trust | The Mulgrave 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 2017.

Directors' declaration

For the year ended 30 June 2017

In the Directors' opinion:

- (a) the financial statements and the notes set out on pages 90 to 136 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
 - (i) giving a true and fair view of the consolidated entity's financial position at 30 June 2017 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
17 August 2017

Independent auditor's report

to the members of Mirvac Limited



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 2017 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 2017
- 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
- 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.

PricewaterhouseCoopers, ABN 52 780 433 757
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

Liability limited by a scheme approved under Professional Standards Legislation.



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 | Audit scope | Key audit matters |
|---|--|--|
| <ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$28.80 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 | <ul style="list-style-type: none"> 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. | <ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit, Risk and Compliance Committee: <ul style="list-style-type: none"> Carrying value of inventories Fair value of investment properties Recoverability of deferred tax assets These are further described in the <i>Key audit matters</i> section of our report. |

Independent auditor's report

CONTINUED



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.

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.

Key audit matter

How our audit addressed the key audit matter

Carrying value of inventories

Refer to note C4 \$1,667m

The Group undertakes development of a portfolio of housing, apartments, office, industrial and retail sites for future sale.

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)

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 across Western Australia, Victoria, Queensland and New South Wales to develop our understanding of project status and risks.
- Evaluating the design and performing tests of the operating effectiveness of key controls over the capitalisation of expenses and interest into inventory and the review of individual development project feasibility models, which are used to monitor and assess project



Key audit matter

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 involved in the estimates used to calculate net realisable value and the release of development expenses into the income statement.

How our audit addressed the key audit matter

performance and profitability.

- Comparing estimated sales prices and sensitivities to comparable sales data in similar locations.
- Comparing a sample of forecast costs to complete included within individual project feasibility models to the relevant construction contracts.
- Testing of the interest allocated to the Developments business and thereafter capitalised to individual projects.
- 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 - \$8,278m

The Group's investment property portfolio is comprised of office, industrial and retail investment properties.

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 following assumptions are key in establishing fair value:

- capitalisation rate
- discount rate

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

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 compared the valuation models to the tenancy schedule. We found that the rental income data used in the samples tested were consistent with rental income for the property.

For all properties externally valued at balance date we agreed the fair values of those properties to the external valuations.

For a sample of external valuations, we assessed the competency and capabilities of the relevant external valuer and checked that the Group followed its policy on rotation of valuation firms.

For internal valuations, the Group utilises an off-the-shelf software package to prepare the models. We

Independent auditor's report

CONTINUED



Key audit matter

Financial Position.

- impact of changes in the fair value of investment properties can have a significant 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.

How our audit addressed the key audit matter

assessed the design of the key controls over the continued integrity of the software. This involved assessing change management and access controls and was performed through a combination of enquiry and inspection.

We then focused our testing on the key assumptions in the external valuations and internal valuation models:

- We compared the capitalisation rates and discount rates used to an estimated range we independently determined via reference to benchmarks and market data. Where capitalisation rates and discount rates fell outside of our anticipated ranges, we challenged the rationale supporting the rate applied in the valuation by discussing with management the reasons to support the adopted value. Typically the variances related to the relative age, size or location of the property. In the context of the specific properties identified, we were satisfied the reasons for variances were appropriate.
- 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 - \$395m

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 \$255m for the benefit expected to be received in the future from existing tax losses and also discloses a total of \$68m 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 forecast 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

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. PwC Tax experts assisted in undertaking this evaluation.
- Recalculating deferred tax asset balances which



Key audit matter

How our audit addressed the key audit matter

estimates also have a material impact on the deferred tax asset and the financial position of the Group.

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 67 to 87 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Mirvac Limited for the year ended 30 June 2017 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.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', with a long horizontal flourish extending to the right.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Jane Reilly', with a long horizontal flourish extending to the right.

Jane Reilly
Partner

Sydney
17 August 2017

Securityholder information

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); and
- lodge your votes for securityholder meetings.

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 2017 and applies to Mirvac's stapled securities (ASX code: MGR). As at 31 July 2017, there were 3,705,560,599 stapled securities on issue.

SUBSTANTIAL SECURITYHOLDERS

As disclosed in substantial holding notices lodged with the ASX at 31 July 2017:

| Name | Date of change | Number of stapled securities | Percentage of issued equity % ¹ |
|--------------------------------------|----------------|------------------------------|--|
| The Vanguard Group, Inc | 8/03/2016 | 313,809,010 | 8.48 |
| BlackRock Group | 20/10/2016 | 271,818,488 | 7.33 |
| Commonwealth Bank of Australia Group | 11/07/2017 | 185,373,906 | 5.00 |

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 | 6,311 | 2,931,454 |
| 1,001 to 5,000 | 9,983 | 27,539,738 |
| 5,001 to 10,000 | 5,191 | 38,043,634 |
| 10,001 to 100,000 | 6,188 | 144,269,750 |
| 100,001 and over | 252 | 3,492,776,023 |
| Total number of securityholders | 27,925 | 3,705,560,599 |

Securityholder information

CONTINUED

20 LARGEST SECURITYHOLDERS

| Name | Number of stapled securities | Percentage of issued equity % |
|--|------------------------------|-------------------------------|
| HSBC Custody Nominees (Australia) Limited | 1,797,190,764 | 48.50 |
| J P Morgan Nominees Australia Limited | 775,969,339 | 20.94 |
| Citicorp Nominees Pty Limited | 279,142,238 | 7.53 |
| National Nominees Limited | 200,607,758 | 5.41 |
| BNP Paribas Noms Pty Ltd <DRP> | 99,674,007 | 2.69 |
| BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C> | 98,355,099 | 2.65 |
| Citicorp Nominees Pty Limited <Colonial First State Inv A/C> | 62,215,570 | 1.68 |
| AMP Life Limited | 25,459,672 | 0.69 |
| HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C> | 16,148,570 | 0.44 |
| HSBC Custody Nominees (Australia) Limited - GSCO ECA | 11,564,799 | 0.31 |
| Pacific Custodians Pty Limited <MGR Plans CTRL A/C> | 9,282,825 | 0.25 |
| National Nominees Limited <N A/C> | 7,724,000 | 0.21 |
| BNP Paribas Noms (NZ) Ltd <DRP> | 7,463,932 | 0.20 |
| Bond Street Custodians Limited <ENH Property Securities A/C> | 7,192,171 | 0.19 |
| Argo Investments Limited | 6,000,551 | 0.16 |
| Avanteos Investments Limited <Encircle IMA A/C> | 5,058,777 | 0.14 |
| RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C> | 4,048,632 | 0.11 |
| HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA NV A/C> | 3,072,830 | 0.08 |
| HSBC Custody Nominees (Australia) Limited | 2,686,791 | 0.07 |
| IOOF Investment Management Limited <IPS Super A/C> | 2,013,571 | 0.05 |
| Total for 20 largest securityholders | 3,420,871,896 | 92.32 |
| Total other securityholders | 284,688,703 | 7.68 |
| Total stapled securities on issue | 3,705,560,599 | 100.00 |

Number of securityholders holding less than a marketable parcel (being 231 securities at the closing market price of \$2.17 on 31 July 2017): 1,899.

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/Events Calendar

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 2017 AGM will be held at 10.00am
(Australian Eastern Daylight Time) on Thursday,
16 November 2017
at Crown Towers,
River Room 3, Level 1,
8 Whiteman Street,
Southbank VIC 3006.

UPCOMING EVENTS

24 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 |
| A-REIT | Australian Real Estate Investment Trust |
| ARR | Asset revaluation reserve |
| ARSN | Australian Registered Scheme Number |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange |
| CCIR | Cross currency interest rate |
| 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 |
| DCF | Discounted cash flow |
| DRP | Dividend/distribution reinvestment plan |
| EBIT | Earnings before interest and taxes |
| EEP | Employee Exemption Plan |
| EIS | Employee Incentive Scheme |
| EPS | Earnings per stapled security |
| FBT | Fringe benefits tax |
| FCTR | Foreign currency translation reserve |
| FX | Foreign exchange |
| FY13 | Year ended 30 June 2013 |
| FY14 | Year ended 30 June 2014 |
| FY15 | Year ended 30 June 2015 |
| FY16 | Year ended 30 June 2016 |
| FY17 | Year ended 30 June 2017 |
| FY18 | Year ending 30 June 2018 |
| 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 |
| 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 |
| NRV | Net realisable value |
| OOP | Owner-occupied properties |
| PPE | Property, plant and equipment |
| PV | Photovoltaic (panels) |
| PwC | PricewaterhouseCoopers |
| ROE | Return on equity |
| 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 |
| TSR | Total Shareholder Return |
| TTC | Tax Transparency Code |
| USPP | US Private Placement |
| WALE | Weighted average lease expiry |
| WANOS | Weighted average number of ordinary securities |

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493kg
of landfill



73kg CO₂
and greenhouse gasses



729km
travel in the average
European Car



13,974
litres of water



785kWh
of energy



801Kg
of wood

