Mirvac Group
Annual Report 2019

Our purpose to reimagine urban life inspires us to be *a force for good.*

mirvac

Mirvac is a leading, diversified, Australian property group, with an integrated development and asset management capability. Recognising the contribution we make to Australia's major cities, our purpose, to Reimagine Urban Life, inspires us to be a *force for good*.

CONTENTS

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

ABOUT THIS REPORT

The FY19 Annual Report is a consolidated summary of Mirvac Group's operations, performance and financial position for the year ended 30 June 2019. In this report, unless otherwise stated, references to 'Mirvac', 'the Group', 'company', 'parent entity', 'we', 'us' and 'our' refer to Mirvac Limited and its controlled entities as a whole. Mirvac Limited also includes Mirvac Property Trust and its controlled entities. References in this report to a 'year' relate to the financial year ended 30 June 2019. 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 8 August 2019. The Directors have the power to amend and reissue the financial statements. Mirvac's full-year financial statements can be viewed on, or downloaded from, Mirvac's website **www.mirvac.com**

REPORTING SUITE

Mirvac's reporting suite sets out the Group's financial and operational performance for the year ended 30 June 2019 across the following documents:

MGR FY19 Results Presentation
An in-depth overview of Mirvac's financial, operational and sustainability performance for the financial year.

MGR FY19 Additional Information
Information supporting Mirvac's FY19 Results Presentation.

MGR FY19 Annual Report
An in-depth overview of Mirvac's financial, operational and sustainability performance for the 2019 financial year, along with the Group's corporate governance statement, its remuneration report and its detailed financial statements.

MGR FY19 Property Compendium
A detailed summary of Mirvac's investment portfolio, other investments, and its commercial and residential development pipeline as at 30 June 2019.

MPT FY19 Annual Report
An overview of the Mirvac Property Trust for the financial year.

ABOUT MIRVAC

Mirvac is an Australian Securities Exchange (ASX) top 50 company and one of Australia's leading and most innovative property groups. Since 1972 Mirvac has played a vital role in the evolution of our cities, *reimagine urban life* and creating places that enrich the lives of many thousands of Australians.

Our reputation as a leader in Australia's property industry has been built by delivering innovative and exceptional workplace precincts, retail destinations, high-quality homes and connected communities for our customers, while driving long-term value for our stapled securityholders. We own and manage assets across the office, industrial and retail sectors in our investment portfolio, and we currently hold approximately $22 billion of assets under management.

Our integrated approach gives us a competitive advantage across the lifecycle of a project. From site acquisition, urban planning and design, through to construction and development, leasing, sales and marketing, property management and long-term ownership, we exercise control over the entire process. Our integrated model also ensures stable income and growth through a balance of passive and active capital, enabling us to respond to fluctuations in the property cycle.

Our goal is to add value to Australia's cities through innovative, visionary design, development, asset management and construction. Our team is committed to operating in a way that is economically, socially and environmentally sustainable in order to leave behind a lasting, positive legacy in everything that we do.

OUR PURPOSE

As our company grows and we take on more challenging projects in different sectors, it is more important than ever to be united behind a single purpose.

At Mirvac, we are in business to *reimagine urban life*. This purpose drives all employees at Mirvac to look beyond profit. It inspires us to be a force for good and leave a positive legacy in everything we do.

Whether it be breathing life into underutilised spaces, lovingly restoring and adapting heritage buildings, creating dynamic new workplaces or bringing to life connected communities where families can grow and thrive, we are committed to enriching the lives of our customers and communities.

We know that to *reimagine urban life* is a great challenge, and it comes with much responsibility. Our passionate, highly engaged workforce has embraced the challenge to think differently, to act conscientiously and apply their experience, passion and energy every day in the pursuit of an enhanced urban environment for us all to enjoy.

WHAT WE DO

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

WE ARE FOCUSED
deploying capital with discipline and delivering on our promises, with a strong focus on our customers.

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

WE ARE INTEGRATED
leveraging our integrated model to create, own and manage quality Australian assets.

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

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

ASX TOP 50

One of Australia's
leading & most innovative
property groups

INTEGRATED

FOCUSED

DIVERSIFIED

OUR PURPOSE & STRATEGY

Reimagine urban life

SAFETY

INNOVATION

PEOPLE & LEADERSHIP

TECHNOLOGY

SUSTAINABILITY

FINANCIAL AND OPERATIONAL HIGHLIGHTS

the future is bright

WITH A STRONG SET OF FINANCIAL METRICS FOR FY19, MIRVAC HAS MAINTAINED THE IMPRESSIVE GROWTH TRAJECTORY OF RECENT YEARS.

STATUTORY PROFIT

$1.02bn

OPERATING PROFIT

$631m

up 4% representing 17.1cpss

NET TANGIBLE ASSETS PER STAPLED SECURITY[1] OF

$2.50

up from $2.31 at June 2018

DISTRIBUTION INCREASED 5% TO

11.6 cpss

STRONG OPERATING CASH FLOW

$518m

GEARING OF

20.5%

ACHIEVED A ROIC OF

10.1%

for the Group

SECURED

$1.7bn

of residential pre-sales

DELIVERED RESIDENTIAL GROSS MARGINS OF

27%

MAINTAINED A 5.0 STAR

★★★★★

NABERS Energy rating average across the office portfolio

LEASED APPROXIMATELY

250,000sqm

of office, industrial & retail space

ACHIEVED

2,611

residential lot settlements, default rate <2%

more than tripled community investment

3 years ahead of target

$3.1bn

active commercial development pipeline

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

LETTERS TO SECURITYHOLDERS

FY19 was another outstanding year for Mirvac. Our strong performance, which has characterised recent years, continued throughout the year. The sustained growth can be attributed to the success of our urban asset creation strategy, the strength and resilience of our diversified model and our team's unwavering commitment to our purpose to *reimagine urban life.*

CHAIRMAN'S LETTER

Mirvac is in exceptional shape, with a high-performing investment portfolio that will generate steadily growing income, all in the safe hands of a highly engaged and passionate workforce. In an era when many Australians have lost faith in some of our largest institutions, we continue to focus on earning our stakeholders' trust every day, being a force for good and leaving a positive legacy in everything we do.

$1.02bn

FY19 Statutory profit

FINANCIAL HIGHLIGHTS

FY19 saw the Group deliver yet another strong set of financial metrics. With a statutory profit of $1.02 billion, I'm pleased to report that we have successfully delivered at the top end of guidance and maintained the impressive growth trajectory of recent years.

Our performance was anchored by the significant gains of our Office & Industrial business and its high-quality investment portfolio which, together with our award-winning asset creation capability, continue to generate significant value. These gains, coupled with the quality and location of our residential product and focus on our domestic owner-occupier customer base, as well as the urban expertise of our retail team, has safeguarded the Group against the challenging market conditions in some of the sectors in which we operate in FY19.

At an operating level, our profit was up 4 per cent to $631 million, representing 17.1 cents per stapled security. We achieved a strong operating cash flow of $518 million and we paid distributions of 11.6 cents per stapled security, up 5 per cent.

After a period of challenging residential market conditions, we are seeing early indications of a housing market recovery. At the same time, we are reaching the end of the capitalisation rate compression cycle and entering a period where income will drive superior investment performance. As a result, we are maintaining our disciplined approach to investing capital. With 87 per cent of our capital allocated to our investment portfolio and 13 per cent to our active development pipeline, we are confident that Mirvac can continue to create long-term value and grow distributions to our securityholders.

CAPITAL MANAGEMENT

Mirvac's disciplined approach to capital allocation has resulted in a robust balance sheet which, together with our integrated model, enables the business to operate through market cycles and respond quickly to investment opportunities, as and when they arise.

During the financial year, Mirvac successfully completed a fully underwritten institutional placement and Security Purchase Plan (SPP) to position the business for future growth. The placement was strongly supported by both existing and new investors, raising $796.2 million, including approximately $46.2 million raised under the SPP, to support the delivery of the next generation of value accretive office, industrial, residential and mixed-use projects and provide additional funding impetus for continued investment through the cycle. We were heartened by the support we received from our investors during this process.

During the first half of the financial year, Mirvac received an A- rating with a stable outlook from Fitch Ratings and maintained the A3 rating from Moody's Investor Service (equivalent to A-), recognising our healthy balance sheet and strong capital position. Gearing also remained within our range of between 20 to 30 per cent at 20.5 per cent.

Our overall earnings profile remains solid, supported by a $3.1 billion active commercial development pipeline and a high performing, strategically-located investment portfolio. We have noted that our active development earnings will continue to flex with the economic cycle. However, the increasing quality and strength of our passive earnings underpin our confidence that we will continue to deliver for our securityholders.

CORPORATE GOVERNANCE

Against a backdrop of challenging housing markets, a sustained period of political uncertainty and the further erosion of trust in some of Australia's largest and best-known institutions, it is more important than ever before that companies like ours act fairly, responsibly and transparently.

At Mirvac, we believe we have a duty not only to our securityholders, our employees and our customers, but also to the communities in which we operate and the cities and towns in which we live.

On behalf of the Board and the leadership team at Mirvac, I want to emphasise our commitment to creating and promoting a strong culture where people are driven to look beyond profit to genuinely being a force for good.

We have a highly engaged workforce that never loses sight of a purpose that is bigger than profit. Our team is driven to meet milestones and targets but also to care about making a difference to people's lives.

We are proud of the high standards of corporate governance to which we adhere. Systems, procedures and practices are regularly reviewed, benchmarked against best practice and updated.

Additionally, the Board is actively involved in the business and meets regularly to discuss matters such as Mirvac's strategy, the Group's activities and operations, outlook, risks and remuneration. To capitalise on the strong position of the Group, the Board will increase its focus on customer satisfaction, technology and the company's long-term strategy in FY20.

REMUNERATION

Every year, our remuneration outcomes are reported openly and transparently. Following last year's review of our performance and reward framework, we are pleased to report the new performance management structure has been enthusiastically welcomed and adopted by employees. Under the new framework, changes were made to performance ratings, our long-term incentives, and we increased the mandatory minimum securityholdings for both Non-Executive Directors and key management personnel.

The strong, sustained performance – both financial and non-financial – has translated into full vesting of the long-term incentives and above target short-term incentive outcomes. Combined with a 44 per cent security price increase during FY19, this has resulted in increased actual earnings for our CEO & MD and other key management personnel. The Mirvac Board very strongly believes in aligning pay to performance and we believe the remuneration outcomes reflect this strong performance, outperforming the stretching targets that the Board sets for management each year.

The full remuneration report for FY19 can be viewed on page 52.

DIVERSITY & INCLUSION

We remain committed to fostering a respectful, diverse and inclusive environment, where different backgrounds, opinions and ideas are accepted, encouraged and celebrated. We believe this has a positive impact on the health, wellbeing and happiness of our workforce as well as driving engagement, productivity and ultimately better business outcomes.

To this end, we have a Diversity & Inclusion strategy in place with a focus on gender balance, and we've worked hard to improve gender parity at Mirvac over recent years. As well as maintaining a 50 per cent gender representation on our Board, we continue to seek a 50/50 gender balance on shortlists for senior appointments. We have successfully maintained a like-for-like gender pay gap of zero per cent for three consecutive years thanks to our gender pay parity reviews, and 43 per cent of our senior management roles are now held by women, in line with our target.

Thanks to the efforts of the team in implementing this strategy, these achievements are now considered to be 'business as usual' at Mirvac. In recognition of our commitment to gender equality, Mirvac was awarded Workplace Gender Equality Agency Employer of Choice for the fifth consecutive year.

OUTLOOK

The hard work of the team to transform the business means we are now well positioned to mitigate adverse market cycles and use them to our advantage by capitalising on the opportunities they present. Our high-quality investment portfolio continues to provide secure and growing income to the Group, while our development pipeline and asset creation skillset provide significant potential for future growth.

Mirvac's strong financial performance and robust corporate governance framework have ensured the business remains in excellent shape and will continue to provide value to our securityholders and customers, while making a real difference to people's lives in the communities in which we operate.

I would like to thank my Board colleagues, our senior leaders and our team for their commitment and hard work over the past 12 months. I would like to thank you, our securityholders, for your support of Mirvac. We look forward to another year of growth and success ahead.

John Mulcahy
Chairman

CEO & MANAGING DIRECTOR'S LETTER

In a year that was marked by uncertainty and a challenging operating market, our reputation for quality and operational excellence and our unwavering commitment to our urban strategy, have stood us in good stead.

The strength and resilience of our business were evident throughout the year. The housing market and the political and economic uncertainty caused by consecutive State and Federal elections presented challenges within our operating environment. Our business stood up to the test on all fronts.

OPERATIONAL EXCELLENCE

In FY19, the Office & Industrial business continued to deliver. We are now Australia's second largest office manager, with approximately $15 billion of office and industrial assets under management and we have successfully created one of Australia's youngest and lowest capital expenditure portfolios.

Our award-winning asset creation capability was showcased once again during the year with the delivery of Axle, Commonwealth Bank's new state-of-the-art office building at our reimagined South Eveleigh precinct. It features next generation design, smart technology, pioneering placemaking and sustainability principles, and sets new benchmarks in commercial property and workplace design.

Our ability to deliver award-winning buildings continually improves the quality of our portfolio and drives increasing passive earnings for the Group. This proven capability, combined with the number and calibre of projects in our development pipeline, gives us confidence that we can continue to generate strong future returns.

Over the past 12 months, we have added a number of new development opportunities to our Industrial pipeline including at Badgerys Creek, Kemps Creek (both in Western Sydney) and Auburn (in Sydney). This is in line with our strategy to grow our Industrial portfolio while maintaining a 100 per cent weighting to Sydney. We see significant earnings potential for these future industrial estates.

Our Retail business delivered another solid result, which is pleasing given the highly competitive and rapidly evolving retail sector. We have successfully created a portfolio of thriving retail centres that offers the right retail in the right urban locations – densely populated with low unemployment, high incomes and strong population growth.

As a result, despite divesting over $700 million since 2013, the retail portfolio has doubled in value in the past six years. The enhanced services, partnerships and experiences Mirvac is creating, has seen specialty productivity grow by 36 per cent across the portfolio during that timeframe and occupancy has been maintained above 99 per cent. This success is testament to the team's energy and passion for reimagining our retail offering, and our commitment to constantly curating retail mixes and creating unique experiences that respond to the ever changing needs of our customers.

For our Residential business, while recent months have seen some potential signs of recovery, there is no doubt the housing market deteriorated throughout the financial year with average dwelling prices down by between 9 and 10 per cent in Sydney and Melbourne during that time. Investor activity reduced significantly, while tightening credit made it more difficult for home buyers to secure finance, which impacted the industry as a whole.

However, averages mask the significant variations between sub-markets. They also ignore the superior quality of the Mirvac offering. Our long standing reputation for quality continues to attract owner-occupiers who now, more than ever, seek a product and a brand they can trust.

It is this quality that has seen our residential team win a number of prestigious awards this financial year. You can read more about these awards on page 25.

Consequently, we have seen sustained demand for, and sales of, our projects throughout the year with over 1,700 lots exchanged. We exceeded our target of over 2,500 residential lot settlements during the financial year settling 2,611 lots, and our defaults have remained under 2 per cent. This too is a testament to our focus on quality – in this case, ensuring that our customers are well placed and supported to settle their purchases in a timely fashion. Our residential gross margin of 27 per cent reflects the capital efficiency of our development structures, and we have started to carefully restock in the changing market, with a number of new development opportunities in established Mirvac sub-markets including Henley Brook, WA and Wantirna South, VIC, putting us in a strong position to take advantage of the anticipated upswing.

REIMAGINING RENTING

The build-to-rent (BTR) sector remains in its infancy in Australia, but we believe it has potential for significant growth and can deliver much more than financial rewards. International experiences suggest that revolutionising the rental sector in Australia can provide significant social benefits for hundreds of thousands of renters as they move along their housing journey, giving them access to high-quality, well maintained rental property, with secure tenures, and a sense of stability, as well as excellent customer service.

Mirvac is firmly at the forefront of this new sector in Australia, having founded the Australian Build-to-Rent Club with a 30 per cent investment from the Clean Energy Finance Corporation in July 2018 and subsequently launching our first purpose-built BTR asset, at Pavilions, Sydney Olympic Park. This project is under construction, on time and on budget and we look forward to welcoming our first customers at Pavilions in June 2020.

In FY19, we confirmed plans for a second BTR project, close to Queen Victoria Market in Melbourne. As interest in the new sector grows, along with appetite for BTR projects from all fronts, we remain focused on further extending our BTR development pipeline throughout FY20.

A PASSIONATE, ENGAGED WORKFORCE

Of all the factors that have influenced Mirvac's success and strong performance, the most important has been the genuine recognition that our best asset is our people. A team of curious and passionate people, aligned with a clear vision, has created a workplace where individuals are committed to our overall purpose and to leaving a positive legacy.

In FY19, we maintained our employee engagement score of 90 per cent for the second consecutive year, as measured by Willis Towers Watson. These results show that our team continues to believe in our purpose and strategy and is proud of the projects and services we're delivering for our customers.

We recognise that we need to continue to work hard to maintain this high standard. The survey also gives us the opportunity to listen to feedback from our people on areas that are still in need of improvement. We have taken these comments on board and we are focused on ensuring Mirvac continues to be a great place to work.

PRIORITISING SAFETY

At Mirvac, we prioritise safety above all else. We pursue safety excellence which means looking beyond merely preventing harm to improving the overall wellbeing of our employees, suppliers, communities and the environment. This requires a thorough and proactive approach to safety.

Two years ago, we launched a new health and safety strategy, Thrive, which has been successful in reinforcing and strengthening the safety practices, behaviours and cultures across our business, with another year of positive results in FY19. This year we broadened our safety metrics to include a critical incident frequency rate (CIFR). This enables us to identify and examine incidents and near misses so we can work towards preventing them rather than reacting to them. In FY19, we achieved a CIFR of 0.91 and we reduced our lost time injury frequency rate to 1.02, another record low. You can read more about our initiatives under the strategy on page 32.

A FLEXIBLE & INCLUSIVE WORKPLACE

Championing gender diversity, innovative thinking, workplace flexibility and inclusive leadership are all vital parts of Mirvac's DNA. We continue to encourage all of our employees to adopt some form of flexibility into their working week, day or month through our *My Simple Thing* initiative, and we recently relaunched *Mirvac Stars*, which celebrates the achievements of people going above and beyond in their roles.

We believe that empowering women to become future leaders must start at an early age, and we have partnered with the GWS Giants football club on a leadership program for year 9 girls called 'Giant Goals' to demonstrate what a career in the property industry could look like and to encourage girls to consider studying STEM subjects for their NSW HSC. We are also committed to the Property Council of Australia's successful 'Girls in Property' programme, working with girls in year 10 to demonstrate the types of careers that can be pursued in the property industry.

A FORCE FOR GOOD

One of the goals set out in our 2014 *This Changes Everything* sustainability strategy was to become net positive carbon by 2030, and this year we released *Planet Positive*: which is our plan setting out how we intend to get there. It includes continuing to maximise energy efficiency and developing all-electric buildings powered by 100 per cent renewable energy. This work will mean that from 2030 and each year afterwards, Mirvac will be avoiding emissions equivalent to planting over 1.4 million trees and taking 22,300 cars off the road.

Targeting and then exceeding net zero carbon are not just the right things to do, they make good business sense. Transitioning to a lower carbon portfolio will allow us to increase energy price certainty and create greater value for our stakeholders. They also have the added benefit of helping us to retain premium tenants and minimise vacancy rates, and with low carbon building policy reforms on the horizon, we aim to be ahead of the curve when it comes to compliance.

We also recognise that it is important to be transparent about our understanding of the potential financial impacts of climate change to our business and what we are doing in response, and last year we made a commitment to report under the Task Force on Climate-related Financial Disclosures (TCFD). Our first TCFD report is now available on our website and we expect that the depth and quantification of our risks will develop over the next several years.

Our sustainability strategy is now firmly embedded across the business and has resulted in a variety of new, pioneering initiatives and achievements during the financial year including: working with social enterprise, Homes for Homes, to address the need for more social and affordable housing in Victoria; partnering with the Property Industry Foundation to build a six-bedroom house in Toongabbie, Sydney, where five homeless youths will live and receive care, mentoring and support from Marist180; and donating a parcel of land to DVConnect where, with the help of Halcyon, we have built Queensland's first purpose-built bridging accommodation facility to support victims of domestic violence.

In order to contribute to a world that is free of forced labour, modern slavery, human trafficking and child labour, we have been working on the first stage of a modern slavery risk assessment so that we can start to identify and eradicate modern slavery within our supply chain, starting with our construction business, and we expect to release this shortly.

90%

Maintained employee engagement score

As a result of our ongoing commitment to community investment throughout FY19, particularly through the provision of upfront amenity at our masterplanned communities, we increased our community contributions by more than 800 per cent from a FY17 baseline, three years ahead of our 30 per cent target.

We also launched our first Social Return on Investment (SROI) report during the financial year. It's our first attempt at measuring our social impact and while we continue to refine our measurement tool, the process is already informing the design and delivery of new projects in order to continue to make a positive impact on people's lives.

INNOVATION AS A COMPETITIVE ADVANTAGE

Our award-winning innovation program, Hatch, continued to work on a number of exciting initiatives in FY19. Cultivate, the pop-up urban farm we created in partnership with start-up, Farmwall, in the basement of EY Centre, 200 George Street, Sydney expanded to a second and larger site at 275 Kent Street in partnership with Westpac. Our unique co working pilot, The Third Space, came to a close at Broadway Sydney but opened in a different format at Orion Springfield in QLD, where it continues to test the market in pursuance of the ideal co-working model for a retail environment. We have now tasked Hatch to think about how Mirvac can help digital natives live better urban lives as we think about reimagining urban life for multiple generations of Australians.

A POSITIVE OUTLOOK

The operational excellence for which Mirvac is known continues to differentiate the Group. Our passionate team, the high calibre of our projects and our commitment to making a difference, as well as delivering financial returns, have created a brand that inspires the trust and loyalty of our customers, partners and importantly you, our securityholders.

Our purpose continues to inspire us to make a positive contribution and be a force for good. This is more important than ever in today's environment where political uncertainty, economic volatility and the lack of trust in large institutions, lead people to ask more of corporations and governments.

Underpinning our success is our people and strong culture here at Mirvac. Together, we work hard to ensure that the places and communities we are creating are sustainable, innovative and connected, and have our customers at their heart.

On behalf of our Executive Leadership Team, I would like to thank the Board for their ongoing guidance, the whole Mirvac team for their commitment and enthusiasm, and you our securityholders, for your valued support.

Susan Lloyd-Hurwitz

Susan Lloyd-Hurwitz
CEO & Managing Director

FORCES OF CHANGE

As our cities continue to expand, and our industry evolves at an increasingly rapid pace, our business is challenged to forecast and act upon what the urban landscape will look like in the coming years. We are acutely aware of a number of significant macro-trends that are shaping our world. As a leading Australian property group, we're focused on monitoring these trends and understanding their potential impact to our business, our workforce and our customers, in order to both manage the risks and embrace the opportunities they present.

HOUSING AFFORDABILITY

Despite recent housing market declines, Australia remains one of the most expensive places in the world to buy a house[1]. The result is an intergenerational divide where younger generations have diminishing prospects of buying a house in the established neighbourhoods their parents enjoy. Our initiative, The Right Start, gives first home buyers a leg up towards buying their first property. We've also further advanced our involvement in the emerging build-to-rent sector, and launched a Rent-to-Buy product in WA, which we believe will improve choice, quality and security of tenure for renters and give them a helping hand towards home ownership.

EQUALITY AND EMPOWERMENT

Over the past 12 months, we have seen an increased focus on the violation of human rights; from Australia's disturbing rate of violence against women, to attempts to curb the widespread global problem of modern slavery. As a White Ribbon Workplace, we have taken active steps to break the cycle of violence against women, providing our workforce with tools that build respect, support equality and assist community groups who are doing the same. As a founding member of the Australian Supply Chain Sustainability School, we have been working with other Australian companies to make better supplier choices to help eradicate exploitation and modern slavery. We also want to support and empower companies that deliver positive social outcomes. Over the next 10 years, we're continuing towards our goal to direct $100 million to the social sector, including through social procurement with Indigenous businesses, social enterprises, and B Corps[2].

$100m social sector investment, including social procurement

CHALLENGES FACING THE BUILDING INDUSTRY

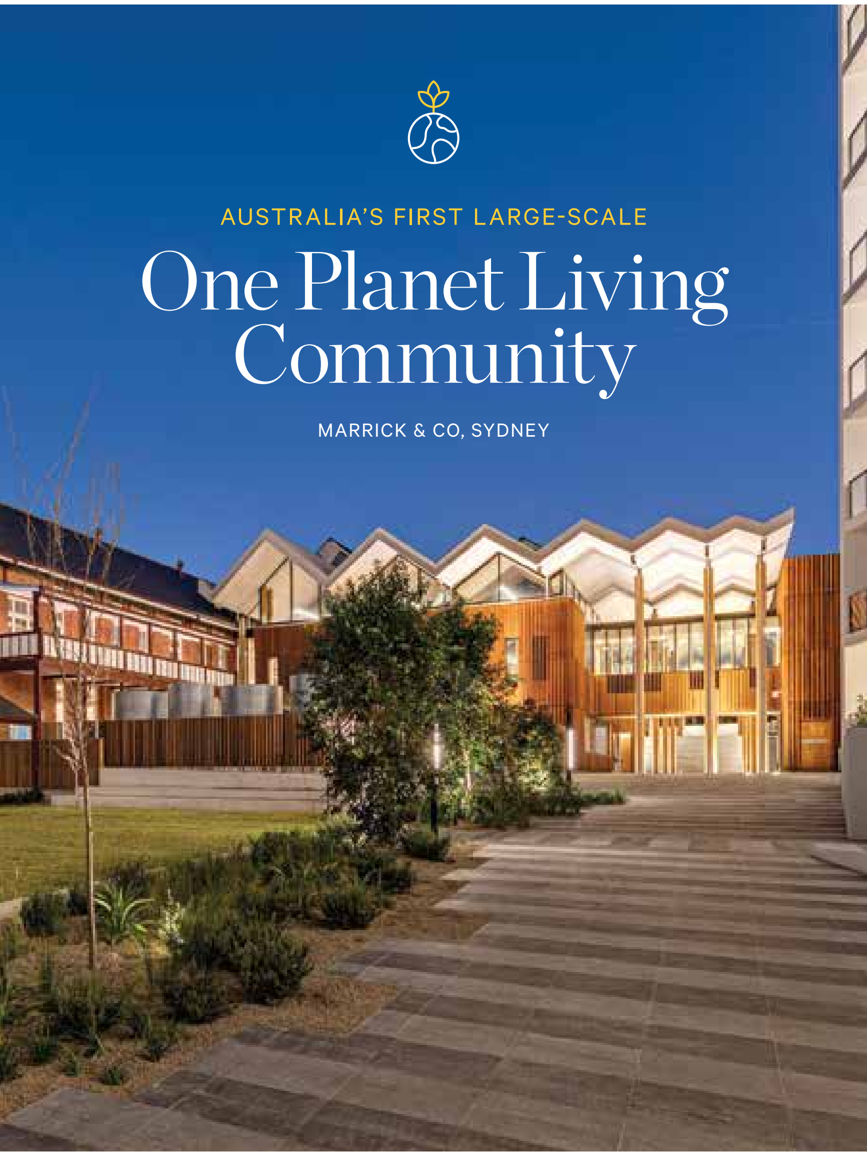
The building industry was the subject of heavy scrutiny during FY19, following concerns about building quality and the use of combustible cladding. As a result, we are seeing a greater understanding from our customers that the underlying value of any property is dependent on the quality of the design and construction. Our unique integrated capability enables us to exercise tight control over the quality of our projects, throughout their entire lifestyle. This commitment to quality and design excellence over 47 years has built trust and confidence in our brand.

1. The Economic Intelligence Unit's Worldwide Cost of Living Survey 2019.
2. A certified B Corporation is a business that meets the highest standard of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.
3. The Global Assessment Report on Biodiversity and Eco-System Services, 2019 (IPBES).

DETERIORATION OF INSTITUTIONAL TRUST

The findings of recent Royal Commissions, together with the recent political uncertainty, further undermined the foundations of public trust in Australia in FY19. In this climate, we believe we have more responsibility than ever to be a force for good. As such, we've renewed our efforts to ensure we are trusted by our customers and securityholders by being transparent in our reporting processes. We continue to listen to stakeholders to understand where we are doing well, and where we need to improve. Underscoring our commitment to be a force for good in our communities, we've far exceeded our goal to triple our community investment three years ahead of target, and have introduced unlimited paid volunteer leave so that our people can give back in their own communities.

> we believe we have more responsibility than ever to be *a force for good*



CLIMATE CHANGE

This year, the City of Sydney joined 600 other municipal bodies from around the world in declaring a climate emergency. The devastating impacts of climate change continue to come to light with the latest research[3] showing one million species are threatened with extinction and calling out the current global response as insufficient. Our sustainability strategy, *This Changes Everything*, has seen Mirvac implement transformative change across the business. This year, for instance, we released our plan to reach net positive carbon by 2030 which sets out the actions we'll take to reduce our carbon emissions and ultimately, eliminate more than we emit. We also delivered Australia's first large-scale One Planet Living Community at Marrick & Co, Sydney which adheres to a framework that supports residents to live comfortably within the earth's resources.

DIGITAL DISRUPTION

New technologies are transforming the way we live, work and play. We welcome the opportunities presented to our business and the ways in which new technologies enable us to innovate as part of our purpose to reimagine urban life. Digital disruption typically marks changes in consumer needs and tastes and we have therefore tasked our innovation team, Hatch, to explore ways in which our business can help digital natives thrive. We are also implementing smart technology across our portfolio and using data across our business to better understand our customers, tenants and communities, in order to create places that meet and exceed their expectations.

Office & Industrial

EY Centre, 200 George Street, Sydney

During FY19, Mirvac successfully consolidated its reputation as a visionary creator and trusted manager of some of Australia's most exceptional office and industrial assets. The Group further enhanced its high-performing investment portfolio with the delivery of new, state-of-the-art workplaces, and the continual improvement of its existing buildings. With over $15 billion of assets under management, Mirvac is now the second largest listed manager of office and industrial assets in the country.

OFFICE

95 per cent of the office portfolio is made up of premium and A-grade assets which is testament to our award-winning creation capability and commitment to quality. The calibre of our buildings and our focus on major metropolitan areas, close to transport hubs, have enabled our portfolio to benefit from the favourable office market conditions and 30 year vacancy rate lows in Sydney and Melbourne in FY19. Our 85 per cent weighting to these cities is set to increase with the further progression of our $3.1 billion active development pipeline, as we build out our next generation of passive income.

2019 PCA Excellence & Innovation Award for Best Sustainable Development

EY Centre, 200 George, Sydney
(New Building)

Sirius House, 23 Furzer St, ACT
(Existing Building)

This year, we officially opened the first two buildings at our reimagined South Eveleigh precinct in Sydney: Axle and Yerrabingin House. With over 3,800 workers now in situ at South Eveleigh, enjoying the amenity already delivered as part of stage one, our vision to create a thriving, connected and sustainable community is quickly taking shape. We are encouraged by the positive feedback we have already received about both buildings.

In the next year, two more office assets will be completed including The Foundry, which is the second Commonwealth Bank workplace at South Eveleigh, and our landmark office tower, Olderfleet in Melbourne. The Locomotive Workshops at South Eveleigh and Suncorp's new headquarters at 80 Ann Street in Brisbane will follow in FY21 and FY22. These projects remain on time and on budget, supported by our unique integrated business model. Their delivery will mean that by FY22, we will have one of the youngest portfolios in Australia and will have developed 85 per cent of our assets directly.

Our focus on quality extends to our existing assets where our buildings are being constantly refined, upgraded and managed. This reduces the materials and resources they consume and enhances the comfort and wellness of those who occupy them.

This strategy drives partnership and investment across the portfolio and has led to some significant achievements this year, including the 46,000 square metre, whole building lease renewal of the Federal Department of Health and Ageing at Sirius House, Woden, ACT, six years ahead of the lease expiry date. Mirvac's occupancy and retention rates are among the highest in the industry.

We remain focused on continually improving the experience of our office and industrial customers and enhancing the lives of the communities in which we operate. Our strong partnerships with leading architects, urban designers, planners and interior designers enable us to innovate and redefine the future of work with each new project. This combination of passion and partnership has led to the creation of digitally enabled, future-proofed, sustainable buildings and precincts that promote collaboration, creativity and productivity for our customers.

Office Snapshot

	FY19	FY18	FY17
Portfolio value	$6.7bn	$5.7bn	$4.9bn
Number of properties	31	28	28
Net lettable area	657,140sqm	641,808sqm	623,826sqm
Occupancy	98.2%	97.5%	97.6%
Weighted average lease expiry	6.4 years	6.6 years	6.5 years
Weighted average cap rate	5.43%	5.69%	5.92%
Like-for-like NOI growth	5.7%	12.7%	0.0%

376 Collins Street, Melbourne

In FY19, we significantly grew our Industrial portfolio in line with our strategy, bringing our total assets under management to over $1.3 billion and our industrial development pipeline to $1.2 billion. Demand from leading retail and logistics operators for premium industrial facilities remains strong, particularly in the Sydney market, where 100 per cent of our Industrial portfolio is located. We expect this demand for quality to continue based on the significant potential for future growth of e-commerce in Australia, coupled with the diminished supply of prime industrial sites in strategic, well connected locations.

Calibre Industrial Estate, Sydney

INDUSTRIAL

This year, we proudly opened our premium industrial estate, Calibre at Eastern Creek, Western Sydney, NSW. The site was transformed from a government-owned quarantine station to a thriving warehouse and logistics hub in just four years. It is now home to a collection of leading brands including CEVA Logistics, Miele, Pet Circle, Sheldon & Hammond and ACFS e-Solutions, who are leveraging the high-quality facilities, as well as the excellent transport links, to support and accelerate business growth and improve delivery times for their customers.

With our reputation for the creation of premium industrial assets now confirmed with Calibre, our intention is replicate this success with several new development opportunities. These include a 54-hectare site at Badgerys Creek in Western Sydney, NSW which has the potential to become Stage 1 of a future 244-hectare industrial estate, just 800 metres from the new Western Sydney Airport. The site will benefit from transport connections and approximately $20 billion of infrastructure improvements in the Western Sydney area by 2026. The Group also secured a 56-hectare site at Mamre Road, Kemps Creek, Western Sydney, NSW and a 14-hectare site at Manchester Road, Auburn, NSW, with the potential to develop both into leading industrial precincts over the next few years.

We continue to focus on enhancing the quality, functionality, flexibility and occupier amenity of the portfolio, which includes some of Australia's largest and most notable industrial precincts, such as Nexus Industry Park and Hoxton Distribution Park in NSW. Through our integrated development capabilities, as well as strong relationships with our customers, government and other key stakeholders, we are ideally placed to deliver high-quality facilities, and the associated infrastructure to unlock value and generate employment opportunities in key metropolitan locations.

Industrial Snapshot

	FY19	FY18	FY17
Portfolio value	$877m	$809m	$873m
Number of properties	10[1]	17	19
Net lettable area	469,315sqm	431,980sqm	499,791sqm
Occupancy	99.7%	100%	95.3%
Weighted average lease expiry	7.7 years	7.1 years	7.0 years
Weighted average cap rate	5.72%	6.19%	6.37%
Like-for-like NOI growth	7.8%	1.3%	2.0%

We continue to focus on enhancing the quality, functionality, flexibility and occupier amenity of the portfolio.

1. Excludes properties being held for development. Variance between FY17/FY18 and FY19 as some individual properties were amalgamated into estates during FY19 (FY18 comparable of 10 assets and FY17 comparable of 13).

SETTING THE BENCHMARK IN SUSTAINABILITY

In Australia, the building industry contributes to approximately 25 per cent of the nation's carbon emissions, and as a leading Australian property group, we recognise that we have an opportunity to influence meaningful change in the way we build and manage our assets. One area where we can have a significant impact is in our office portfolio, where we have direct influence over the assets that we own and manage, as well as our active commercial development pipeline.

When we released our refreshed sustainability strategy in June last year, we made a commitment to ensure all new office developments were built to a minimum 5.5 star NABERS Energy rating, a minimum 4.5 star NABERS Water rating and a minimum Gold WELL Shell & Core rating.

Designing and developing sustainable assets is not just good for the environment, it is also good for our customers and securityholders. Assets that are energy and water efficient deliver lower utility costs and higher valuations. At our Sydney headquarters, 200 George Street, for example, we achieved a 5.5 star NABERS Energy rating which is half a star above our original design target of 5 stars. The half of a star improvement alone represents a saving in energy costs of almost $200,000 per year, as well as a $4 million uplift in valuation.

While reducing our water, energy and gas consumption has been challenging – particularly during Australia's hottest summer on record this year – we continued to make good progress, achieving a further 3.6 per cent reduction in carbon intensity and a 2.3 per cent reduction in water intensity across the investment portfolio.

David Malcolm Justice Centre, Perth (copyright @kyntran)

> "We have one of the most sustainable office portfolios in the country, which is testament to our high-quality asset management, a firm focus on driving energy efficiency at our assets and our investment in renewable energy."

Campbell Hanan, Head of Office & Industrial

Mirvac's office portfolio is one of the greenest portfolios in Australia

A MARKET-LEADING PORTFOLIO

Our commitment to embedding sustainability in the design process, along with a keen focus on improving building performance through our in-house capability, delivered a number of industry-leading sustainability ratings in our office portfolio during the financial year.

At 1 Darling Island in Pyrmont NSW, for example, we achieved a 6 star NABERS Energy rating without the use of GreenPower. As well as the installation of a 100kW solar PV system, the rating was achieved through the team's ongoing work to improve operational performance and energy efficiency. 1 Darling Island now joins Mirvac's 65 Pirrama Road in Sydney and 23 Furzer Street in Canberra in having achieved 6 star NABERS Energy ratings, representing market-leading performance.

Meanwhile, 275 Kent Street, Sydney, NSW became one of the first buildings in Australia to recertify as a 6 Star Green Star Performance rating. This was repeated later in the year with 23 Furzer Street also recertifying as a 6 Star Green Star building.

In addition to a 5.5 star NABERS Energy rating at our multi-award winning EY Centre, 200 George Street in Sydney, NSW, we've also now achieved a 6 Star Green Star Performance rating and a 5.5 star NABERS Indoor Environment rating for the base building, which recognises the building's exceptional standards of thermal comfort, air quality, noise reduction, lighting and office layout.

In Perth, WA, the David Malcolm Justice Centre achieved a 6 Star Green Star Performance rating (the first in Perth to do so) as well as a 5 star NABERS Energy rating, and was recognised with the Commercial ESD & Sustainability Award: Premium/A Grade at the Property Council of Australia's WA Property Awards.

Overall, Mirvac's office portfolio now boasts four 6 Star Green Star Performance rated buildings, along with three 6 star, two 5.5 star and seven 5 star NABERS Energy rated buildings, making it one of the greenest portfolios in Australia.

South Eveleigh, Sydney

$15bn total assets under management

$3.1bn active commercial development pipeline

CONTINUED EXCELLENCE AT EY CENTRE

When it was completed in 2016, EY Centre, 200 George Street, Sydney was a one-of-a kind building, featuring a world-first closed cavity timber façade and blind system, LED lighting throughout the entire building and a comprehensive metering and monitoring system. Its unique architecture, leading sustainability features and world-class innovation have seen the Francis-Jones Morehen Thorp-designed building collect 19 awards over the past three years.

In FY19, EY Centre was recognised again for outstanding building performance, winning the prestigious International Project of the Year award and the Building Performance Champion at the Chartered Institution of Building Services Engineers (CIBSE) Performance Awards in London. As well as building performance, the awards recognised EY Centre's high levels of user satisfaction and comfort, and its significant and measurable reduction of energy consumption and carbon emissions.

The judges noted that the EY Centre was

'an exemplary project. The commitment to aftercare reinforces the true desire for a whole life approach. This should be the benchmark for all buildings.'

In addition to this, EY Centre received the Award for Best Sustainable New Development at the Property Council of Australia's Innovation & Excellence Awards in May this year.

With EY Centre setting a new benchmark for sustainable design and delivery, Mirvac has now committed to a set of minimum sustainability design standards to be used for all future office developments and refurbishments. These include implementing LED lighting throughout all buildings; purchasing 100 per cent renewable energy to be used on site; ensuring a quality façade to optimise thermal comfort and energy efficiency; reducing potable water intensity; maximising the recycling capability at each asset; using highly efficient plant and equipment; and ensuring a high-performance building control strategy.

EY Centre, 200 George Street, Sydney

Community day at South Eveleigh

South Eveleigh will be

home to 18,000 workers

including 10,000 from Commonwealth Bank of Australia

#HELLOSOUTHEVELEIGH

In May 2019, together with our consortium partners AMP Capital, Sunsuper and Centuria Property Funds, we celebrated the official opening of the first two buildings at the revitalised South Eveleigh precinct (previously known at Australian Technology Park). Axle, the first of two Commonwealth Bank of Australia workplaces to be delivered at the precinct, together with Yerrabingin House, which features a gym and childcare centre, marked a significant milestone in the transformation. The precinct is on track to be complete by 2020 and will be home to 18,000 workers, including 10,000 from Commonwealth Bank.

Our vision for South Eveleigh is to create an environment for collaboration, innovation and exchange. We aim to achieve this by imaginatively mixing workspace with public and recreational facilities that engage the broader community, incorporating a variety of unique experiences to inspire creativity and ensure everyone feels welcome. This vision is now taking shape with a number of successful initiatives in place, which celebrate the rich history of the site, while creating strong cultural connections. We have a particular focus on the local Indigenous community which has such a strong history and presence in the Sydney suburbs of Eveleigh and Redfern.

CONNECTING PAST, PRESENT AND FUTURE

One example of a successful cultural and community initiative at South Eveleigh, is Australia's first Indigenous urban food production farm on the rooftop of Yerrabingin House. The aim of the venture was to create a unique space that offers an array of compelling engagement and educational experiences focused on celebrating and remembering Aboriginal culture.

Yerrabingin rooftop farm, South Eveleigh

Now open for business, the farm welcomes workers, visitors and the local community to a series of planned workshops to learn about Indigenous culture and native plants and tend to the farm. They also have the opportunity to purchase produce from the farm.

We have also worked closely with our neighbours, Carriageworks, on a comprehensive public art strategy for the precinct, with local artists commissioned to create pieces inspired by the history of Eveleigh. Indigenous artist Jonathan Jones, has commenced working on two artworks which celebrate the Indigenous legacy of the site. Jonathan worked closely with Indigenous elder, Uncle Chicka, to develop the artwork 'Welcome to Country'. Uncle Chicka worked at the Eveleigh Railway Workshops for many years and the artwork conveys his personal history of the site through letters stencilled into a series of banners that form a canopy above the entry garden.

Local artist Chris Fox was also inspired by the history of the precinct for his 'Central Pavilion', which will be an iconic meeting point at the heart of South Eveleigh's Village Square. Finally, artist Nell drew on her family history and connection with the Railway Workshops when designing her adult sized 'Treehouse' structure covered in hundreds of steel leaves. The artworks will play a crucial role in the activation of the site by sparking community conversations, imagination and engagement.

MEET THE ARTIST

Nell

Artist Nell was commissioned to deliver two major public artworks at South Eveleigh: 'Happy Rain' a light work for Yerrabingin House and 'Eveleigh Treehouse', a collaboration with design and architectural collective, Cave Urban. She shared her inspiration for the 'Treehouse', her personal connection with the site and the important role she believes public art plays in bringing communities closer:

"

My great-grandfather worked as a shunter and then boilermaker at Bay 4 at the Eveleigh Railway Workshops from 1931 to 1952. The job kept the family afloat during the depression. I learnt more about this time in my family's history after being commissioned to create the South Eveleigh artworks. 'Treehouse' tells the story of the convergence of nature and industry at the site over the last century.

Public art is an essential part of building a strong community. With 'Treehouse', we invited the community to over twenty working bees at Eveleigh Works (the blacksmith workshop) to help forge hundreds of tiny leaves which will adorn the structure. It was a great way to bring the community together for a shared purpose.

At South Eveleigh, public art was considered by Mirvac and its partners from the outset of the project and it is being integrated throughout the precinct in a sophisticated and interesting way. It has the power to harmonise the environment and make people feel good. 'Treehouse' will be a place where people can come and sit and have lunch or just contemplate their surrounds. It's designed to appeal to all generations and will have a ramp for pram and wheelchair access. It's really about bringing people together.

"

Artist Nell with Eveleigh Works blacksmith, Matthew Mewburn

Central Pavilion, South Eveleigh (artist impression)

CO-CREATING FOR THE FUTURE

The delivery of Commonwealth Bank's new state-of-the-art workplace at South Eveleigh and our progress on the new headquarters for Deloitte at 477 Collins Street, Melbourne and Suncorp at 80 Ann Street, Brisbane, has consolidated our reputation as a partner of choice for some of Australia's leading brands. These customers are committed to promoting collaboration and innovation within their workforces and providing an enhanced employee experience that will attract and retain top talent. They want to create the very best working environments for their people and we share this vision. We also have the experience, cutting-edge skill-set and proven capability to deliver on it.

The Mirvac difference can be seen in our unique approach to developing commercial assets through co-creation with our customers and our communities. From a deep understanding of our customers and their requirements, as well as a consultative community approach, Mirvac works collaboratively from the outset of a project. We anticipate future trends such as new technologies and the impact of climate change and then deliver assets of which both Mirvac and our partners are deeply proud.

At 477 Collins Street, Mirvac has worked closely with Deloitte to embrace technology-enabled workplace design in line with global advancements in smart technology. The final building will incorporate a network of sophisticated sensors, enabling us to measure factors like occupancy, temperature, light and CO_2, and optimise operations in response. The building will also include a fibre-optic backbone and diverse riser to accommodate future technology needs.

Mirvac's industry leading retail expertise also enables us to improve the customer experience at our new and existing workplace precincts through the introduction of diverse, tailored experiential retail that reflects the needs of our office tenants and the local community. Using insights from our Retail team and feedback from our customers, this year we have reimagined the retail offering at Riverside Quay in Melbourne and 275 Kent Street in Sydney. This has succeeded in attracting workers and customer beyond the nine-to-five, enhancing the ground plane and contributing to the wider urban fabric of these inner-city locations. Retail will also be a dynamic feature of South Eveleigh, where an immersive retail experience by The Grounds is set to open in FY20. At 80 Ann Street in Brisbane, an urban retail lane, an eat street and shared spaces for meetings and remote working will revive the historic bustling marketplace at Turbot Street, while inviting the wider community to discover and enjoy the revitalised precinct.

The *Mirvac difference* can be seen in our unique approach to developing commercial assets through co-creation with our customers and our communities.

Retail

$4.5bn
assets under management

Australia's retail landscape is experiencing a step change. Shopping centres within our capital cities are emerging as the heart and vital pulse of their surrounding urban villages. We have responded to our customers' desire for community connections as well as convenience with the creation of a dynamic portfolio of urban centres across Australia's eastern seaboard, with assets under management of over $4.5 billion.

Our centres are strategically located within higher income, higher growth and densely populated urban catchment areas, with an overweight to the strong Sydney market. Incorporating approximately 440,000 square metres of space and more than 1,600 retailers, our intricate understanding of local markets enables our team to deliver bold and innovative experiences, inspiring our customers and creating value for our securityholders.

The Retail sector is rapidly evolving. From shopping in-store, to online with click and collect or click and dispatch options, customers now have the ability to tailor their shopping experience to their particular preference and lifestyle needs. We are embracing the opportunities created by the shifting landscape and applying our expertise to create retail experiences that ensure we stay relevant, while delivering a significant, positive impact on people's lives.

We're bringing this philosophy to life across our portfolio by constantly enhancing our assets to meet and exceed the expectations of our customers. We know that having the right retail mix and the right customer experiences will drive strong performance, so each of our centres offers a carefully curated retail environment that caters directly to the needs of its customers. To this end, we have advanced our development and repositioning pipeline across the portfolio during the last 12 months, with a focus on segments that support the lifestyle aspirations of our customers, because we know today's shopping centres must go beyond retail if they are to remain relevant.

Quality food and entertainment resonates strongly with our customers, so we have continued to reweight our portfolio towards more lifestyle-based offers. One-third of our total portfolio gross lettable area (GLA) is now focused towards food catering, entertainment and other services (such as fitness operators), and 46 per cent of our portfolio gross income is attributed to these same categories, up from 26 per cent in FY13.

At Mirvac, we are fully engaged in the new retail paradigm. We understand the importance of ongoing adaptation. As long as we continue to excite and inspire our customers with new experiences, to reinvent and reimagine our portfolio, to embrace change and treat digital as an opportunity not a threat, and help our retailer partners on the journey, we believe we will be able to drive value for our customers, communities and securityholders.

Stanhope Village, Sydney

CONNECTING COMMUNITIES

As the average home size becomes smaller and people increasingly embrace apartment or medium-density living, our retail centres are, more than ever, providing a place for those in their local communities to socialise and connect. At Mirvac, we're continuously looking at how we can provide our customers with environments and experiences that extend beyond retail.

Tramsheds, Sydney

Brisbane Street Art Festival, Toombul, QLD

At Broadway Sydney, for instance, we piloted a unique co-working program called The Third Space, offering start-ups, freelancers, students and artists a high-tech rentable place to work, with the added benefit of being close to all the amenity a retail centre provides. The popular concept, which attracted over 3,000 bookings at Broadway during its 12-month trial, has now been implemented at Orion Springfield Central in Brisbane for the next 12 months.

We're also responding to a growing consumer trend for fresh and seasonal produce. At Tramsheds, Sydney we run a weekly farmers' market where visitors can purchase directly from local providores and attend workshops and masterclasses held by community operators. Launched in 2018, it continues to be a great day out for families while celebrating businesses in the area.

Recognising the role we play in bringing people together, Mirvac also runs a Mums & Co program nationally to connect parents, grandparents and carers in the community. This year alone, the program – which has over 31,000 registrations – has seen over 100 local events, meet ups and activations held at our centres, offering those in the community the chance to learn a new skill, meet over coffee or enjoy a night out.

Another popular initiative this financial year was the Brisbane Street Art Festival (BSAF), held at Toombul in QLD. Over ten high-impact surfaces of the centre were surrendered to local and international artists, who, over the course of two weeks delighted audiences with mural painting, graffiti art and live theatre. Members of the public were also invited to get their hands dirty and participate in the arts, with Toombul hosting a dedicated artist-in-residence pop-up space for the duration of the festival. The BSAF partnership builds on the success of the centre's regular sell-out artisan and maker workshops.

Retail Snapshot

	FY19	FY18	FY17
Portfolio value	$3.4bn	$3.2bn	$3.1bn
Number of properties	17	17	17
Net lettable area	437,899sqm (excludes 1-3 Smail St and 80 Bay St)	419,262sqm	418,578sqm
Occupancy	99.2%	99.2%	99.4%
Weighted average lease expiry	4.1 years	3.8 years	4.2 years
Weighted average cap rate	5.41%	5.49%	5.67%
Like-for-like NOI growth	2.6%	3.0%	3.0%

Rhodes Waterside, Sydney

1,600+
Retailers

440,000
square metres of GLA

Riverside Quay, Melbourne

SOCIAL IMPACT

As well as connecting the community, Mirvac's retail centres are focused on having a direct and positive impact through a range of social initiatives.

At Cherrybrook Village in Sydney for instance, the centre management team worked with Anglicare to provide food relief for families in need, inviting customers to donate non-perishable food items, such as pasta, rice, tea and coffee and tinned goods, which Anglicare then delivered to families across Sydney. The response from the local community was fantastic, with over 3,000 food items collected at Cherrybrook alone.

Meanwhile at Toombul, Brisbane, the team partnered with not-for-profit, Nundah Community Enterprises Cooperative (NCEC), to provide people in the area who have learning difficulties, intellectual disabilities or mental illness with meaningful job opportunities. Being local means that it's easier for NCEC to stay connected with their employees, their employees' families and networks of support. The partnership is also aligned with the Group's target to direct $100 million of our procurement spend towards the social sector under Mirvac's sustainability strategy, *This Changes Everything.*

We also continued to show our commitment to equality and inclusiveness for all, with our retail centres proudly showing their support for the Sydney Gay and Lesbian Mardi Gras during the financial year. The Group's Sydney retail centres were given colourful makeovers, with rainbow decorated escalators and pedestrian crossings, and at Broadway, Sydney a glittering disco lift experience was installed for customers to enjoy.

> "In this landscape, it's about being bold, continuously adapting to changing consumer behaviours and then refining our approach. *Retail is constantly evolving.*"
>
> Susan MacDonald, Head of Retail

Tramsheds, Sydney

NATIONAL RECYCLING WEEK

One of Mirvac's commitments under its sustainability strategy is to send zero waste to landfill by 2030. It's another ambitious target (in addition to our targets to be net positive in carbon and water), and something that we can directly influence at our office, industrial and retail assets.

Each year, Mirvac participates in National Recycling Week, encouraging our tenants and customers to reduce their waste and to recycle. The focus in FY19 was on reducing single-use items (such as plastic bags, plastic straws and coffee cups) and contamination in our recycling streams. Contamination in recycling bins – such as food scraps or single-use plastic - can lead to a significant amount of avoidable waste.

Mirvac's retail centres took to National Recycling Week with gusto, running local promotions that reflected the centres' brand and the interests of their customers.

At our Birkenhead Point in Sydney, for example, we invited customers to trade in 10 plastic shopping bags in return for a reusable bag, designed by illustration artist, Sally Spratt. The team collected around 3,700 plastic bags to be sent to recycling in just one week, which is equivalent to over 20 kilograms of plastic.

The team at St Marys Village in Sydney offered their customers free reusable straws, helping to reduce the millions of single-use straws that flow into landfill each day. As well as introducing new recycling bins at the centre, St Marys Village has also implemented a Return and Earn Machine, with over 7.3 million plastic bottles, cans, glass bottles and cartons recycled as at 30 June, an initiative that will continue to run as a way of educating customers.

It wasn't just our retail centres that took part in the action. At the David Malcolm Justice Centre, our office tower in Perth, Western Australia, the team ran an Eco-Friendly Fair, with tenants of the building given an opportunity to enjoy the afternoon sun and talk to local businesses about composting, fermenting, reusable bags, beeswax wraps and micro waste.

Although National Recycling Week runs for just seven days of the year, Mirvac continues to strive for maximum resource recovery outcomes through robust service and trade agreements, along with strong due diligence on the facilities where our waste and recycling are processed. We also continue to encourage avoidance of waste in the first place and to improve source separation at each of our sites to reduce contamination.

Separate to National Recycling Week, our team at Cooleman Court in Canberra was named ACT's Biggest Recycler at the 10th annual Actsmart Business Sustainability Awards during the financial year. Their Coolo Recycling Warriors program, which encourages retailers to find ways to recycle and to reduce their carbon footprint, has seen recycling rates at the centre increase from 52 per cent in FY17 to 85 per cent in FY19, equating to over 600 tonnes of waste being diverted from landfill.

Toombul, Queensland

"We were one of the first retail landlords to make a comprehensive investment in EV charging infrastructure and while Australia has generally lagged in this space we see a great take up of this technology in the future.

It's a great demonstration of the way Mirvac is adapting for the future, facilitating a more sustainable urban landscape and supporting the growing needs of our customers."

Tim Weale, Mirvac's National Manager, Retail Solutions

INNOVATIVE ENERGY SOLUTIONS IN RETAIL

Since 2017, our Retail team has been investing significantly in EV charging infrastructure at our retail assets, and in FY19, the team introduced an exciting new tenant at Toombul, Brisbane which brings with it an equally exciting EV offering.

Chargefox is the fastest growing open-charging network in Australia, and at Toombul it has installed a new state-of-the-art ultra-rapid charging station that delivers up to 200 kilometres of driving with just eight minutes of charge, or 400 kilometres with 15 minutes of charge. The station can charge two cars simultaneously and is backed up by 100 per cent renewable energy.

Mirvac has been leading the way when it comes to EV charging at our retail centres. An early adopter of the technology, we now have 84 charging bays offered across 12 centres within our portfolio, including 38 universal EV charging bays, 14 Tesla Supercharging bays and 31 Tesla destination charging sites (in addition to the Chargefox ultra-rapid station at Toombul).

When Mirvac unveiled the Tesla Supercharger at Broadway in March 2018 it was the only Sydney CBD outlet offering over 200 kilometres of charge in just 30 minutes. The same offer is being installed at Moonee Ponds Central in Melbourne.

In addition to EV chargers, Mirvac has committed to trialling an innovative solar energy solution at Stanhope Village in Sydney. The lightweight, portable solar technology, called SolPod, was launched in April this year by ERM Power and will provide renewable energy to the Centre. Weighing just 14 kilograms each, the panels can be installed and connected in hours, rather than days, meaning labour costs and safety risks are considerably reduced.

The commercial-grade solar panels are due to be installed on the rooftop of Stanhope Village in the next financial year, and are estimated to help Mirvac avoid approximately 100 tonnes of carbon emissions during the trial.

Our Brighton Lakes masterplanned community at Moorebank in Sydney won the UDIA NSW's Award for Excellence in Greenfield Development for its

"trifecta of innovation, community and stakeholder engagement, and masterful planning and design"

Residential

The Eastbourne, Melbourne

Mirvac's reputation for design excellence and community creation spans close to half a century. During this time, we've delivered some of the country's most significant urban renewal projects and created thriving new communities across Australia. In FY19, the resilience of our business, together with the trust in our quality brand, has safeguarded us against the full impact of the residential downturn. With a robust pipeline of approximately 28,000 lots, we are well positioned for future growth and remain committed to *creating places people are proud to call home.*

Gainsborough Greens, Queensland

Residential Snapshot

	FY19	FY18	FY17
Number of pipeline lots	27,992	27,406	29,186
Number of lots settled	2,611	3,400	3,311
Pre-sales secured	$1.7bn	$2.2bn	$2.7bn
Residential gross margin	27%	25.4%	25%
Residential return on invested capital	12.6%	18.1%	18%

Mirvac is well known for its legacy projects and this year saw the delivery of a raft of these across the country. With the arrival of these new, high-quality homes and thriving, connected communities, we have continued to set new benchmarks in design excellence, placemaking and sustainability.

The Eastbourne is one such project. This $460 million development in East Melbourne features 258 apartments, including a 500 square metre penthouse with a 300 square metre terrace and 25-metre lap pool, with unparalleled views of Fitzroy Gardens, Melbourne CBD and beyond. Providing new levels of extraordinary sophistication and elegance, this landmark building has redefined luxury residential living in Australia.

Marrick & Co in Sydney is another project that has reimagined the way we live. The new community underscores our absolute commitment to sustainability, as the first large-scale project in Australia to achieve a One Planet Living accreditation. One Planet Living is a framework developed by Bioregional Australia, which encourages people to live comfortably within the earth's resources. To achieve this, our team has introduced a range of social and environmental initiatives to ensure the buildings and the people living, working and visiting them, are kinder to the environment.

Brighton Lakes, Sydney

The ability to deliver progressive developments of this calibre, that pioneer new thinking, is underpinned by our wealth of experience at the forefront of the industry, together with our unique end-to-end capability. We have finely honed our approach to planning, design and construction over 47 years. We continue to put our customers first and our thorough understanding of how they live enables us to create homes and communities that support and enhance their lifestyles. At our masterplanned communities, we prioritise the delivery of key amenity such as schools, retail offerings, parklands, sports facilities and community centres, laying the foundations for strong resilient communities from the outset. This physical social infrastructure is also complemented by social networks we foster that develop new communities, enabling them to thrive long after the construction teams have left.

It's encouraging to see our projects continue to receive recognition from our industry peers and the public. With over 600 industry awards won since our inception in 1972, Mirvac added several more prestigious accolades during this financial year.

Our Brighton Lakes masterplanned community at Moorebank in Sydney won the UDIA NSW's Award for Excellence in Greenfield Development and was commended for its "trifecta of innovation, community and stakeholder engagement, and masterful planning and design". Ovo, our landmark residential tower at Green Square, Sydney developed with Landcom, was celebrated as an example of high density done well winning the UDIA Excellence for High Density Development Award 2018.

Mirvac Design strengthened its reputation as one of Australia's leading architectural practices, taking out three wins and a commendation at the 2019 NSW Australian Institute of Architecture Awards. Harold Park in Sydney won both the prestigious Lloyd Rees Award for Urban Design and the Lord Mayor's Award, which recognised the significant achievements of Mirvac Design in transforming the former paceway into a fantastic place to live and visit. My Ideal House by Mirvac Design, in collaboration with Madeleine Blanchfield, won the award for Sustainable Architecture, and Moreton Manor in Bondi, Sydney received a Commendation in the Residential (alterations and additions) category. With all of our projects, we believe we have a responsibility to make a positive contribution to the urban environment. These awards, reflecting the judgment of peers and customers, recognised our ability to deliver on this responsibility.

Looking to the future, our robust residential development pipeline has the potential to deliver many more legacy projects. At 505 George Street, Sydney, our proposed landmark tower has already started to win awards for its concept design and at Wantirna South, Victoria, we're planning to transform a 171-hectare disused quarry into an exceptional new community with idyllic parkland surrounds. These future projects provide more exciting opportunities for our team to continue to utilise their experience and passion to deliver on our purpose to *reimagine urban life*.

More than 600 industry awards won since 1972.

Altona North, Melbourne

ALTONA NORTH

A PROJECT OF PURPOSE

Being a force for good is at the core of our business. We're committed to leaving a positive legacy in the communities in which we operate, and our new masterplanned community, The Fabric at Altona North in Melbourne's inner-west, is a shining example of this.

The team at *Altona North* has been passionately pursuing new and exciting ways to enhance our community connections in the area, while having *a positive environmental impact.*

HOMES FOR HOMES

As a property company, Mirvac recognises the intrinsic value that having a home brings, both in the physical sense and in the way that it provides a sense of belonging and connection. With this in mind, we were proud to announce an innovative partnership during the financial year which will see Mirvac direct 0.1 per cent from the sale proceeds of every home at The Fabric at Altona North, to Homes for Homes. Homes for Homes is a funding model from social enterprise, The Big Issue, that aims to increase the supply of social and affordable housing in Victoria. The fund they have established is administered by experts in each state who direct the investments to the people who are most in need.

As well as making the initial 0.1 per cent donation, Mirvac will facilitate a caveat on the home titles that will see a further 0.1 per cent directed to the Homes for Homes fund whenever the properties are sold in the future. A property sold at Altona North for $700,000, for example, would reflect a donation of $700, which when multiplied for future sales has a significant impact.

By working with organisations like Homes for Homes, we can make a tangible difference in the community.

ZERO ENERGY DESIGN HOMES

It's not just social value we're delivering at Altona North; we're innovating when it comes to environmental sustainability too, with a 7 Star NatHERS rating being targeted across the entire project, above Victoria's standard 6 Star NatHERS. This will see every home built with thicker walls, increased insulation and high-performing double glazing to improve overall thermal performance, reducing the need for heating and cooling and providing economic and environmental benefits for residents.

In addition to this, the team at The Fabric is working with the Australian Renewable Energy National Agency (ARENA) on an arrangement for Stage 1 that will take environmental performance at the project to the next level. The initiative is expected to involve a funding agreement in which ARENA will contribute towards the incremental capital cost required to implement zero energy design homes across Stage 1. These homes will include:

- a solar PV and battery system;
- performance double glazing;
- efficient reverse cycle air-conditioning;
- heat pump hot water system;
- energy-efficient appliances;
- an EV charging station;
- LED lighting throughout; and
- real-time energy monitoring to identify which areas are consuming the most power.

The trial, which will be rolled out to all homes within Stage 1, is another exciting step in improving our sustainability offering for our residential customers, while helping them to reduce their energy bills. We believe that if we build better and more sustainable homes, we can influence positive and lasting behavioural change.

A SMART SOLAR SOLUTION WITH ALLUME

Innovation and sustainability are key to how we do business at Mirvac, and in FY19, our innovation team, Hatch, launched an exciting new sustainability initiative aimed at reducing our customers' energy bills and their carbon emissions at the same time.

Recognising the impact rising energy prices are having on Australian households, and with the demand for solar energy ever increasing, the team embarked on a mission to incorporate renewable energy at our apartment projects – an asset class where it has traditionally been more challenging to install renewable energy for a number of reasons, such as the smaller roof space available and the way energy is distributed to residents.

Mirvac first started researching solar energy for its apartments in 2017, which led to the trial of smart energy systems at two of our apartment projects – Ascot House in Brisbane and Marrick & Co. in Sydney. Following these trials, as well as experiments with an eco-concierge at the Forge tower at Yarra's Edge in Melbourne and The Moreton in Sydney, it became clear that many of our customers want solar and are prepared to pay for it.

In 2018, the team connected with an Australian start-up called Allume, who, through its unique solar distribution technology called SOLSHARE, is making solar more affordable and more accessible for multi-metered buildings. SOLSHARE works within the building's existing metering infrastructure to allow solar to be distributed and billed to individual apartments. Effectively working 'behind the meter', it requires no changes to existing infrastructure which makes installation more affordable and there are no constraints on the residents' choices of energy retailer. The system has also been designed to optimise energy use, sending solar to residents at times during the day that will save them the most money. We have also taken the opportunity to use our purchasing power as a force for good by ensuring that the first installation will be done by Bunjil Energy, an indigenous owned company.

With the number of apartment dwellers looking for a solar energy solution increasing – in both Australia and around the globe – it's a technology that's ripe with potential; so much so that Mirvac has invested in and taken a minority interest in Allume in order to further accelerate bringing the product to market. As well as providing the Group with a potential future revenue stream, the overall commitment to the SOLSHARE technology gives Mirvac a strong competitive advantage when it comes to its sustainability offering at its residential developments. The first project to trial SOLSHARE will be Folia at our Apartments of Tullamore precinct in Melbourne, VIC, where 39 prestige apartments will benefit from this ground-breaking technology.

It's also an initiative that sees Mirvac fulfil its commitment to offer renewable energy to all of our residential customers, a strategic goal under our *This Changes Everything* sustainability strategy leading to us:

- deliver savings on energy bills
- drive positive customer behaviour
- reduce carbon emissions

> "We continue to explore new ways of enhancing the sustainability of our residential communities – a great example of Mirvac's bold approach to designing and developing progressive projects for the future."

Stuart Penklis, Head of Residential

Gledswood Hills, Sydney

The Zimmerman family

HOUSE WITH NO BILLS

Mirvac's industry-leading experiment, House with No Bills, was launched in 2017 and a family of four, the Zimmermans, were selected to move in – rent free - as part of the study in June 2018.

Mirvac's intent for House with No Bills was to design and build an energy-efficient home that would reduce a family's energy bills, as well as their carbon footprint. To achieve this, the house has been built with increased roof insulation, solar PV panels and battery installation, LED lighting throughout, energy-efficient appliances and intelligent controls. Smart metering and monitoring systems have also helped to keep track of where and how energy is being used, which has assisted the family to adapt and make behavioural changes. A key goal for the family, in particular, has been learning how to optimise their solar energy consumption.

In the first three months of the experiment, the house was using more energy than was modelled for a typical family of four. As well as building systems that needed to be fine-tuned, there were unexpected usage patterns due to Mr and Mrs Zimmerman's shift work.

Mirvac and Curtin University worked with the family to recommend small changes, leading to a marked improvement in energy usage. In fact, in a number of months that followed these changes the house generated more solar energy than it consumed, effectively performing as a net positive house. In April this year, for example, 105 per cent of the home's electricity was generated through solar energy, with the excess energy exported to the electricity grid.

Having gained rich insights into the way our customers consume energy, and a better understanding of the information our future customers will need to reduce energy bills, we have now extended the House with No Bills project until December 2019, helping the Zimmerman family to continue to save for a deposit for their first home in the process.

Our hope is that our learnings from the House with No Bills project will inform future design and help create more affordable, energy-efficient communities across Australia.

MEASURING OUR SOCIAL IMPACT

As a company that has a direct and lasting impact on the built environment, we're committed to helping to create communities that are sustainable and resilient – places where people feel healthy, happy, connected and safe, particularly as our cities continue to urbanise and grow at a rapid pace.

We recognise that in addition to providing the infrastructure and amenity that ensures we help build thriving communities with strong bonds, it's important to measure and understand our impact so that we can be more strategic in how we design and deliver new projects in the future.

In 2015, we worked with KPMG to develop a Social Return on Investment (SROI) framework and tool that would help us to quantify the social value we were creating in our residential projects. We wanted to clearly understand the impact of including features such as open spaces and quality landscaping, community programs and events, walkability, playgrounds, parks and sporting facilities, and well lit areas. In FY19 we analysed twenty-seven of our existing projects using a combination of project data and data collected from residential customer surveys. The research found that:

> by improving the sense of safety through the creation of open spaces, enhanced connectivity and engagement activities, it was estimated that Mirvac created $10 million in social value through a reduction in costs related to crime, such as loss of property, medical expenses, prevention and law enforcement costs;

> similarly, by having communities that promote physical activity (through quality open spaces, walkability, and bicycle paths) approximately $468,000 of value was created in reduced healthcare costs and reductions in lost productivity; and

> in terms of our wider economic impact, we created or are forecast to create over 5,200 jobs throughout the construction period (ranging from between 18 to 500 jobs per site). This equates to around $2 billion in salaries and wages paid, a significant contribution to the Australian economy.

Overall, the SROI study estimated that for every dollar Mirvac invested across the 27 residential projects, $1.79 of social and economic value was created for local communities. Our first attempt to measure our SROI showed us that the process and methodology were far from perfect, but we have learned from the experience. We realised that trying to measure too many inputs across a large number of projects, or measure outputs where data wasn't readily available, created a reporting burden for our development managers and consequently this hindered the capture of consistent or complete data from across each project. Having broad baseline data also meant that our findings were somewhat oversimplified, and we learned that attributing a value to an outcome is not an easy thing to do.

In the next iteration of measuring social impact, to commence in FY20, we will take these learnings and look at measuring fewer areas with a higher level of confidence across fewer projects, while aligning it with our emerging social purpose – to build strong community bonds. We recognise that SROI is an imperfect science, but we remain strongly committed to better understanding our social impact and being part of the growing capability in this area. We believe its measurement will be invaluable in helping to guide how we invest in our residential projects in the future.

BUILD-TO-RENT

Long established in Europe, the US and Japan, the emergence of the build-to-rent (BTR) sector is gathering pace in Australia, in response to a lack of housing affordability, as well as demographic and lifestyle change. BTR describes a market in which institutional investors provide substantial rental stock into the market. It offers a higher level of tenure security as well as a greater degree of amenity for tenants.

"We see build-to-rent as a crucial step towards giving renters control and peace of mind. It will enable us to cater to customers at every stage of their journey – from renter to purchaser – whether they are renting as a lifestyle choice or while they are saving for their own home."

Susan Lloyd-Hurwitz,
Mirvac's CEO & Managing Director

We are proud to be at the forefront of this new sector, having launched the Australian Build-to-Rent Club with the Clean Energy Finance Corporation in July 2018. Construction is progressing well on our first purpose-built BTR apartment buildings at Pavilions, Sydney Olympic Park, which is expected to complete in mid-2020.

In June 2019, we extended our interests in the sector into Melbourne with the confirmation of our second BTR project, which is pictured below.

Mirvac sees huge potential for the sector, and it is an important growth area for our business. But we recognise that a strong, thriving BTR sector won't just deliver economic and financial benefits. Revolutionising the rental sector in Australia will also deliver significant social benefits for hundreds of thousands of renters, giving them access to high-quality, well maintained rental property, with secure tenures, and a sense of stability, as well as improved customer service. We believe this will have a positive and lasting impact on the mental, physical and financial wellbeing of a significant segment of the Australian population, and we look forward to extending our interests in BTR further in FY20.

MELBOURNE BACKS BTR

In June 2019, we entered into an agreement with developer PDG to deliver 490 purpose-built, BTR apartments as part of the $450 million Munro development in Melbourne's CBD. The Munro development is a key project within the City of Melbourne's $250 million renewal of the Queen Victoria Market precinct.

PDG was appointed by the City of Melbourne to develop the Munro precinct and the company will develop the BTR project as part of the final stage of the precinct, commencing later this year, as well as a hotel and fine-grain retail.

As one of Melbourne's first BTR projects, Mirvac and PDG's plans to deliver BTR apartments within this new precinct was welcomed by the Lord Mayor of Melbourne, Sally Capp, who said the proposal would provide vital long-term rental accommodation in an area of the city that is expected to grow by 22,000 people by 2040.

Munro project (artist impression)

LIV | mirvac

Under our new brand of LIV | Mirvac, we are developing our BTR operating platform, which is set to revolutionise the renting sector in Australia through a combination of on-site management, technology and design.

In order to maximise operational efficiencies across the portfolio, we are working to upscale by drawing on our existing land bank and proven new business capability.

Over the long-term we see the potential to grow our BTR portfolio to 5,000 apartments, funded through a combination of our balance sheet and third party capital.

"The provision of high-quality accommodation in the Munro development will make a significant contribution to the revitalisation of the growing City North precinct. Offering more diverse and affordable housing options is important for our city's liveability. We hope to see more build-to-rent projects considered in the future as a way to help meet the needs of our growing population."

Sally Capp, The Lord Mayor of Melbourne

OUR PEOPLE

At Mirvac, we believe our high-performing and talented workforce is fundamental to our success, helping us to execute our strategy and deliver value to our customers, partners and securityholders. We know that when we invest in our people and provide them with the right tools, technology and environment to do their jobs effectively – while ensuring they have flexibility in the way they manage work and life – we're enabling them to do their best work and deliver our strong financial and operational performance.

We also believe that our unique and vibrant culture is a key competitive advantage, allowing us to attract and retain top talent and ensure that we have the right people in the right roles. At a time when institutional trust in Australia has been fractured, our culture – underpinned by our purpose and an ambition to be a force for good – continues to set us apart. Having a strong culture is also important for the delivery of our strategy and current business activities, and likewise, means we are resilient and well placed to adapt to market changes.

Each year, we seek feedback from our people on their experience of working at Mirvac. It gives us an opportunity to hear from our employees about what they think we're doing well, and equally, to provide feedback on the things we need to improve. As part of the survey, we measure employee engagement, which indicates how willing our people are to go above and beyond to support Mirvac's success. Last year, we achieved a high employee engagement score of 90 per cent, and we were extremely pleased to maintain this in FY19[1]. Our score places us well above the industry and Australian norms, and above the global high-performing norm.

It's been great to see from the results that our people continue to understand and believe in our purpose and strategy, and that they're proud of the projects and services we're delivering for our customers. In addition to this, our people tell us that they value working for a company that is a leader in health and safety, sustainability, diversity and inclusion, people leadership and flexibility.

They value initiatives such as *My Simple Thing*, through which we encourage all of our employees to adopt some form of flexibility into their working week, day or month and to be open about it with their teams. Another successful people-focussed initiative is our health and safety program, *Thrive*, which is aimed at both the physical and mental wellness of our people. This year we relaunched our recognition program *Mirvac Stars* which acknowledges the people going above and beyond in their roles; and our mentoring and leadership programs, which are aimed at developing our workforce capability. Engagement really starts with a strong relationship between an employee and their immediate manager and so we are committed to ensuring we have capable managers, focused on the right things.

We continue to offer our employees an industry-leading 20 weeks of paid parental leave for the primary carer and four weeks of paid parental leave for partners. Importantly, we also now pay superannuation on all paid and unpaid leave so that parents who take time out of the workforce to raise a family are not disadvantaged in building wealth for retirement.

We want to remain an attractive place to work, and we want to continue to provide a workplace environment where our people are inspired to do their best.

PEOPLE HIGHLIGHTS IN FY19

employee engagement 90%

97%
of our people said they are willing to work beyond what is required of them to help Mirvac to succeed

95%
of our people believe Mirvac is socially and environmentally responsible and has a positive impact on the community

94%
of our people believe Mirvac supports diversity in the workplace

89%
of our people understand the risks in our business, are comfortable raising issues and know who to report the issues to

75%
of our people have some form of a flexible work arrangement in place

OUR GUIDING PRINCIPLES

We're extremely proud of the culture we have created at Mirvac. Underpinning this strong culture are our values, which govern the way we work with each other, with our customers and with our partners. They are:

WE PUT PEOPLE FIRST
This means that we listen to, understand and respond to our customers and treat all people with respect.

WE ARE PASSIONATE ABOUT QUALITY & LEGACY
We strive to deliver enduring customer-focused quality which leaves a positive legacy in the communities in which we operate.

WE COLLABORATE
We build trust and collaborate across the business, as well as with our partners.

WE ARE CURIOUS & BOLD
We ask what's possible and we deliver on our purpose with confidence.

WE ARE GENUINE & DO THE RIGHT THING
Being down to earth, taking ownership and doing what we say we'll do is key to our success.

HOW WE WORK MATTERS
How we work is our differentiator and we strive to be leaders in safety, sustainability, innovation, inclusion and learning.

It's been great to hear from our people that our values resonate with them, that they see the values demonstrated at Mirvac, and that they feel our values reflect the qualities and behaviours that will help us to deliver on our strategy and purpose.

1. Mirvac measures its employee engagement through Willis Towers Watson.
2. Compared to FY18.

STRONG SUCCESSION PIPELINES AT
75%
(above 70% target)

PEOPLE LEADERSHIP INDEX
83%
(above 80% target)

RETENTION OF KEY TALENT
96%
(above 90% target)

RETURN TO WORK FROM PARENTAL LEAVE
91%

INCREASE IN MEN TAKING PARENTAL LEAVE [2]
32%

WOMEN IN SENIOR ROLES
43%
(40:40:20 target)

SAFETY

The safety and wellbeing of our people are our number one priority at Mirvac, and our HSE strategy, Thrive, which is now in its second year, sets out the practices and behaviours that we believe will keep our workforce healthy and safe.

In FY19, we broadened our focus and metrics around safety to include a critical incident frequency rate (CIFR), which enables us to identify and examine critical incidents and near misses, and drive systemic change that strengthens our HSE practices. In doing so, we can further establish a safety culture that works towards preventing injury rather than reacting to it. Our CIFR in FY19 was 0.91 and we reduced our lost time injury frequency rate again this year to 1.02, another record low.

We've also begun to embrace new technology platforms and leverage our analytics capability within the HSE function. During the financial year, our HSE and Business Intelligence teams worked together to develop a tool that can track the frequency of safety incidents that have occurred across the Group, and potentially predict when and where they are likely to happen again. For example, a pilot tool looked at how weather patterns influenced the number of safety incidents – such as slips, trips and falls – at our retail centres and construction sites, and was such a success that Mirvac is now looking at how it can apply the tool across the business.

We were also pleased to obtain accreditation for our Construction Business from the Office of the Federal Safety Commissioner during the financial year, which both strengthens our safety capability and enables stronger government partnerships. To receive accreditation, the team undertook a thorough review of our safety management system to ensure all documents contained the right information and were easy to read and understand, and apply on site.

As well as providing our people with a safe place to work, the health and wellbeing of our people are of the utmost importance and we believe we have a duty to support our people with their physical and mental health. Statistics show that in any one year, one million Australians are affected by depression and twice as many are affected by anxiety[1]. The construction industry, in particular, reports a high incidence of mental health issues. Through Thrive, we've launched a number of initiatives aimed at promoting positive mental wellbeing, including free access to a meditation app, mindfulness seminars, meditation classes, and free Pilates and yoga classes at various locations around the country.

We also continued to encourage active lifestyles for our employees, running 'Steptember' in September last year – through which we raised $47,000 for the Cerebral Palsy Alliance – and holding sessions on the benefits of sleeping well and nutrition.

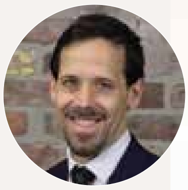
In July last year, and following a review of our Health and Safety Management System, we released eight critical focus areas for safety at Mirvac. These critical focus areas have been identified as being the high-risk activities most relevant to our operations. They comprise:

- fall prevention
- site establishment & logistics
- civil works & groundworks
- cranes & materials handling
- electrical safety
- worker health & welfare
- emergency procedures
- sustainability & environment

Mirvac prescribes a set of minimum requirements for the management of each of our critical risks, which are known as the Mirvac Minimum Requirements (MMRs).

GLEN O'NEILL (1975-2019)

Group General Manager, HSE & Construction Legal



Earlier this year we were saddened by the sudden passing of our colleague, Glen O'Neill. Glen was a brilliant lawyer, respected colleague, much loved friend and dedicated family man. His leadership of the HSE function at Mirvac led to a marked improvement in our understanding and provision of safety at Mirvac. We recognise his significant contribution to our business. He is deeply missed.

HSE STATISTICS IN FY19

INDICATOR	HSE Leader Actions	LTIFR[2]	Timely Reporting	Workers Compensation claim count	Training	Fatalities	CIFR
2017	134%	2.6	14.3hrs	22	99.9%	0	—
2018	211%	1.3	21hrs	22	99.7%	0	—
2019	200%	1.02 ✓	14hrs	20	93.0%	0	0.91
TARGET	100%	<2	<24hrs	n/a	98.0%	0	<1.5

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.

1. https://www.beyondblue.org.au/the-facts
2. Service providers and employees.

OUR WORKFORCE AT A GLANCE

Headcount

1,540

Board representation

50:50

43% Female representation in senior management

Paid parental leave policy

20 weeks Primary carer

4 weeks Non-primary carer

Gender split

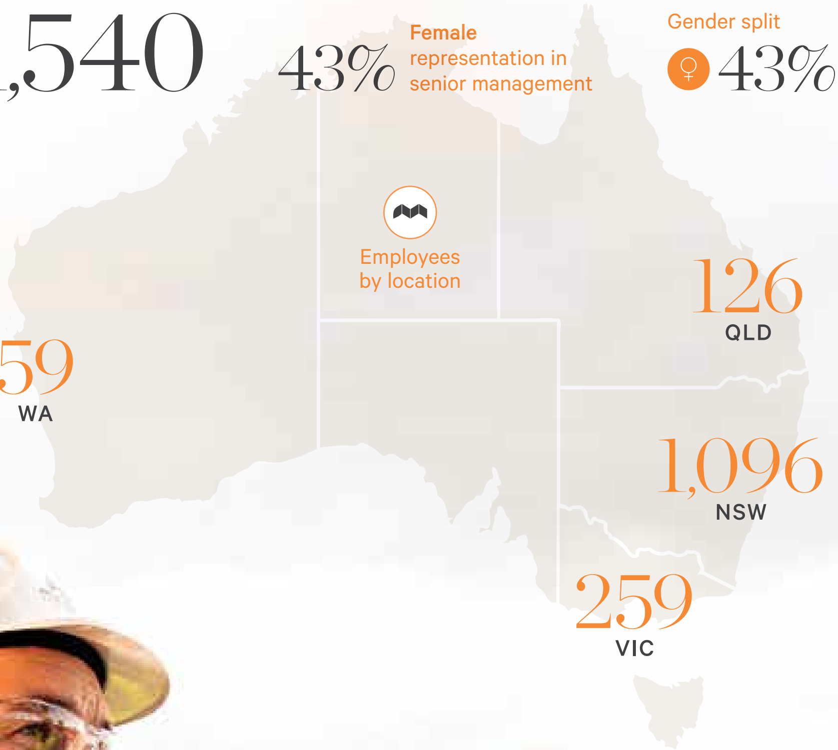
43% 57%

Ethnicities

>25

Languages

>33



DIVERSITY AND INCLUSION

Having a diverse and inclusive culture, where our people feel supported and encouraged to speak up, is essential for our business. Having breadth of diversity across age, gender and culture leads to better engagement and brand perception, higher levels of employee retention and more creative and innovative solutions to business issues.

Our Diversity & Inclusion strategy has a focus on gender balance, and the work we have done to improve gender equality across the Group – such as our industry-leading shared care parental leave policy and gender pay parity – is now considered business as usual.

We continue to be recognised externally for our gender equality focus during the financial year, receiving the Workplace Gender Equality Agency (WGEA) Employer of Choice citation for the fifth consecutive year, and ranking as the 31st best company for gender equality globally in Equileap's Global Top 200 , as well as the sixth best company in Australia. Direct Advice for Dads and Core Data also identified Mirvac as a leading Australian employer for fathers for the second year in a row.

In addition to this, our commitment to embedding diversity and gender equality at Mirvac was recognised at the Australian Human Resources Institute Awards in November last year when Susan Lloyd-Hurwitz was presented with the CEO Diversity Champion Award.

As well as gender diversity, we believe cultural diversity is important to ensure diversity of thought. We became a signatory to CareerSeekers' Article 23 Program which has formalised our commitment to employing newly arrived refugees via CareerSeekers' intern program.

CareerSeekers is a not-for-profit social enterprise that helps to create employment opportunities for people seeking asylum and refugees who are either studying or looking to re-establish their careers in Australia. Participants undertake a paid internship over 12 weeks, which provides them with local experience and a local reference, while helping them establish a network within their chosen profession.

Mirvac has supported three CareerSeekers over the past three years. Ayad Yousif is one of them. Ayad came to Australia in 2016 on a humanitarian visa. Having worked as a civil engineer in Iraq, Ayad heard about CareerSeekers through a friend and decided to get in touch.

CareerSeekers gave Ayad lessons on how to adapt to Australia's workplace environment, understand Australian culture and improve his communication skills. He was also able to practice interviewing through a series of mock interviews – a process he says is completely different in Iraq.

Through CareerSeekers, Mirvac employed Ayad on a three-month internship in July 2017. By December that year he was made a permanent employee and now works as a Post-Completion Coordinator in Mirvac's residential business in Melbourne (Ayad also completed a Diploma in Building & Construction during that time).

"CareerSeekers helped to build my confidence and has given me the opportunity to live a good lifestyle in Australia, working with a respected and well-known company," Ayad said.

Ayad's placement through CareerSeekers is good for Mirvac too.

"Working with CareerSeekers helps us to create a more diverse and inclusive culture, which has a number of positive flow-on effects for our business. This includes higher levels of employee engagement, increased innovation and a wider range of skills."

Chris Akayan, Mirvac's Head of Culture & Reputation

Ayad Yousif

Cultivate

INNOVATION

Innovation is instrumental to Mirvac's continued future success and our Hatch team progressed with a number of innovative projects across the Group in FY19.

We introduced our urban farm concept, Cultivate, at 275 Kent Street, Sydney for our anchor tenants, Westpac; opened our co-working hub, The Third Space, at Orion Shopping Town Centre in QLD; and trialled a pet concierge at Green Square in Zetland, Sydney, which we ran in partnership with the RSPCA.

This year, Hatch, together with Mirvac Ventures, embarked on one of the most exciting innovations yet – a technology that uses artificial intelligence and data analytics to automate construction processes on site. The technology is expected to significantly reduce time spent on monitoring construction progress, freeing our employees to spend more time on high-value work. Early testing has shown that the automation could result in a 10 per cent efficiency gain to the top 10 site-based personnel – and this is just the beginning.

The technology has now helped to launch its own start-up company, and Mirvac has such a high level of confidence in the technology that it has participated in funding its growth.

It's just another way Mirvac is using technology and innovation to be at the forefront of change in our industry.

HELPING PEOPLE WHO HAVE EXPERIENCED DOMESTIC VIOLENCE

Last year, Mirvac proudly became a White Ribbon accredited organisation in recognition of the steps we've taken (and continue to take) to stop violence against women, and the support we offer to those affected by it. This includes offering employees affected by domestic violence 10 days of paid leave, as well as financial assistance and access to specialist service through our Employee Assistance Program.

Our support went a step further this financial year, with the delivery of a bridging accommodation facility to provide a safe, stable and comfortable environment for women with children exiting domestic violence situations.

Mirvac and property developers, Halcyon, along with not-for-profit organisation, DV Connect, have collaborated on building the facility, which, once complete, will comprise a mix of one-, two-, and three-bedroom units each with their own kitchenette, living area and courtyard. It's intended to provide those leaving violent domestic situations with a safe place, giving them the opportunity to plan for the future, and, where relevant, re-enter the workplace with confidence.

In 2018 alone, DV Connect placed 4,000 women and children in Queensland motels because all other shelters were at capacity.

"Domestic violence is a serious, prevalent and preventable issue in Australia", said Mirvac's Co-Head of Human Resources, Kristen Sweeney.

"Working with Halcyon and DVConnect to support families experiencing domestic violence is another example of how Mirvac can help to make a real difference and play an important role in a community response."

DV Connect is funded largely by the Queensland Department of Child Safety, Youth and Women and is the only state-wide telephone service offering a free crisis hotline for anyone affected by domestic or family violence.

MIRVAC IS PROUDLY A WHITE RIBBON WORKPLACE. WE PROMOTE RESPECTFUL RELATIONSHIPS AND GENDER EQUALITY WITHIN THE WORKPLACE AND DEMONSTRATE A CULTURE OF ZERO TOLERANCE OF VIOLENCE.

White Ribbon Workplace

MIRVAC VENTURES

Mirvac Ventures is our new internal corporate venture funding platform, which was created in response to the increasingly competitive business landscape and to fund investment opportunities provided by technological advancement. Mirvac Ventures has been seeded with an initial allocation of $10 million and will serve to enhance our core business by allocating funding to all forms of innovation that create a sustainable competitive advantage.

With Mirvac's market-leading reputation for delivering quality products, we wish to maintain our edge and our ability to be agile and innovative. Mirvac Ventures aims to invest in early stage companies that deliver mutually beneficial value, augment or improve our core business, drive our strategy and enhance our ability to put customers at the centre of everything we do.

Along with the construction tech start-up as worked on with Hatch, Mirvac Ventures is currently pursuing key investment themes focused on renewable energy, agtech, property data management and the fractionalisation of real estate assets.

RISK MANAGEMENT

RISK GOVERNANCE

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

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

The Board has charged management with the responsibility for managing risk across the group and the implementation of mitigation strategies under the direction of the CEO & MD and supported by other senior executives.

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

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

An overview of the risk management policy & framework is available on Mirvac's website: www.mirvac.com/about/corporate-governance

OUR PRINCIPAL STRATEGIC RISKS AND OPPORTUNITIES

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

RISK AND OPPORTUNITY	HOW WE'RE ADDRESSING IT
INVESTMENT PERFORMANCE Mirvac's business is impacted by the value of our property portfolio. This can be influenced by many external aspects outside our direct control, including the health of the economy and the strength of the property market.	Mirvac partners with aligned investors to leverage capability and develop recurring income streams. Prudent capital decisions are made on the basis of due diligence and market research to ensure investor confidence is retained. We take steps to anticipate shifts in market conditions and to make strategic decisions in securing development pipeline opportunities. Buying and selling at the right time in the property cycle has enabled us to deliver sustainable returns to our securityholders for the past six years. When we approach new acquisitions, we are mindful of the fundamentals needed to maintain growth through our sustainable urban-focused business model.
MACRO-ENVIRONMENT Mirvac is impacted by changing domestic and international economic and macro-prudential and regulatory measures, which impact access to capital, investor activity, and foreign investment.	Mirvac monitors a wide range of economic, property market and capital market indicators as well as uses trend analysis to assess macro-economic changes, and is attentive to these shifts. We are currently monitoring the following: **Office:** Mirvac has one of the youngest office portfolios in Australia with a substantial overweight to Sydney and Melbourne, Australia's deepest and most attractive office markets for both tenants and investors. This ensures it is well placed to capture demand from high-quality tenants. Mirvac monitors movements in both supply and demand and has an internal strategic forecasting process to optimise leasing decisions. Having a young and modern office portfolio also ensures Mirvac's capital expenditure on its assets is expected to remain relatively lower than that of our AREIT peers. In terms of office developments, the Group manages uncertainty around tenant demand in a number of ways, such as substantially pre-letting development projects ahead of construction and by partially selling down office developments to capital partners in advance of completion. **Industrial:** Continued strength in investor demand for prime-grade industrial assets in key locations is resulting in strong investor demand for quality assets in major markets like Sydney. In this environment Mirvac retains a focus on creating new, high quality and well located assets, generating secure cash flow profiles. Mirvac continues to focus on properties based on proximity to infrastructure, long lease terms and secure cash flow profiles while also considering the rapid growth of e-commerce and renewed focus from tenants to speed up supply chain fulfilment. **Retail:** Mirvac continues to manage its retail portfolio effectively by leveraging its strategic partnerships, experiential expertise and integrated capability. Mirvac is focused on continually refreshing its retail assets (via refurbishment, redevelopment or tenant remixing) to adapt to changing market dynamics. This active management has seen an increased weighting to more resilient and experiential categories such as food and beverage, entertainment, services and non-retail. Furthermore, Mirvac maintains a focus on key urban and metropolitan markets, which are economically resilient over the long term, ensuring the business is well placed to meet the challenges and opportunities of the changing retail landscape. **Residential:** Recent indicators reflect early signs of stabilisation in housing markets. Recent fiscal and monetary stimulus measures, as well as changes to serviceability requirements, have positively impacted dwelling purchase sentiment. In this environment, location, build quality and a deep understanding of customers remains key for attracting demand. With stricter lending criteria, both domestically and offshore, concerns have been raised over the ability of residential property purchasers to settle. Mirvac has a range of strategies in place and carefully and proactively monitors its settlement risk profile, with a proven track record of low defaults.
REPUTATION In an Australian context of low institutional trust, Mirvac must maintain and enhance trust and reputation to retain a social licence to operate.	Mirvac provides consistent, high-quality communication and transparent and responsible reporting. We have committed to proactively sharing our progress as a business to help us earn and retain trust. We track trust and reputation through stakeholder research and are pleased to see strong results. We were ranked the number one ESG company in Australia by J.P. Morgan ESGQ in 2018. We provide good earnings visibility, guidance and full disclosure to our securityholders so they can make informed choices. Our strong Residential brand is leveraged to consistently attract substantial residential pre-sales, delivering one of the highest levels of repeat buyers in the property industry.

SUPPLY CHAIN With a broad range of suppliers providing an equally diverse range of goods and services, Mirvac's stakeholders can be directly and indirectly impacted by the practices of our suppliers, and the materials they're supplying.	Historically, Mirvac has looked at supply chain risk on a project-by-project basis. Working groups have since been developed group-wide to address key areas such as modern slavery, worker exploitation, material import risk, high-risk materials, and cyber security. We are elevating our controls to identify and mitigate our exposure to these risks and ensure full compliance to emerging legislation.
PLANNING AND REGULATION Mirvac's activities can be affected by government policies in many ways, from local decisions regarding zoning and developments, right through to national positions on immigration.	Mirvac's stakeholder relations team works closely with the broad organisation to help coordinate proactive and constructive engagements with all levels of government to ready our business to respond to changing community expectations.
IMPACTS OF CLIMATE CHANGE Climate change can not only affect our assets, it can affect our business operations. It is vital Mirvac responds to the implications of climate change by implementing appropriate adaptation and mitigation strategies for the portfolio, and building resilience throughout the business.	Mirvac regularly assesses its portfolio for climate risk and resilience. We have reported under the Task Force on Climate-related Financial Disclosure (TCFD) recommendations and climate risk is emerging as a consideration in due diligence during the acquisition and development process. Mirvac strives to design developments and major renovations to a high standard for green building and community certifications, as well as energy and water performance ratings. Mirvac recently released its plan to reach net positive carbon to help investors and other stakeholders understand how we will meet this goal by 2030, and provide the metrics and milestones to track our progress. Renewable energy will be an important part of achieving net positive with the added benefit of energy price stability for our portfolio.
CAPITAL MANAGEMENT Maintaining a diversified capital structure to support delivery of stable investor returns and maintain access to equity and debt funding.	Mirvac has a capital management framework, approved and monitored by the Board. The framework aims to address the market, credit and liquidity risks while also meeting the Group's strategic objectives. The Group seeks to maintain a minimum investment-grade credit rating of BBB+ to reduce the cost of capital and diversify its sources of debt capital. The Group's target gearing ratio is between 20 and 30 per cent.
HEALTH AND SAFETY Maintaining the health, safety and wellbeing of our people is our most important duty of care obligation, and critical to Mirvac's ongoing success.	We continue to pursue safety excellence and to improve the overall wellbeing of our employees, suppliers, our community and the environment. During FY19, Mirvac launched a revised, modernised and simplified HSE Management System, establishing the Mirvac Minimum Requirements (MMR) and standards for managing HSE at Mirvac to ensure we consistently manage critical HSE risks across all parts of the business. Mirvac Construction maintained certification for HSE (AS/NZS 4801:2001 OHS Management Systems, OHSAS 18001:2007 OHS management systems and AS/NZS ISO 14001:2004 – Environmental Management Systems). Additionally, Mirvac Construction obtained accreditation in August 2018 under the Work Health and Safety Accreditation Scheme administered by the Office of the Federal Safety Commissioner.
PEOPLE We are mindful that we require a motivated, high-performing, and capable workforce to deliver business strategy and a desired culture.	Mirvac's people strategy includes a range of initiatives designed to ensure we have the right culture and capabilities so our people are engaged and enabled to deliver on our strategy. The Group has a range of programs aimed at creating great leaders, growing and retaining key talent, and fostering a diverse and inclusive workplace. Mirvac has been defining, measuring and curating its desired culture for some time. We have clearly defined values that align to our purpose to reimagine urban life and we measure our leaders on whether they demonstrate supporting behaviours that underpin these values. We think it is critical that our people do the right thing, a core Mirvac value, and that we have an environment where people feel 'safe to speak up', which in addition to mitigating reputational and conduct risk, leads to better business outcomes. Mirvac's remuneration strategy is designed to attract the best talent, and motivate and retain individuals, while aligning to the interests of executives, securityholders and community expectations. Read more on Mirvac's people initiatives on page 30.
TECHNOLOGICAL CHANGE Technology is changing our world at a rapid pace, and without high responsiveness, companies are less able to innovate and take advantage of new technologies.	A core element of Mirvac's strategy is understanding and preparing for disruption and building a resilient business. Some examples include: > continued exploration of new construction technology to drive better outcomes, including pre-fabricated components; > embracement of technologies to further integrate sustainability across all business units, such as solar and battery systems, and smart building management systems; > an innovation program to ensure we continue to innovate in a meaningful way. Our innovation team, Hatch, performs business scans to understand and respond to disruptive technology; and > additional investment in resources for customer solutions and business systems.
DATA, SYSTEMS AND BUSINESS DISRUPTION (INCLUDING CYBER SECURITY) It's crucial we have the ability to manage a major incident causing physical or information disruption timely and efficiently. This includes cyber security threats and/or breaches to our information systems and/or damage to physical assets which could cause significant damage to our business and reputation.	Mirvac has a business continuity management policy which identifies and addresses the key response actions, systems and tools required to effectively manage and continue business critical processes during a business impacting event. The Crisis and Incident Management Plan establishes clear accountabilities and first response protocols based on a three-tiered incident severity rating system. The Disaster Recovery Plan specifies an action plan for IT staff involved in the recovery of critical IT business systems following a disaster. Mirvac is committed to protecting the organisation through maintaining the confidentiality, integrity and availability of Mirvac information and information systems in a secure environment. Mirvac has established a high standard for the management of all IT security incidents and to prevent or mitigate the side effects of data-related security breach.

REIMAGINING URBAN LIFE, SUSTAINABLY

RESOURCES REIMAGINED

CLIMATE CHANGE

- 2030: Net positive (carbon)
- 2023: 10MW renewable energy installed
- 2021: 5MW renewable energy installed; Carbon intensity reduced by 5% in O&I and Retail
- 2019: Net positive (carbon) white paper released ✓

NATURAL RESOURCES

- 2030: Net positive (water); Zero waste to landfill
- 2023: 80% operational waste recycled; Water intensity reduced by 5% in O&I and Retail
- 2021: Water white paper released[1]
- 2020: Waste white paper released; Water metering and monitoring installed
- 2019: 96% construction waste recycled ✓

ENRICHED COMMUNITIES

OUR COMMUNITY

- 2030: Net positive legacy
- 2023: Community wellbeing measure developed
- 2022: Triple community investment ✓
- 2019: ✓ Community engagement standard developed; Social return on investment report released ✓

SOCIAL INCLUSION

- 2030: $100m social sector investment
- 2025: $30m social procurement by 2025
- 2022: Social enterprise capacity building partnership launched ✓
- 2020: Social housing investment pilot launched; House with No Bills research findings released
- 2019: ✓ Unlimited paid volunteer leave; Define social procurement ✓

TRANSPARENT GOVERNANCE

OUR PEOPLE

- 2030: Highly engaged, capable and diverse workforce
- 2022: ✓ 40:40:20 women in senior management
- 2020: 20% improvement in health and wellbeing
- 2019: Personalised health and wellbeing support implemented ✓

TRUSTED PARTNER

- 2030: Most trusted owner and developer
- 2020: Data integrity charter released
- 2019: ✓ Modern slavery risk heat map released; Human Rights approach released

ONGOING (Resources Reimagined)

- ✓ Maintain Board climate capability
- ✓ New office buildings NABERS 5.5 Star Energy
- ✓ All new Residential projects to include solar
- ✓ New office buildings 4.5 Star NABERS Water

ONGOING (Enriched Communities)

- ✓ All (new) office Gold WELL rated

ONGOING (Transparent Governance)

- ✓ Maintain global high performing engagement
- ✓ Maintain Risk Culture Index performance
- ✓ Understand and share stakeholder trust feedback
- ✓ Clear earnings visibility/guidance
- ✓ Transparent reporting
- ✓ Maintain Board diversity

1. Target extended from 2020.

SUSTAINABILITY

EVOLVING OUR APPROACH TO SUSTAINABILITY

Since Mirvac released its strategy, *This Changes Everything*, over five years ago, there has been a notable change in our approach to sustainability. From the way we design and manage our assets to the new technologies we're implementing across the Group, being environmentally and socially responsible has become firmly embedded at Mirvac. As well as ensuring we're delivering value to our securityholders, we're continuously looking at how we can reduce our impact on the planet, affect positive change in our communities and ensure that we remain a force for good.

We announced a refresh of *This Changes Everything* in June last year, taking our material issues from 19 to six. By doing so, we believe we can focus on the things that matter most to Mirvac and our key stakeholders so we can make a bigger difference in these areas. These material issues comprise climate change, natural resources, our communities, social inclusion, our people, and being a trusted partner.

Each of these material issues and their key milestones are outlined on page 38.

OUR PROGRESS TO DATE

We've made significant progress since we released our refreshed sustainability strategy, and it's been pleasing to see our environmental and social impact become a more fundamental part of the choices we make.

One of our key achievements in FY19 was the release of Planet Positive, our plan to reach net positive carbon by 2030 (see page 40 for more). Climate change is one of the biggest risks businesses face, and eliminating our carbon footprint is not only the right thing to do for the planet and for future generations, it's critical to our long-term success.

Some of the key steps we'll take to reimagine our resources will be to continue to prioritise energy efficiency and commit to renewable energy. Our focused work to reduce our impact has led to our portfolio being one of the greenest in the country, with three 6 star NABERS Energy ratings, constituting a quarter of all 6 star NABERS Energy buildings.

In light of the significant risks posed by climate change, we've also begun reporting our climate risks and mitigations under the Task Force on Climate-related Financial Disclosures framework.

Recognising that there is now an increased requirement from the community for business to do better, and in line with our commitment to leave a positive legacy, we've also defined our community engagement standard, starting with our Residential business. Local communities and their representative governments are critical stakeholders for us, and we aim to be their most trusted development partner. Setting a high standard and a consistent approach to how we engage ensures that we can continue to help deliver communities that flourish.

Investing in our communities is also a priority at Mirvac, and right across the Group we see people making choices that combine good commercial outcomes with genuine social contributions. Last year, we set a target to triple our community investment by 2022 from our FY17 baseline, and in the first year we increased this by 81 per cent. This year, we exceeded our 2022 target early, with our community investment increasing by more than 800 per cent since FY17. This was driven largely by our investments in upfront amenity at our residential communities, such as schools and parks.

We also released our first Social Return on Investment (SROI) report during the financial year (see page 28), which outlines our findings of an SROI analysis of 27 residential projects. As our first attempt at measuring our social impact, it wasn't perfect, but we remain committed to progressing our work in this area.

Another key achievement this year was defining our social focus – to build strong bonds – so we can better align the support we provide through our community activities and have a more meaningful impact. Our unlimited paid volunteer leave provides a great way for our employees to continue to build strong bonds in the community, whether those are physical, as our teams from across Development, Design, Construction, Des+Pres and Marketing showed with the work they did for the Westmead Children's Hospital, Sydney (see page 41), or relational, such as working with local communities.

During the financial year, we were also proud to announce a partnership with social enterprise, Homes for Homes (see page 26), which will see 0.1 per cent of proceeds directed from the sale of 300 homes to their fund in perpetuity, helping to address the need for more social and affordable housing in Victoria.

Some of the targets in our strategy are now core to our business, such as our high-performing and engaged workforce, 50 per cent gender diversity on our Board, and the transparent reporting of our business and of our earnings.

There's no doubt we still a have a lot of work to do. Next year, we'll release our plan around waste, and change our energy supply arrangements to take a big leap forward on renewable energy and eliminating our carbon emissions.

We see great value in measuring our social impact, and we'll take the lessons we learned from our first endeavour to progress our work in this area.

We're also going to develop a method to measure a sense of belonging at our residential communities so that we can work towards tackling the growing epidemic of loneliness.

Having reached our community investment target three years early, we'll be looking to set a new target which further demonstrates our commitment to leave a positive legacy. We'll also continue to progress our target to direct $100 million to the social sector, including social procurement.

MOST RELEVANT SUSTAINABLE DEVELOPMENT GOALS

PLANET POSITIVE: OUR PLAN TO REACH NET POSITIVE CARBON BY 2030

Climate change is one of the greatest challenges we face today, with the potential to significantly impact our business, as well as our planet, in a number of ways. Construction delays, loss in productivity, rising material, water and energy costs and damage to property are just some of the climate-related risks we face as weather events caused by higher temperatures continue to become more extreme.

The built environment is responsible for approximately 25 per cent of Australia's carbon emissions and as a leading Australian property group, we have a responsibility to reduce our impact on the environment and address climate change risks.

This year, we released Planet Positive: our plan to reach net positive carbon by 2030. It explains the strategies we'll adopt to achieve and exceed net zero within our portfolio by 2030, even as new developments come on line and our business grows, making sure that we balance environmental, social and commercial sustainability requirements.

We're mindful that as well as our responsibility to the planet, we have a responsibility to make choices that are cost-effective. Transitioning to a lower carbon economy sooner rather than later means we will be financially better off too.

Our strategy involves maximising energy efficiency and building all-electric buildings powered by 100 per cent renewable energy. After all, we believe the cheapest tonne of carbon for Mirvac and for the planet is the one we don't emit.

Emissions tCO_2e	FY13	FY18	FY19	FY19 Source data
Scope 1				
Natural Gas	2,697	4,007	4,193	81,816 GJ
Refrigerants	1,383	1,513	843	496kg
Diesel	2,333	1,154	1,375	507,506L
Petrol	646	101	130	54,629L
LPG	7	54	81	52,087 L
Total Scope 1	**7,066**	**6,828**	**6,623** ✓	
Scope				
Electricity	71,426	73,772	78,041 ✓	95,242,179kWh
Total Scope 1 + 2	**78,492**	**80,600**	**84,664**	
Scope 3				
Natural gas	471	582	639	81,816GJ
Electricity	12,542	9,555	8,962	87,118,091kWh
Travel	2,812	3,304	2,982	10,258,259km
Waste	9,915	8,017	10,164	48,551T
Diesel	178	59	71	507,506L
Petrol	51	5	7	54,629L
LPG	1	3	5	52,087L
Total Scope 3	**25,970**	**21,525**	**22,829** ✓	
Total	**104,462**	**102,125**	**107,493**	
Potable water usage (kL)				
Retail	492,216	485,976	493,605 ✓	
Office & Industrial	349,597	453,826	488,577 ✓	
Total (kL)	**841,813**	**939,802**	**982,182**	
Total waste (tonnes)				
Construction	35,565	23,393	21,377 ✓	
Investment	12,833	25,685	27,173 ✓	
Total	**48,398**	**49,078**	**48,551**	
Construction			96% Recycled ✓	4% Landfill ✓
Investment			69% Recycled ✓	31% Landfill ✓

Note: A minor error in Scope 3 Electricity emissions FY18 is corrected in this version. Emissions estimates follow NGERS emissions accounting requirements except for refrigerants; Mirvac includes emissions related to R22 use.

> "As a result of our work to be net positive carbon, by 2030 and for each year afterwards, the carbon we don't emit will be equivalent to planting 1.4 million trees and taking over 22,300 cars off the road."

Sarah Clarke, Group General Manager of Sustainability and Reputation

Mirvac team in Vietnam

CONCLUDING OUR FIRST RECONCILIATION ACTION PLAN

Mirvac embarked on its first Reconciliation Action Plan (RAP) in July 2017 and we are proud of what that plan has helped us to achieve. Our RAP has given us a platform from which to build stronger relationships with Indigenous Australians and create greater respect and opportunities.

By listening and engaging with local partners, we have developed some great working relationships, such as our partnership with Yerrabingin at our South Eveleigh development which resulted in Australia's first Indigenous rooftop farm. Together we were able to co-create an experience at the precinct that will engage and connect the community to Aboriginal culture and traditions, while educating them on the history of the site.

Through cultural awareness education, we have been able to begin providing our people with the knowledge and experience to help them consider the cultures of Aboriginal and Torres Strait Islander people in the delivery of our projects.

We have also learned a lot about how we can do things differently in the future. We recognise that our biggest opportunity for impact is through procurement, and by directing our buying power towards Indigenous owned businesses. Since launching the RAP in July 2017, we have procured $8.2 million of goods and services from Indigenous businesses, and we know through our relationship with Supply Nation that Indigenous businesses are 100 times more likely to employ Indigenous people.

In the coming months we will be developing the next iteration of our RAP, and we will continue to engage with the key stakeholders to ensure this plan is reflective of their needs. We look forward to launching this at the beginning of 2020.

BUILDING STRONG BONDS

As a leading Australian property developer, we recognise that we're in a unique position to have a positive impact – through the way we build and manage our investment assets, apartments and houses, as well as the relationships we cultivate in our communities.

In FY19, we renewed our overall social focus to build strong bonds. As well as allowing us to have a much deeper and more meaningful impact in the communities in which we work, this also means we can provide opportunities to those who don't always get them and leave a positive legacy.

Our Homes for Homes initiative (see page 26), is just one way we're building strong bonds with the community – in this case, providing funding to increase access to social and affordable housing in Victoria.

Members of our leadership team took building strong bonds to another level in May this year, volunteering their time and raising money to help build a home for a disadvantaged family in Vietnam. Together with our strategic partner, Boral, the team worked with Habitat for Humanity over the course of a week, using their unlimited volunteer leave to do so. While the 40-degree heat and 80 per cent humidity were certainly no walk in the park, the group helped to construct two-thirds of the home and raised close to $130,000 in the process.

We also believe we can build strong bonds to help combat loneliness in Australia. Research by Swinburne University and the Australian Psychological Society found that one in four Australian adults are lonely, and that lonely Australians have significantly worse mental and physical health than those Australians who felt connected.

At Mirvac, we have an opportunity to build strong relational bonds through volunteering, such as our annual National Community Day; through the amenity we deliver at our sites and by creating spaces that encourage interaction; and through community events, such as Mirvac's Summer Festival that runs across our residential projects each year.

Our Construction and Development teams also continued to strengthen their bonds with the Westmead Children's Hospital in Sydney during the financial year, helping to refurbish the parents' accommodation and kids' playground, as well as working with our partners to deliver The Teddy Bear Clinic at the Sydney Royal Easter Show. The Teddy Bear Clinic was designed so that kids (and adults) could experience for themselves some of the aspects involved in being treated at the hospital and received both the Gold and Best in Show awards for the exhibit.

In the next financial year, we'll continue to progress our social focus of building strong bonds in the activities we run across our business, and we'll look to develop a method that measures a sense of belonging to help avoid loneliness.

ENRICHING COMMUNITIES

$16,139,531 ↑822%

of community investment (including $1,401,307 of management costs)

$951,967

value of hours of support

$836,566

in kind donations

$728,218

leverage contributions

$12,949,691

cash donations

2019 VERIFIED LBG AU & NZ

Governance

CONTENTS

Board of directors

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 Director of ALS Limited (formerly Campbell Brothers Limited) (appointed February 2012), Deputy Chair of GWA Group Limited (appointed November 2010), Chair of ORIX Australia Corporation Ltd and a Director of Zurich Australian Insurance Limited and The Shore Foundation Limited.

John is a former Director and Chair of Coffey International Limited and former Guardian of the Future Fund Board of Guardians.

Susan Lloyd-Hurwitz

BA (Hons), MBA (Dist)

Chief Executive Officer & Managing Director – Executive

Susan Lloyd-Hurwitz was appointed Chief Executive Officer & Managing Director of Mirvac in August 2012 and an Executive Director 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 29 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 the Immediate Past President of the Property Council of Australia, Deputy Chair of 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 in France.

Christine Bartlett

BSc, MAICD

Independent Non-Executive

> Member of the Audit, Risk and Compliance Committee

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

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 Chair of the Australian Custodial Services Association.

Christine is an experienced Chief Executive Officer 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, ACA (NZ)

Independent Non-Executive

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

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

Peter was a member of ANZ's Group Leadership Team and sat on the boards of Esanda Limited, ING Australia Limited and ING (NZ) Limited, the funds management and life insurance joint ventures between ANZ and ING Group. He was previously Group Managing Director, Personal Financial Services, as well as holding a number of other senior positions during his career with ANZ.

Peter is currently a member of the Bank of Melbourne Advisory Board and a Director of Crestone Holdings Limited and Liberty Financial Pty Ltd.

Peter was previously a Director of Westpac Banking Corporation (December 2008 to December 2018), BHP (NZ) Steel Limited (1990 to 1991), Visa Inc. (2008 to 2011), Treasury Corporation of Victoria and Clayton Utz.

Jane Hewitt

BAppSc Land Economics

Independent Non-Executive

> Member of the Human Resources Committee

Jane Hewitt was appointed a Non-Executive Director of Mirvac in December 2018. Jane has over 27 years' experience in real estate development and asset management. She founded UniLodge in 1996 and pioneered the corporatisation and professional development and management of student accommodation facilities on and off university campuses in Australia and New Zealand.

As an entrepreneur and founder, Jane has extensive operational experience and a strong track record in developing successful partnerships in real estate and business ventures. She developed UniLodge into an operation with assets of approximately $1 billion.

More recently, Jane has worked with Social Ventures Australia and currently serves on a not-for-profit board as Chair of the Beacon Foundation. She is also a founding member of the Sydney Business Alliance to End Homelessness.

James M. Millar AM

BCom, FCA, FAICD

Independent Non-Executive

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

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

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

James is a Director of Macquarie Media Limited (appointed April 2015), Chair of the Export Finance and Insurance Corporation (appointed December 2014) and Chair of Forestry Corporation NSW (appointed March 2013).

James serves a number of charities and is Chair of the Vincent Fairfax Family Foundation (appointed April 2009) and a Director of Vincent Fairfax Ethics in Leadership Foundation (appointed September 2016).

James is a former Chair of The Smith Family, and a former Director of Fairfax Media Limited (July 2012 to December 2018) and Slater & Gordon Ltd (December 2015 to December 2017).

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 corporate advisor and is also a Director of Transurban Holdings Limited (appointed December 2010), the Chair of an Australian APRA regulated Citibank subsidiary Board, Chair of Carriageworks and a Director of the GO Foundation.

Samantha has significant experience in the Australian corporate sector both in executive and non-executive capacities, in particular in the areas of human resources, corporate and government affairs, sustainability management and diversity. Samantha has held senior executive positions including Group Executive Culture and Reputation, IAG and Global Head HR and Culture, Cable & Wireless in London. She serves on the Australian faculty of the Cambridge University Business & Sustainability Leadership Program.

Samantha was previously a Director of Virgin Australia Holdings Limited (September 2012 to May 2019), a Director of the Sydney Theatre Company, a Commissioner with the Australian Football League and the Deputy Chair of the Diversity Council of Australia. She has also served on the boards of the National Sustainability Council and the National Mental Health Commission.

Peter Nash

BComm, FCA, F Fin

Independent Non-Executive

- > Member of the Audit, Risk and Compliance Committee

Peter Nash was appointed a Non-Executive Director of Mirvac in November 2018. He is currently the Chair of Johns Lyng Group Limited (appointed October 2017) and a Director of Westpac Banking Corporation (appointed March 2018) and ASX Limited (appointed June 2019).

Peter was a Senior Partner with KPMG until September 2017, having been admitted to the partnership of KPMG Australia in 1993. He served as the National Chair of KPMG Australia from 2011 until August 2017, where he was responsible for the overall governance and strategic positioning of KPMG in Australia. In this role, Peter also served as a member of KPMG's Global and Regional Boards. Peter's previous positions with KPMG included Regional Head of Audit for Asia Pacific, National Managing Partner for Audit in Australia and Head of KPMG Financial Services.

Peter has worked in geographically diverse and complex operating environments providing advice on a range of topics including business strategy, risk management, business processes and regulatory change. Peter has also provided financial and commercial advice to many government businesses at both a Federal and state level. Peter is a former member of the Business Council of Australia and its Economic and Regulatory Committee.

Peter is a board member of the Koorie Heritage Trust and Reconciliation Australia Limited.

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.

John was the principal of a private property development company focused on substantial mixed-use developments and redevelopments in South East Queensland for over 20 years. 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.

Elana Rubin

BA (Hons), MA, FFin, FAICD, FAIM

Independent Non-Executive

- > Member of the Audit, Risk and Compliance Committee
- > Member of the Nomination Committee

Elana Rubin was appointed a Non-Executive Director of Mirvac in November 2010 and has extensive experience in property and financial services.

Elana is a Director of Afterpay Touch Group Limited (appointed July 2017), and Slater & Gordon Ltd (appointed March 2018). She is also a Director of several unlisted and public sector Boards in property, infrastructure and insurance.

Elana is the former Chair and Director of Australian Super, one of Australia's leading superannuation funds, a former Chair and Director of Victorian WorkCover Authority and a member of the Federal Government's Infrastructure Australia and Climate Change Authority. Elana was also a Director of Mirvac Funds Management Limited, the responsible entity and trustee for Mirvac's listed and unlisted funds. She was previously a Director of a number of other listed and unlisted companies.

Company secretary

Sean Ward

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

Sean Ward was appointed Company Secretary in 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 20 years' corporate experience. Prior to joining Mirvac, Sean was the Head of Subsidiaries at Westpac Banking Corporation, providing company secretarial support for all of Westpac's listed and unlisted entities and before this was a Senior Companies Advisor at ASX Limited. Sean completed his Masters of Business Administration with the Australian Graduate School of Management in 2016.

Directors' report

The Directors of Mirvac Limited present their report, together with the consolidated financial report of Mirvac Group (Mirvac or Group) for the year ended 30 June 2019. Mirvac comprises Mirvac Limited (parent entity) and its controlled entities, which include Mirvac Property Trust and its controlled entities.

PRINCIPAL ACTIVITIES

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

DIRECTORS

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

REMUNERATION REPORT

The Remuneration report as required under section 300A (1) of the *Corporations Act 2001* is set out on pages 52 to 72 and forms part of the Directors' report.

MEETINGS OF DIRECTORS

The number of Directors' meetings held and attended by each Director during the year ended 30 June 2019 is detailed below:

	Board		Audit, Risk & Compliance Committee		Human Resources Committee		Nomination Committee		Special Purpose[1] Committee	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
John Mulcahy	12	12	6	6	5	5	3	3	—	—
Susan Lloyd-Hurwitz	12	12	—	—	—	—	—	—	—	—
Christine Bartlett	12	12	6	6	—	—	—	—	—	—
Peter Hawkins	12	12	6	6	5	5	3	3	—	—
Jane Hewitt	6	6	—	—	2	2	—	—	—	—
James M. Millar AM	12	12	6	6	—	—	3	3	3	3
Samantha Mostyn	12	12	—	—	5	5	—	—	—	—
Peter Nash	7	7	4	4	—	—	—	—	—	—
John Peters	12	12	—	—	5	5	—	—	—	—
Elana Rubin	12	12	6	6	—	—	3	3	—	—

1. A special purpose Due Diligence Committee was established by the Board in 2019 for the purposes of the equity raising announced to the market on 29 May 2019.

OTHER DIRECTORSHIPS

Details of all directorships of other listed companies held by each Director in the three years immediately before 30 June 2019 are as follows:

Director	Company	Date appointed	Date ceased
John Mulcahy	ALS Limited (formerly Campbell Brothers Limited)	February 2012	Current
	GWA Group Limited	November 2010	Current
Susan Lloyd-Hurwitz	Nil		
Christine Bartlett	GBST Holdings Ltd	June 2015	Current
	Sigma Healthcare Limited	March 2016	Current
Peter Hawkins	MG Responsible Entity Limited	April 2015	November 2016
	Westpac Banking Corporation	December 2008	December 2018
Jane Hewitt	Nil		
James M. Millar AM	Fairfax Media Limited	July 2012	December 2018
	Macquarie Media Limited	April 2015	Current
	Slater & Gordon Ltd	December 2015	December 2017
Samantha Mostyn	Cover-More Group Limited	December 2013	April 2017
	Transurban Holdings Limited	December 2010	Current
	Virgin Australia Holdings Limited	September 2010	May 2019
Peter Nash	ASX Limited	June 2019	Current
	Johns Lyng Group Limited	October 2017	Current
	Westpac Banking Corporation	March 2019	Current
John Peters	Nil		
Elana Rubin	Afterpay Touch Group Limited	July 2017	Current
	Slater & Gordon Ltd	March 2018	Current
	Touchcorp Limited	January 2015	August 2017

REVIEW OF OPERATIONS AND ACTIVITIES

FY19 FINANCIAL AND CAPITAL MANAGEMENT HIGHLIGHTS

FY19 saw Mirvac build on the success of recent years with yet another solid operating performance and robust set of metrics for the financial year ended 30 June 2019. Mirvac's strong capital position, which is underpinned by the strength of its diversified model and the passive income stream from its high-performing investment portfolio, has enabled the Group to capitalise on strategic investment opportunities.

Financial highlights for the year ended 30 June 2019:

> profit attributable to the stapled securityholders of $1,019m (June 2018: $1,089m), anchored by the strong performance of the Office & Industrial division and significant fair value gains in the investment portfolio as a result of capitalisation rate compression across all segments;

> operating profit after tax of $631m (June 2018: $608m [2]) up 4 per cent, representing 17.1 cents per stapled security (cpss);

> operating cash flow of $518m (June 2018: $663m);

> full-year distributions of $440m, representing 11.6 cpss and growth of 5 per cent over FY18; and

> net tangible assets (NTA) per stapled security [3] of $2.50 (June 2018: $2.31).

Capital management highlights for the year ended 30 June 2019:

> successfully completed a fully underwritten $750m institutional placement and $46.2m Security Share Plan in the fourth quarter. The placement was strongly supported and will assist the delivery of the next generation of value accretive office, industrial, residential and mixed-use projects;

> completed 58m of stapled security buy-backs, totalling $130m during the first half, with a total of 59m stapled securities purchased since the commencement of the buy-back on 23 February 2018;

> issued $665m US Private Placement notes with tenors of 11,13, 15 and 20 years;

> received an A- rating with a stable outlook from Fitch Ratings during the first half year and maintained its A3 rating from Moody's Investor Service (equivalent to A-);

> stable average borrowing costs at 4.8 per cent per annum (June 2018: 4.8 per cent), including margins and line fees, following the issuance of new debt and the repayment of lower cost revolving bank debt following the capital raising;

> reduced gearing to 20.5 per cent, within the Group's target range of 20 to 30 per cent [4];

> increased liquidity to $1.4bn in cash and committed undrawn bank facilities; and

> increased weighted average debt maturity to 8.5 years from 6.8 years (June 2018).

Group outlook [5]

Despite a challenging year in some sectors, Mirvac has benefited from the strength and resilience of its diversified model, its urban strategy and award-winning urban asset creation capability, enabling the Group to successfully operate through market cycles. Its high-quality investment portfolio with its secure income stream, $3.1bn active commercial development pipeline and $1.7bn of exchanged residential pre-sales, have resulted in a strong capital position and platform for future growth.

Mirvac further strengthened its reputation for prudent capital management in FY19. Pleasingly, gearing has been reduced to 20.5 per cent, and the Group benefits from a diversified debt portfolio with a long weighted average debt maturity, and excellent visibility of future cash flows. Mirvac is committed to maintaining its rigorous approach to capital management, creating a firm foundation from which to continue to meet its strategic objectives without increasing its overall capital management risk profile.

As a result of Mirvac's continued strong financial performance over several years, the Group begins FY20 poised to continue to capitalise on existing and new investment opportunities, actively invest in its people, technology and sustainability, and deploy its award-winning asset creation capability. With its strong capital position, extensive development pipeline and highly engaged, passionate workforce, Mirvac is confident it will continue to generate value for securityholders and enrich the lives of its customers and communities for many years to come.

Risks

As a property group involved in property investment, residential and commercial development and investment management, Mirvac faces a number of risks throughout the business cycle which have the potential to affect the achievement of its targeted financial outcomes. Mirvac's risk management policy and framework is integrated with its day-to-day business processes and is supported by a dedicated Group Risk function. For the year ended 30 June 2019, the Group continued to ensure internal and external risks were identified and appropriate strategies were implemented to manage the impact of those risks. Further information on the material risks identified for each of the sectors is outlined on pages 36-37.

2. Excludes specific non-cash items and related taxation. The June 2018 operating profit after tax has been restated to align with the new operating profit definition adopted by the Group from 1 July 2018.
3. NTA per stapled security, based on ordinary securities including Employee Incentive Scheme securities.
4. Net debt (at foreign exchange hedged rate) excluding leases (total tangible assets – cash).
5. These future looking statements should be read in conjunction with future releases to the ASX.

Directors' report

continued

REVIEW OF OPERATIONS AND ACTIVITIES CONTINUED

FY19 OFFICE & INDUSTRIAL HIGHLIGHTS

Mirvac's Office and Industrial (O&I) division creates some of the country's largest and most complex mixed-use, commercial and industrial precincts, and as at 30 June 2019 has $15bn[6] assets under management. Mirvac works with leading brands to deliver commercial assets featuring smart technology and design excellence. Its young, efficient, sustainable portfolio is comprised of over 95 per cent premium or A-grade office assets, with an 85 per cent overweighting to the strong Sydney and Melbourne markets providing a significant stream of passive, secured income to the Group.

For the year ended 30 June 2019, Mirvac's Office & Industrial division delivered earnings before interest and tax of $518m.

Office

Highlights across the office portfolio for the year ended 30 June 2019 included:

- increased occupancy to 98.2 per cent[7], with a long WALE of 6.4 years[8],
- achieved like-for-like net operating income growth of 5.7 per cent;
- completed 82 leasing deals over approximately 96,400 square metres[9], with highlights including:
  - Sirius House, 23 Furzer Street, Woden, ACT: renewed the Department of Health and Ageing for 100 per cent of the 46,000 square metre office building for a further 10 years, amounting to a 16-year lease term;
  - Olderfleet, 477 Collins Street, Melbourne, VIC: secured Lander & Rogers and Urbis each for 5,000 square metres for a 10-year lease term; and
  - Locomotive Workshops, South Eveleigh, Sydney NSW: secured Quantium for 12,000 square metres for a 7-year term;
- total office asset revaluations provided an uplift of $392m (or 6.3 per cent) over the previous book value for the 12 months to 30 June 2019, supported by an overweight to prime assets in Sydney and Melbourne;
- maintained positive leasing spreads at 16.6 per cent; and
- reduced incentives to 15.6 per cent (June 2018: 22 per cent).

During the financial year, Mirvac continued to deploy its award-winning asset creation capability in order to progress its $3.1bn active office development pipeline, which is 90 per cent[10] pre-committed. Progress includes:

- Olderfleet, Melbourne, VIC: construction is progressing on schedule and topped out in July 2019. The building is now 94 per cent[10] pre-leased. The Group remains on track to reach practical completion in FY20;
- South Eveleigh, Sydney, NSW (formerly Australian Technology Park): in March 2019 practical completion was achieved on the Axle building (Building 1). Commonwealth Bank's lease commences August 2019 and the new workplace is now home to approximately 3,800 Commonwealth Bank employees. Yerrabingin House (Building 3), a community centre with Indigenous rooftop farm, public realm including sports courts, an oval and skatepark, and stage 1 retail elements were also completed in March 2019. Structural works on The Foundry (Building 2) are ongoing and it is due for practical completion in mid-2020. The project's major tenant, Commonwealth Bank, has pre-committed to 100 per cent of office space for a 15-year lease term;
- Locomotive Workshops, South Eveleigh, Sydney, NSW: secured planning approvals and commenced redevelopment in May 2019. Practical completion is targeted for FY21;
- 80 Ann Street, Brisbane QLD: demolition is progressing well with a construction commencement ceremony scheduled for August 2019. Suncorp has pre-committed to over 39,600 square metres of office and retail space, representing approximately 66 per cent of the building's total NLA, for a 10-year term. Mirvac sold a 50 per cent interest in the development to M&G Real Estate for a total consideration of $418m. Practical completion remains on track for 2HFY22;
- 383 La Trobe Street, Melbourne, VIC: acquired in 1HFY19 and planning is in progress for a potential 40,000 square metres office tower;
- 55 Pitt Street, Sydney, NSW: planning is progressing well for a potential office tower of greater than 40,000 square metres; and
- Corner of Walker Street and Pacific Highway, North Sydney, NSW: secured interests amounting to 25 per cent of unit entitlements in two North Sydney office towers.

Outlook[11]

While global uncertainty and softer economic growth locally are likely to impact expansion plans of major office occupiers overall, the outlook for Sydney and Melbourne CBD markets remains well supported given vacancy rates for both markets are around 4 per cent. While vacancy is set to rise a little in the Melbourne CBD near term due to a large volume of new stock completing, the vast majority of this stock has been pre-leased as tenants seek better quality premises and space efficiencies. A more staggered and smaller supply pipeline in Sydney will mitigate vacancy rises over the next few years.

Tenant demand in Brisbane also reflects a flight to quality space as demand for prime-grade stock has more than doubled that for secondary in the past year, a trend that is expected to continue. Similarly, the Perth office market has seen a pick-up in net absorption over the past year as tenants consolidate from fringe locations into the CBD, with prime-grade stock outperforming secondary. With very limited supply near term, prospects for better rental growth have lifted.

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.

Industrial

Highlights across the industrial portfolio for the year ended 30 June 2019 included:

- achieved 99.7 per cent occupancy[12], with a long WALE of 7.7[13] years;
- achieved like-for-like net operating income growth of 7.8 per cent;
- total industrial asset revaluations of $50m, representing a 6.0 per cent uplift over the previous book value for the full year to 30 June 2019; and
- completed over 91,700 square metres of leasing activity including:
  - Nexus Industrial Park Building 4, Lyn Parade, Prestons, NSW: renewed Legrand for 7 years over 23,300 square metres to 2028;
  - Nexus Industrial Park Building 1, Lyn Parade, Prestons, NSW: extended the lease to Amari Metals by 7 years over 13,100 square metres to 2028; and
  - 274 Victoria Road, Rydalmere, NSW: extended the lease to Thales for 10 years over 22,700 square metres to 2032.

6. Includes IPUC.
7. By area, including equity accounted investments and OOP and excluding assets held for sale.
8. By income, including equity accounted investments and OOP and excluding assets held for sale.
9. Excludes leasing of assets under development.
10. Includes Heads of Agreement.
11. These future looking statements should be read in conjunction with future releases to the ASX.
12. By area.
13. By income.

REVIEW OF OPERATIONS AND ACTIVITIES CONTINUED

The Industrial business unit is an important growth area for the business and during the year Mirvac increased its future industrial development pipeline in Sydney to $1.2 billion by securing the following sites:

> Stage 1 of a future 244-hectare industrial estate at Badgerys Creek in Western Sydney [14], NSW for a total consideration of $71m, under a put-and-call option arrangement. Located just 800 metres from the new Western Sydney International Airport and close to the M7 motorway and the proposed M12 motorway, Stage 1 is a 54-hectare site set to benefit from approximately $20bn of infrastructure improvements in the Western Sydney area by 2026;

> a 56-hectare future industrial estate and logistics hub at Mamre Road, Kemps Creek, NSW, approximately 6km from the new Western Sydney International Airport. Similar to the Badgerys Creek site, this strategic site will benefit from its proximity to the M4, M7 and proposed M12 motorways, as well as approximately $20bn of infrastructure improvements to be rolled out across the Western Sydney area; and

> a 14-hectare, future industrial estate and logistics hub at Manchester Road, Auburn, Sydney, 3.3km from Parramatta CBD and 18km from the Sydney CBD, for $94.2m [15]. The project is a joint venture with an investment vehicle sponsored by Morgan Stanley Real Estate Investing and has an end value of $250m [16].

Mirvac also sold a 50 per cent interest in Calibre at Eastern Creek, NSW to the Mirvac Industrial Logistics Partnership for approximately $125m. Practical completion was achieved on the Estate during the year and the development is 100 per cent leased.

Outlook [17]

Demand drivers for industrial are mixed with both weaker global trade and uncertainty impacting global production firms, while softer domestic indicators, such as forward orders and confidence of wholesale trade firms, point to softer take-up near term. Conversely, the structural shift to growing e-commerce volumes and customer demands for convenience and faster delivery times is spurring demand for logistics space. According to Knight Frank [18], the Sydney industrial market continues to record the lowest vacancy rate of any major industrial market, resulting in most major sub-markets recording annual rent growth greater than inflation.

Mirvac's strategic overweight to the strong Sydney market ensures that the industrial portfolio will continue to provide a secure, growing income to the Group.

FY19 RETAIL HIGHLIGHTS

Mirvac owns and manages a dynamic portfolio of urban shopping centres across Australia's eastern seaboard with assets under management of over $4.5bn. The portfolio is focused on higher income, higher growth and densely populated urban catchment areas, with an overweight to the strong Sydney market. Incorporating approximately 437,900 square metres of space and more than 1,600 retailers, Mirvac's intricate understanding of its local markets enables the Retail team to constantly improve the experience of their customers.

For the year ended 30 June 2019, the retail portfolio delivered operating earnings before interest and tax of $168m.

Highlights across the retail portfolio for the year ended 30 June 2019 included:

> achieved solid net revaluation gains of 2.2 per cent underpinned by like-for-like income growth of 2.6 per cent;

> maintained high occupancy of 99.2 per cent; [19]

> achieved comparable MAT sales growth of 2.7 per cent [20] and comparable specialty sales growth of 2.0 per cent;

> comparable specialty sales productivity of >$10,000 per square metre, with specialty occupancy costs increasing to 15.5 per cent; and

> executed lease deals across approximately 61,900 square metres, with leasing spreads of 1.0 per cent.

The Group's retail development and repositioning pipeline progressed during the financial year, including:

> South Village Shopping Centre, Kirrawee, NSW: opened on 14 November 2018. The centre is anchored by Coles and ALDI with a mixed offer including services, health and wellness operators and a restaurant precinct including Criniti's and Lone Star Rib House;

> Kawana Shoppingworld, Sunshine Coast, QLD: completed the construction of a 6,900 square metre expansion of the centre introducing Event Cinema's only Gold Class offering on the Sunshine Coast and an expanded dining precinct. The project was 100 per cent leased at completion;

> Birkenhead Point Brand Outlet, Sydney, NSW: improved car park circulation by introducing a ticketless and parking guidance system and new wayfinding, together with redesigned entry and exit points, resulting in a more seamless parking experience;

> Rhodes Waterside, Sydney, NSW: completed the construction of a 3,700 square metre redevelopment of the asset, introducing ALDI and relocating Bing Lee to strengthen the fresh food and homewares offer. The project was fully leased on completion;

> Toombul, Brisbane, QLD: construction is progressing on a $43m, 4,500 square metre re-development, introducing a dining and entertainment precinct. The precinct will be anchored by Archie Brothers, Cirque Electriq and an upgraded cinema. The development is due for completion in mid-FY20; and

> launched the first ultra-rapid electric vehicle (EV) charging station at Toombul in Brisbane, QLD in partnership with Chargefox. The portfolio now boasts the ultra-rapid station along with 38 universal EV charging bays, 14 Tesla Supercharging bays and 31 Tesla destination charging sites covering all current charging formats.

Outlook [17]

While the broader retail environment faces some challenges, shopping centres with strong catchment fundamentals continue to be better 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 higher jobs growth than populations within regional areas. In addition, centres that offer vibrant customer experiences continue to attract quality tenants. Mirvac's focus on high-quality asset management in urban catchments with strong fundamentals is expected to support continued outperformance in the retail sector.

14. Subject to conditions precedent, rezoning and planning approvals.
15. Subject to conditions precedent.
16. Subject to planning approvals.
17. These future looking statements should be read in conjunction with future releases to the ASX.
18. Knight Frank Research, Industrial Vacancy Reports Q1 2019.
19. By area.
20. Total comparable MAT sales growth would equate to approximately 2 per cent adjusting for major supermarkets and DDS categories reporting 53 weeks of sales.

Directors' report

continued

REVIEW OF OPERATIONS AND ACTIVITIES CONTINUED

FY19 RESIDENTIAL HIGHLIGHTS

Mirvac has long set the standard in residential design, quality and community building, leveraging its integrated model to deliver complex projects that require significant capital and resources. An attention to detail, focus on creating legacy and an absolute commitment to customer service has forged a reputation for creating exceptional, much-loved homes and communities in Australia's key cities of Sydney, Melbourne, Brisbane and Perth.

For the year ended 30 June 2019, Residential delivered earnings before interest and tax of $201m.

Highlights across the residential business for the year ended 30 June 2019 included:

- settled 2,611 residential lots, exceeding the Group's target of more than 2,500 residential lot settlements in FY19. Defaults for the financial year remained below 2 per cent;
- secured future income with residential pre-sales of $1.7bn[21]. Mirvac's existing pipeline supports the ability to release over 10,000 lots over the next four years;
- delivered gross development margins of 27 per cent[22], driven by our ability to buy and sell in the right markets and at the right time in capital efficient structures;
- released over 1,280 residential lots across both new and existing projects, with over 1,700 exchanges. Successful releases included:
  - Crest, Gledswood Hills, NSW: 86 per cent of released lots pre-sold;
  - Woodlea, VIC: 96 per cent of released lots pre-sold;
  - Tullamore, VIC: 60 per cent of released MPC lots pre-sold;
  - Everleigh, QLD: 53 per cent of released lots pre-sold;
- acquired a consolidated landholding at Henley Brook, WA, 22km north-east of Perth and 18km from Perth Airport. The 33.5-hectare site will comprise over 550 land lots with an estimated development end value of approximately $140m[23]; and
- further supplemented the Group's residential pipeline of approximately 28,000 lots by entering into an agreement with Boral to develop a 171-hectare, quarry site at Wantirna South, located within the Dandenong Valley Parkland corridor approximately 25km south-east of the Melbourne CBD. Mirvac proposes approximately 1,700 lots with an estimated development end value of $1.3bn[24].

Outlook[24]

Several gauges of market performance including auction activity, turnover and price results suggest a meaningful positive shift through June and July. Significant reduction in loan pricing across all product types following reductions in the official cash rate, fiscal policy stimulus and better policy certainty post elections have contributed to a lift in home buying sentiment of late. The recent lift in borrowing capacity post APRA's changes to the mortgage serviceability buffer indicate pre-conditions are in place for a more positive spring selling season in the established market. Better buying confidence is likely to lead to more solid demand for off-the-plan purchases over the next year as buyers seek high-quality projects that offer good connection to employment.

BUILD-TO-RENT

Mirvac sees huge growth potential for the sector in Australia, given the lack of housing affordability and the growing numbers of Australians who are renting. Mirvac believes BTR can revolutionise the rental experience with improved choice, quality and security of tenure.

Since it launched its Australian Build-to-Rent Club with the Clean Energy Finance Corporation in July 2018, Mirvac has been at the forefront of the emerging BTR sector in Australia.

Build-to-Rent highlights for the year ended 30 June 2019 included:

- further progressed construction at Mirvac's first purpose-built BTR asset in Australia, the Pavilions project at Sydney Olympic Park in NSW. The project is due for completion in September 2020, with leasing to commence in June 2020; and
- entered into a binding agreement with developer, PDG, to acquire 490 completed BTR apartments in the Munro development within the Queen Victoria Market on a fund through basis for a total investment amount of $333.5m. The agreement is subject to conditions precedent, including planning and redesign, which will ensure the building delivers purpose-built, BTR product.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Details of the state of affairs of the Group are disclosed on pages 47 to 50. Other than those matters disclosed, there were no significant changes to the state of affairs during the financial year.

MATTER SUBSEQUENT TO THE END OF THE YEAR

As announced on 3 July 2019, the Group confirmed the successful completion of the non-underwritten Security Purchase Plan (SPP). A total of $46.2m was raised under the SPP, with 15.9m new stapled securities issued to eligible applicants on 4 July 2019.

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.

21. Adjusted for Mirvac's share of JVA and Mirvac managed funds.
22. Excludes previously provisioned projects.
23. Subject to rezoning and planning approvals $1.3bn is 100 per cent of the expected project gross revenue.
24. These future looking statements should be read in conjunction with future releases to the ASX.

ENVIRONMENTAL REGULATIONS

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

CORPORATE GOVERNANCE STATEMENT

Mirvac is committed to ensuring that its systems, procedures and practices reflect high standards of corporate governance. The Directors believe that a strong corporate governance framework is critical in fostering a culture that values ethical behaviour, integrity and respect, to protect securityholders' and other stakeholders' interests.

During the year ended 30 June 2019, 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 2019 and copies or summaries of the Group policies referred to in it are published on Mirvac's website at: www.mirvac.com/about/corporate-governance.

TAX GOVERNANCE STATEMENT

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

FRAUD, BRIBERY AND CORRUPTION

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

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

NON-AUDIT SERVICES

From time to time, Mirvac may engage its external auditor, PricewaterhouseCoopers, to perform services additional to their statutory audit duties. Details of the amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services provided during the year ended 30 June 2019 are set out in note H5 to the consolidated financial statements.

In accordance with the advice received from the ARCC, the Board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were reviewed by the ARCC to ensure they did not affect the impartiality and objectivity of the auditor; and
- none of the services undermined the general principles relating to auditor independence as set out in Accounting Professional & Ethical Standards 110 *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risk and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

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

ROUNDING OF AMOUNTS

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

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

Susan Lloyd-Hurwitz

Susan Lloyd-Hurwitz
Director

Sydney
8 August 2019

Remuneration report

Contents

1 MESSAGE FROM THE HUMAN RESOURCES COMMITTEE (HRC)

The HRC wishes to thank you for your support at last year's AGM and for sharing your views on our remuneration practices and is pleased to present securityholders with the FY19 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, and remuneration outcomes for senior executives.

People and Culture – Key Highlights

The HRC has oversight of Mirvac's People Strategy, Culture and key Human Resources practices, and Mirvac's remuneration framework is an integral component of our People Strategy.

We have maintained an overall engagement score of 90 per cent in the Willis Towers Watson's engagement survey. Our score places us well above the industry and Australian norms, and above the Global High Performing Norm, the highest external benchmark. The results show that:

> 97 per cent of our people are willing to work beyond what is required of them to assist Mirvac to succeed;

> 95 per cent of our people believe Mirvac is socially and environmentally responsible and has a positive impact on the community;

> 94 per cent of our people believe Mirvac supports diversity in the workplace; and

> 89 per cent of our people understand the risks in our business, are comfortable raising issues and know who to report the issues to.

The HRC recognises the growing focus on culture as a driver of employee behaviours and their impact on strategy execution and performance.

Mirvac's values define our desired behaviours and culture and are measured via our annual employee survey. Pleasingly, this year's survey found that:

> 91 per cent of people believe Mirvac values are demonstrated through clear and visible actions by the employees; and

> 88 per cent believe management decisions are consistent with the values.

It has been great to see from the survey results that our people continue to understand and believe in our purpose and strategy, and that they are proud of the projects and services we are delivering for our customers. In addition to this, our people tell us that they value the work we do around health and safety, sustainability, diversity and inclusion, people leadership and flexibility. Some diversity and inclusion highlights include;

> Mirvac has been awarded with the Employer of Choice for Gender Equality citation for the fifth year in a row. This prestigious citation acknowledges our ongoing commitment to gender equality;

> the Group's annual gender pay parity review showed that both the organisation-wide and the by-level gaps continue to decrease, and the like-for-like gender pay gap is zero for the third year;

> we continued to meet our target of women in senior leadership positions with more than 40 per cent of senior leadership roles held by women; and

> we partnered with the GIANTS Foundation to launch the Mirvac Giant Leadership Goals Program. This program is aimed at growing the female talent pipeline by highlighting the career opportunities within the property industry and encouraging Year 9 females to consider selecting STEM subjects in high school.

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

Reward Framework

Throughout FY19, the HRC continued to oversee the performance and remuneration of the CEO/MD and other Executive Leadership Team members, along with the Group remuneration framework and incentive schemes, ensuring that the financial reward balances performance with prudent risk-taking while also creating alignment between our securityholders and other stakeholders.

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

At the heart of our remuneration framework are:

> incentives based on financial measures and strategic objectives that reflect key goals critical to sustained organisational success;

> consideration of business and operational risk through the design of performance objectives, clawbacks and the exercise of Board discretion;

> incentives that align the interests of executives to those of securityholders;

> vesting periods for deferred incentives that reflect the time horizons over which Mirvac invests, while providing appropriate stretch and incentive for executives;

> best-practice governance and ensuring remuneration outcomes are reasonable taking into account community and stakeholder expectations

> best-practice governance; and

> target remuneration levels and remuneration outcomes that appropriately reflect the challenge and complexity of being an active developer and of being an integrated diverse property company.

Pay for Performance: Remuneration Outcomes for FY19

Mirvac delivered strong performance against key financial measures and key strategic objectives in FY19, including security price growth of 44 per cent over the 12 months.

Mirvac is now a leading property company recognised for its quality projects and assets; is trusted by investors (as indicated by the success of the capital raising in May 2019); has great people with exceptional employee engagement (90 per cent) and a culture that has become a source of competitive advantage; and, is a leader in sustainability (within the property sector and beyond).

The strong, sustained performance – both financial and non-financial – has translated into full vesting of the long-term incentives and above target short-term incentive outcomes. Combined with a 44 per cent securityprice increase over the last 12 months, this has resulted in increased actual earnings for our CEO/MD and other KMP. The Mirvac Board very strongly believes in aligning pay to performance and we believe the remuneration outcomes reflect this strong performance, outperforming the stretching targets that the Board sets for management each year.

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 FY19, 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
Jane Hewitt[1]	Director	Part Year
James M. Millar AM	Director	Full Year
Samantha Mostyn	Director	Full Year
Peter Nash[2]	Director	Part Year
John Peters	Director	Full Year
Elana Rubin	Director	Full Year
Executive KMP		
Susan Lloyd-Hurwitz	CEO/MD	Full Year
Brett Draffen	Chief Investment Officer	Full Year
Shane Gannon	CFO	Full Year
Campbell Hanan	Head of Office & Industrial	Full Year
Susan MacDonald	Head of Retail	Full Year
Stuart Penklis	Head of Residential	Full Year

1. Jane Hewitt joined the Board as a Non-Executive Director on 10 December 2018.
2. Peter Nash joined the Board as a Non-Executive Director on 19 November 2018.

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 FY19		
1 How is Mirvac's performance reflected in this year's remuneration outcomes?	Mirvac's remuneration outcomes are strongly linked to the delivery of sustainable securityholder value over the short and long term. *Short term:* Mirvac has delivered strong performance in terms of operating profit, ROIC and delivery of strategic objectives, and while not a measure on the Group STI scorecard, security price growth of 44 per cent in 12 months. This has resulted in above-target performance on our balanced scorecard and a corresponding higher than usual payout of short-term incentives (STI). *Long term:* The three-year performance period for the FY17 long-term incentives (LTI) completed on 30 June 2019. The FY17 LTI was divided into two components, with half tested against relative TSR and the other half tested against ROIC, both over a three-year period. Mirvac's absolute TSR performance of 72.97 per cent was at the 88th percentile of the comparator group, resulting in vesting of 100 per cent of the relative TSR component. Mirvac's ROIC performance of 11.3 per cent outperformed the stretch target of 10 per cent, resulting in 100 per cent vesting for this component. As a result, total vesting for the FY17 LTI award is 100 per cent. The Board is committed to ensuring executives' remuneration links to the achievement of sustainable value for securityholders and therefore will continue to use relative TSR and ROIC for the FY20 LTI award for the KMP.	Section 4 Page 56

Remuneration report

continued

Key questions	Mirvac approach	Further info
2 What changes have been made to the remuneration structure in FY19?	*LTI:* The performance measures continue to be relative TSR and ROIC for the FY19 LTI award for the KMP. The weighting of the performance measures was adjusted from 50:50 to 40 per cent for relative TSR and 60 per cent for ROIC. This re-weighting maintains focus on relative TSR, an important measure in aligning remuneration outcomes for Executives with securityholder outcomes, but increases focus on ROIC, which is the key long-term financial measure that underpins long-term decision making and long-term value creation, and best aligns the LTI hurdles with Mirvac's business and value-creation strategy. The comparator group for relative TSR will also no longer include Aveo and Lendlease and only consist of the A-REIT constituents, so as to better align the peer group to the market in which we compete for capital. There is also a change in the way in which the ROIC hurdle is set and measured. Taking into account the transition to a more normalised part of the property cycle, the Board believes that vesting of the ROIC component ought to commence on the achievement of Mirvac's WACC, the point at which management creates value for securityholders, with full vesting on achieving a premium of 1.8 per cent outperformance of WACC, which represents both significant stretch and value creation for securityholders. So as not to encourage unnecessary risk-taking, 50 per cent of the award will vest one-third into the 1.8 per cent premium. That is, 50 per cent will vest upon 0.6 per cent outperformance of WACC. The remaining 50 per cent of the award will vest over the remaining 1.2 per cent outperformance. After calculating the outcome based on the vesting schedule detailed above, the Board shall have +/-20 per cent discretion to adjust the vesting outcomes for the ROIC performance hurdle to ensure vesting outcomes reflect management's performance over the performance period. *STI:* There were no changes to STI methodology. *Operating profit:* Mirvac's definition of operating profit has been updated to include the security-based payment expense. This change has been implemented to align with market practice (ASX top 20 and A-REIT). *Minimum securityholding requirement:* The minimum securityholding requirement increased from: > 100 per cent to 150 per cent of fixed remuneration for the CEO/MD; and > 50 per cent to 100 per cent of fixed remuneration for other Executives. Executives will have five years from the commencement of their role on the Executive Leadership Team, or for current Executives three years from 1 July 2018, to establish their Mirvac security ownership to the minimum. *Risk:* We have incorporated more explicit consideration of risk and risk culture in determining Executives' performance and reward outcomes, and for determining the Group STI pool. *Individual changes:* Stuart Penklis, Head of Residential, received a fixed pay increase from $700,000 to $800,000 per annum as at 1 July 2018. While Mirvac generally does not provide year-on-year increases to senior executives' fixed remuneration, the adjustment to Stuart's remuneration was appropriate to bring him into line with the remuneration of Susan MacDonald and Campbell Hanan, aligning the target remuneration for the three Heads of businesses. There were no increases to the fixed remuneration or total target remuneration for any other Executive KMP during FY19.	Section 6 Page 58
3 Are any changes planned for FY20?	No, there are no significant changes planned for FY20. 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 58
Remuneration framework		
4 Where does Mirvac's remuneration sit relative to the market?	Fixed and variable pay are both aimed at the market median, with remuneration opportunities for outstanding performance extending up to the 75th percentile of the market	Section 6 Page 58
5 What proportion of remuneration is "at risk"?	The majority of Executive KMP's remuneration is based on performance and is therefore at risk. The remuneration package for the CEO/MD is 70 per cent performance related pay, and for other Executives the remuneration package is, on average, 58 per cent performance related pay.	Section 5 Page 58
6 Are there any clawback provisions for incentives?	Yes, the Board has the ability to claw back incentives in the event of a material financial misstatement, any misconduct that is, or may be, harmful to the Group, and/or gross negligence.	Section 6 Page 58
7 What is Mirvac's minimum securityholding requirement?	The minimum securityholding requirement is: > 150 per cent of fixed remuneration for the CEO/MD; > 100 per cent of fixed remuneration for other Executives; and > 50,000 securities for Non-Executive Directors. Executives have five years from the commencement of their role on the Executive Leadership Team, or for current Executives five years from 1 July 2018, to establish their Mirvac security ownership to the minimum. Non-Executive Directors have three years from their date of appointment to the Board, or for Non-Executive Directors who were appointed to the Board prior to FY18 three years from 12 December 2017, to acquire securities up to the minimum.	Section 12 Page 68 Section 16 Page 71

Key questions	Mirvac approach	Further info
Short term incentives (STI)		
8 Are any STI payments deferred?	Yes, 25 per cent of STI for Executive KMP are awarded as rights over Mirvac securities, half of which vest in one year and half in two years. If the Executive resigns before the vesting period ends, the rights do not vest and are forfeited.	Section 5 Page 58 Section 6 Page 60
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 58
Long-term incentives (LTI)		
10 What are the performance measures for the LTI?	For the FY19 LTI award, performance is measured over a three-year period with 40 per cent of the award subject to relative TSR and 60 per cent of the award subject to ROIC, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance. For the FY17 and FY18 awards, performance is measured over a three-year period with 50 per cent of the award subject to relative TSR and 50 per cent of the award subject to ROIC, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance.	Section 6 Page 60
11 Does the LTI have re-testing?	No, there is no re-testing.	Section 6 Page 60
12 Are dividends/distributions paid on unvested LTI awards?	No, dividends/distributions are not paid on unvested LTI awards. This ensures that Executives are only rewarded when performance hurdles have been achieved at the end of the performance period.	Section 6 Page 60
13 Is the size of LTI grants increased in light of performance conditions?	No, there is no adjustment to reflect the performance conditions. The grant price for allocation purposes is not reduced based on performance conditions. Mirvac uses a 'face value methodology' for allocating performance rights to each Executive KMP, being the average security price for the month leading up to grant, discounted for the assumed value of dividends and distributions not paid during the three-year performance period.	Section 6 Page 60
14 Can LTI participants hedge their unvested LTI?	No, this is prohibited.	Section 6 Page 60
15 Does Mirvac buy securities or issue new securities for security-based awards?	For deferred STI awards, securities are purchased on-market. For LTI awards, the Board has discretion to issue new securities or buy existing securities on-market.	Section 6 Page 58
16 Does Mirvac issue share options?	No, Mirvac uses performance rights for the deferred STI and LTI awards.	Section 6 Page 58
Executive service agreements		
17 What is the maximum an executive can receive on termination?	Executive KMP termination entitlements are limited to 12 months' fixed remuneration.	Section 14 Page 70

4 OUR REMUNERATION STRATEGY AND THE LINK TO BUSINESS STRATEGY

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

Our strategic drivers...	Are reflected in STI performance measures...	And LTI performance measures...	Result...
Capital efficiency and financial performance Reflects the alignment of business strategy to create sustainable value for securityholders.		**Relative Total Shareholder Return (TSR)** Measures the performance of Mirvac securities over time, relative to other entities in a comparison group. **Return on Invested Capital (ROIC)** Reflects how efficiently Mirvac is using its assets to generate earnings. It is calculated by dividing Total Return by average Invested Capital over the 3-year period.	
	Operating Profit Reflects how much revenue the business has generated for the year, less operating costs and represents a key driver of securityholder value. **Return on Invested Capital (ROIC)** Reflects how efficiently Mirvac is using its assets to generate earnings. It is calculated by dividing total return by average invested capital over 12 months.		
Operational excellence	Ensures management delivers on core initiatives relating to Group strategy and operating model. Measures include performance against Group or divisional specific initiatives and/or integrated projects.		
Customer and investor satisfaction Provide customers and investors an experience that delivers excellence, consistently exceeds expectations and engenders loyalty.	Represents how well Mirvac is meeting the expectations of key external stakeholders. Measures include retail customer, office tenant and residential customer satisfaction surveys, as well as qualitative feedback from key institutional investors and third party capital investors.		
People & Leadership Have an engaged and motivated workforce with superior skills and capabilities.	There is a strong correlation between high levels of employee engagement and a positive culture delivering securityholder returns. Measures include engagement, key talent retention, gender diversity and flexibility targets.		
Innovation leadership	A culture of innovation will drive and safeguard long term securityholder returns. Measures include performance against agreed innovation missions.		
HSE&S leadership Be recognised as a leader in sustainability. Provide workplaces free from harm and supported by a culture where safety remains an absolute priority.	Mirvac is committed to providing a safe workplace for its employees, suppliers and communities and to ensuring its activities do not have an adverse impact on the environment. Measure include lost time injury frequency rate, total recordable injury frequency rate, timely incident reporting and sustainability targets.		

1. Consistent with the financial statements disclosures, the FY18 operating profit has been updated from \$580m to \$608m as a result of the 1 July 2018 operating profit definition change.

Mirvac's actual performance...
Measures include

Directly affects what executives are paid

From FY17-FY19
> Mirvac's absolute TSR performance of 72.97 per cent was at the 88th percentile relative to its comparator group.
> Mirvac's average annual ROIC was 11.3% over the period.

In FY19
> Operating profit was $631m, up from $608m[1] in FY18.
> ROIC was 10.1% down from 11.4% in FY18.

LTI vesting outcome for Executive KMP in FY19 = 100% of target

Capital partnerships
> sold down a 50% interest in Calibre at Eastern Creek to the Mirvac Industrial Logistics Partnership (MILP), a partnership between Mirvac and a vehicle sponsored by Morgan Stanley Real Estate Investing, August 2018
> facilitated the acquisition of a 50 per cent interest in 10-20 Bond Street, Sydney by an investment vehicle sponsored by Morgan Stanley Real Estate Investing (MSREI), in March 2019.
> acquired a 14-hectare, future industrial estate and logistics hub at Manchester Road, Auburn, Sydney from PAYCE for $94.2 million in June 2019. The acquisition is a joint venture with an investment vehicle sponsored by Morgan Stanley Real Estate Investing (MSREI).

Overall a successful year for operational excellence initiatives in terms delivering new capabilities and functionality within budget. Key initiatives and agreed outcomes for delivered successfully throughout FY19.

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

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

CEO/MD STI outcome in FY19 = 128% of target

People & Leadership targets set were either met or exceeded.
> Maintained employee engagement score of 90%, placing Mirvac above the Global High Performing Norm, the survey's highest external benchmark (target >GHPN).
> 43% of senior leadership positions held by females (target >40%).
> 75% of employees have some sort of flexible arrangement in place, evenly spread across both males and females (target >75%).
> Our continued strategic focus on gender balance is having a positive impact on gender pay parity, the organisation-wide pay and by-level gaps continue to decrease and the like-for-like gender pay gap is zero for the third year (target = 0 like-for-like).
> Attrition of employees identified as key talent is 4 per cent, which is well within range of less than 10 per cent (target >90% retention).

The Hatch innovation program is a platform to facilitate a strategic approach to innovation at Mirvac and ensure it is supported by a robust innovation process, funding, resources, and innovation strategy. Some of the mission highlights for FY19:
> 3 start-ups created by intrapreneurs focused across the following industries: construction tech, agri-tech (Cultivate) and retail (The Third Space). One initiative spun out with a Mirvac employee as co-founder;
> Strengthened Mirvac's innovation culture via 25 per cent of the workforce trained in our Hatch methodology and involvement with over 60 business projects;
> Reinforced Mirvac's customer centric culture with over 2,200 customer interactions aimed at solving 'jobs to be done' and pain points.

Sustainability
The Group achieved a sustainability score of 93 per cent against a hurdle of 80 per cent.

Following the refresh of the sustainability strategy in FY18, each division focused on the ESG areas that align with their social and environmental impacts and capabilities. This has enabled progress on key areas, including:
> Launching Mirvac's first Social Return on Investment (SROI) report and distributing that report to ESG-interested investors
> Developing Mirvac's community engagement standard
> A significant increase in community investment reporting and for-purpose procurement
> Launching Planet Positive, Mirvac's plan to reach net positive in carbon by 2030
> Understanding enterprise-wide climate risk and reporting under the Task Force on Climate-related Financial Disclosures framework
> Preparing to manage modern slavery and other human rights issues in the supply chain.

The focused approach has been well-received by the market through ongoing recognition of our ESG performance, with Macquarie Bank rating MGR in the top performance quintile, CGI Glass Lewis naming Mirvac an ESG leader, and JPM ranking Mirvac the number 1 ESG company in Australia in their ESGQ Australia ladder.

Mirvac won various sustainability awards, including:
> Two PCA Innovation and Excellence Awards, including the award for Best Sustainable Development for the EY Centre, and the Best Sustainable Development – Existing Buildings for 23 Furzer Street
> 2018 Green Globe Built Environment Award, in recognition of the Bay Centre, Pyrmont

Mirvac also achieved a number of industry leading sustainability ratings in its office portfolio, including:
> 1 Darling Island, Pyrmont – 6 Star NABERS Energy rating, without the use of GreenPower
> 200 George Street, Sydney – 6 Star Green Star Performance rating
> 275 Kent Street, Sydney – a recertified 6 Star Green Star Performance rated building

HSE
Mirvac's thorough and proactive approach to safety resulted in another year of positive results in FY19. We have continued to see a steady improvement of both the lost time injury frequency rate (LTIFR) and the critical incident frequency rate (CIFR). More details can be found in the Safety section, page 32.

Average STI in FY19 for other eligible Executives FY19 = 131% of target

Remuneration report

continued

5 EXECUTIVE KMP REMUNERATION AT MIRVAC

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

Executive remuneration at Mirvac is:

> performance based:
  > the remuneration package for the CEO/MD is 70 per cent performance related pay;
  > the remuneration package for other Executive KMP is, on average, 58 per cent performance related pay; and is therefore at risk;

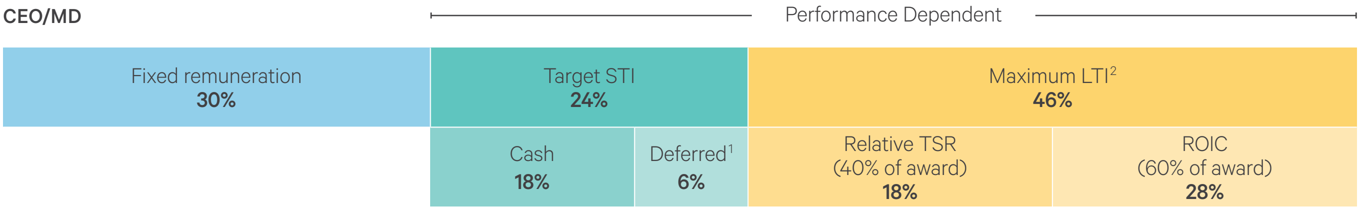
> equity focused:
  > 52 per cent of the CEO/MD's total remuneration is paid in equity; and
  > about one-third of other Executive KMP members' total remuneration is paid in equity;

> encouraging an ownership mindset: as a minimum securityholding:
  > the CEO/MD is required to hold 150 per cent of fixed remuneration as Mirvac securities; and
  > all other Executive KMP are required to hold 100 per cent of their fixed remuneration as Mirvac securities; and

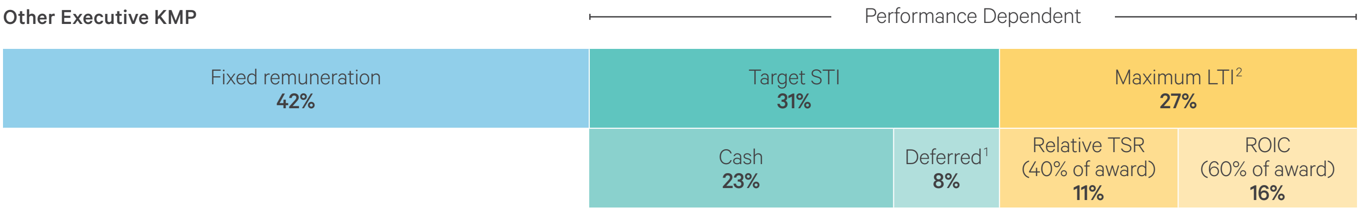
> multi-year focused:
  > 50 per cent of STI deferral is subject to a one-year holding lock and the remaining 50 per cent to a two-year holding lock; and
  > LTI performance is measured over a three-year period.

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

CEO/MD



Other Executive KMP



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

6 HOW REMUNERATION IS STRUCTURED

MARKET POSITIONING OF FIXED AND TOTAL REMUNERATION

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

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

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

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

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

For business roles

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

For corporate roles

> primary comparison group: general industry with a similar market capitalisation (50 per cent to 200 per cent of Mirvac's 12-month average market capitalisation). The use of general industry reflects the greater transferability of skills for these roles; and

> secondary comparison group: specific peers in the A-REIT, plus Lendlease.

STI: HOW DOES IT WORK?

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

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

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

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

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

Strategic objectives	Financial performance and capital efficiency	Reflects the alignment of business strategy to create sustainable value for securityholders.	Progress on strategic capital allocation initiatives, and third party funds under management growth.
	Operational excellence	Ensures management delivers on core initiatives relating to Group strategy and operating model.	Measures include performance against Group or divisional specific initiatives and/or integrated projects.
	Customer and investor satisfaction	Represents how well Mirvac is meeting the expectations of key external stakeholders.	Measures include retail customer, office tenant and residential customer satisfaction surveys, as well as qualitative feedback from key institutional investors and third party capital investors.
	High performing people and culture	There is a strong correlation between high levels of employee engagement and a positive culture with securityholder returns.	Measures include engagement, key talent retention, gender diversity and flexibility targets.
	Innovative culture	A culture of innovation will drive and safeguard long-term securityholder returns.	Measures include performance against agreed innovation missions.
	HSE&S leadership	Mirvac is committed to providing a safe workplace for its employees, suppliers and communities and to ensuring its activities do not have an adverse impact on the environment.	Measures include Lost Time Injury Frequency Rate, Critical Incident Frequency Rate, timely incident reporting and sustainability targets.
	Risk	There is a clear link between risk and reward. The scorecard includes specific risk objectives and the HRC makes an overall assessment of how each individual ELT member has managed risk before approving individual STI outcomes.	Measures include assessment of risk culture and compliance (including training and open audit items), with a broad view of risk including financial and non-financial risks.

Remuneration report
continued

Individual performance objectives	Each Executive KMP agrees an individual scorecard of performance objectives at the start of the year against which their performance will be assessed. Individual performance objectives are set based on the specific responsibilities for each role and include specific risk objectives, and an assessment by the HRC at year-end on risk leadership and risk outcomes.
Deferral	For Executive KMP: > 75 per cent is paid as cash; and > 25 per cent of any STI award is deferred into performance rights over Mirvac securities (granted on the same date as the cash payment is made). The rights vest in two tranches: 50 per cent after one year and 50 per cent after two years. If the deferred rights vest, entitlements are 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	The policy gives the Board the ability to claw back incentives in the event of a material financial misstatement, any misconduct that is, or may be, harmful to the Group, and/or gross negligence.
Hedging	Consistent with the *Corporations Act 2001*, participants are prohibited from hedging their unvested performance rights.

LTI: HOW DOES IT WORK?

Purpose	Assist in attracting and retaining the required executive talent; focus executive attention on driving sustainable long-term growth; and align the interests of executives with those of securityholders.
Eligibility	LTI grants are generally restricted to those Executives who are most able to influence securityholder value. Non-Executive Directors are not eligible to participate in the LTI plan.
Instrument	Awards under this plan are made in the form of performance rights. A performance right is a right to acquire one fully paid Mirvac security provided a specified performance hurdle is met. No dividends/distributions are paid on unvested LTI awards. This ensures that Executives are only rewarded when performance hurdles have been achieved at the end of the performance period.
LTI opportunity	The maximum LTI opportunity during FY19 was equivalent to: > 150 per cent of fixed remuneration for the CEO/MD; and > 50 per cent to 90 per cent of fixed remuneration for other Executive KMP.
Grant value/ price	Mirvac uses a 'face value methodology' for allocating performance rights to each Executive KMP, being the average security price for the month leading up to grant, discounted for the assumed value of dividends and distributions not paid during the three-year performance period. The grant price for allocation purposes is not reduced based on performance conditions.
Performance period	Performance is measured over a three-year period. The FY19 grant has a performance period commencing 1 July 2018 and ending 30 June 2021.
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 FY19: **Relative TSR** (40 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) as this is aligned to the peer group in which we compete for capital. **ROIC** (60 per cent of the LTI allocation) ROIC is used because it is aligned to Mirvac's strategic drivers, in particular financial performance and capital efficiency. ROIC is calculated as Total Return divided by average Invested Capital. Taking into account the transition to a more normalised part of the property cycle, the Board believes that vesting of the ROIC component ought to commence on the achievement of Mirvac's WACC, the point at which management create value for securityholders, with full vesting on achieving a premium of 1.8 per cent outperformance of WACC, which represents both significant stretch and value creation for securityholders. So as not to encourage unnecessary risk-taking, 50 per cent of the award will vest one-third into the 1.8 per cent premium. That is, 50 per cent will vest upon 0.6 per cent outperformance of WACC. The remaining 50 per cent of the award will vest over the remaining 1.2 per cent outperformance. After calculating the outcome based on the vesting schedule detailed above, the Board shall have +/-20 per cent discretion to adjust the vesting outcomes for the ROIC performance hurdle to ensure vesting outcomes reflect management's performance over the performance period.

Vesting schedule	Relative TSR		ROIC	
	Relative TSR (percentile)	**Percentage of TSR-tested rights to vest**	**Average annual ROIC (%)**	**Percentage of ROIC-tested rights to vest**
	< 50th	Nil	< WACC	Nil
	50th	50%	Between WACC and WACC + 0.6%	Pro-rata between 0% and 50%
	>50th to 75th	Pro-rata between 50% and 100%	Between WACC + 0.6% and WACC + 1.8%	Pro-rata between 50% and 100%
	75th and above	100%	> WACC + 1.8%	100%

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

Remuneration report

continued

7 BUSINESS AND EXECUTIVE REMUNERATION OUTCOMES

HOW THE GROUP'S PERFORMANCE HAS TRANSLATED INTO STI AWARDS

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

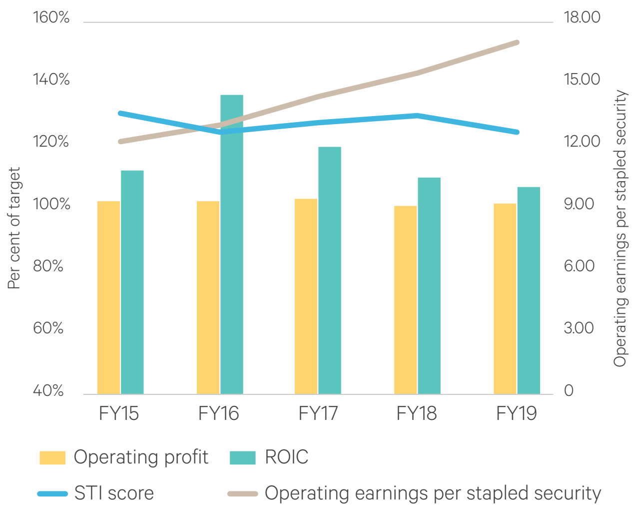
> the STI pool has a gateway requirement of Group operating profit being at least 90 per cent of target; and

> the Group's STI scorecard has two financial measures, each worth 50 per cent of the total pool: operating profit and ROIC.

Performance was strong across the Group in FY19, with operating profit and ROIC outperforming targets set by the Board. The Group's STI scorecard of 125 per cent (of a potential 150 per cent) reflects the strong financial results. In addition, the security price increased by 44 per cent and management executed the successful capital raising.

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

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



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

Gateway achieved (over 90% of target operating profit achieved)

Operating profit (50%) + ROIC (50%) + Strategic objectives

The HRC approved a Group STI score of 125% of target (from a maximum potential pool of 150% of target)
FY19 cash STI pool – $34 million (5.4% of Mirvac's operating profit)

Fixed Remuneration X Individual STI target X Group STI score (0-150%) X Individual STI score (0-150%) = Individual STI award (capped at 200% of target)

Each Executive KMP is awarded an individual STI score between zero and 150% of their target. Scores are based on an assessment of their performance for the year against their individual objectives.

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. For the FY17 award:

> half of the LTI is subject to a relative TSR performance measure; and

> the remaining half is subject to a ROIC performance measure.

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

The three years to 30 June 2019 saw strong performance against both measures for the FY17 award:

> Mirvac's absolute TSR performance of 72.97 per cent was at the 88th percentile of the comparator group, resulting in vesting of 100 per cent of the relative TSR component;

> the Group ROIC performance was 11.3 per cent which outperformed the stretch target of 10 per cent resulting in 100 per cent vesting of the ROIC component; and

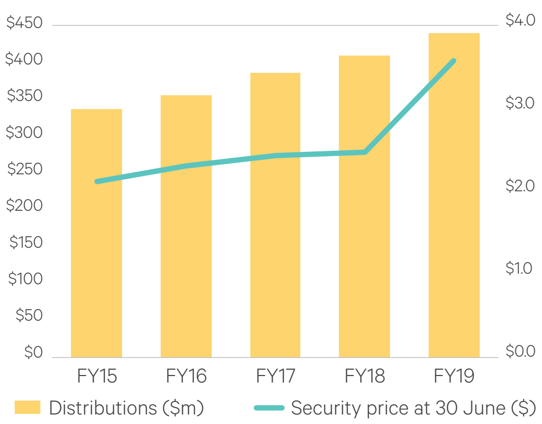
> as a result, total vesting for the FY17 award is 100 per cent.

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

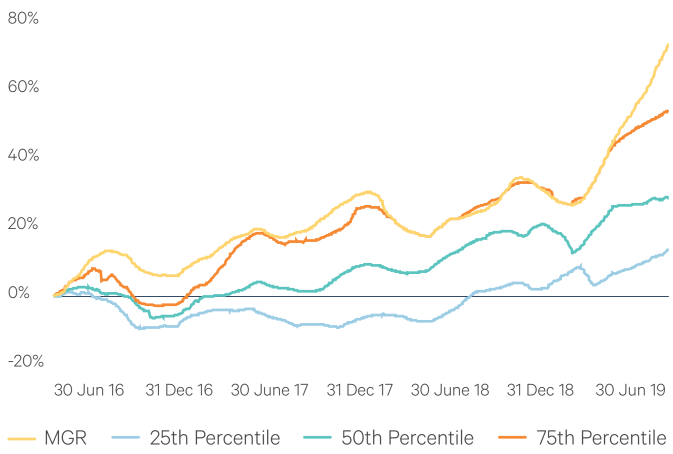
FY17 LTI grants to eligible participants and relative TSR and ROIC performance hurdles are set

30 June 2019: three-year performance period ends for the FY17 grants and performance is measured for relative TSR and ROIC

MIRVAC'S SECURITY PRICE AND DISTRIBUTIONS OVER THE PAST FIVE YEARS



MIRVAC TSR (1 JULY 2016 TO 30 JUNE 2019)



Mirvac's absolute TSR performance of 72.97 per cent was at the 88th percentile of the comparator group.

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

+

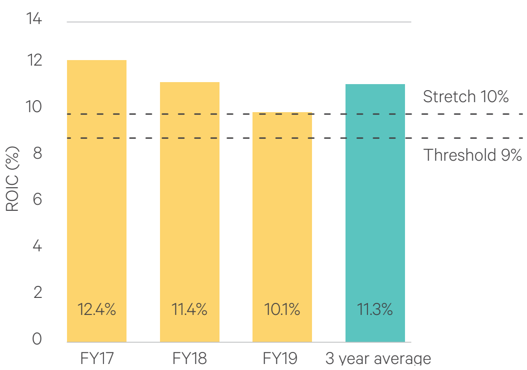
ROIC PERFORMANCE

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

> FY17 exceeded the threshold;
> FY18 exceeded the threshold; and
> FY19 exceeded the threshold.

Mirvac's average annual ROIC over the three-year performance period was 11.3 per cent, resulting in the stretch target being exceeded.

MIRVAC'S ROIC PERFORMANCE OVER THE THREE YEARS



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

=

Remuneration report

continued

EXECUTIVE KMP VESTING OUTCOMES FOR THE PAST THREE YEARS

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

Grant year	Performance hurdle	Performance period	Performance period ended	Vested %
FY15	Relative TSR and ROIC	3 years	30 June 2017	50
FY16	Relative TSR and ROIC	3 years	30 June 2018	84
FY17	Relative TSR and ROIC	3 years	30 June 2019	100

PAST FINANCIAL PERFORMANCE

The table below provides summary information on the Group's earnings and securityholders' wealth for the five years to 30 June 2019:

	FY19	FY18	FY17	FY16	FY15
Profit attributable to the stapled securityholders of Mirvac ($m)	**1,019**	1,089	1,164	1,033	610
Operating profit ($m)[1]	**631**	608	534	482	455
Distributions paid ($m)	**440**	408	386	355	336
Security price at 30 June ($)	**3.13**	2.17	2.13	2.02	1.85
Operating earnings per stapled security (EPS) – diluted (cents)	**17.1**	15.6	14.4	13.0	12.3
Statutory EPS – basic (cents)	**27.6**	29.4	31.4	27.9	16.5

1. Consistent with the financial statements disclosures, the FY18 operating profit has been updated to $608m as a result of the 1 July 2018 operating profit definition change.

8 SUMMARY OF FY19 REMUNERATION

Strong financial performance and sound capital management are reflected in above-target STI payouts for Executive KMP in FY19. The performance period for the FY17 LTI award ended on 30 June 2019. Vesting of 100 per cent reflects the strong results in both the relative TSR and ROIC performance.

CEO/MD remuneration	The CEO/MD's remuneration was not changed during FY19. Remuneration for the CEO/MD in the table in section 9 increased from $5.9m to $7.0m in FY19 due to 100 per cent vesting of the FY17 LTI award v 84 per cent vesting of the FY16 award, and the increase in security price ($3.13 at 30 June 2019 v $2.17 at 30 June 2018). The CEO/MD has not had an increase to her fixed remuneration since she commenced in 2012. The Board recognises and thanks the CEO/MD for her exceptional leadership over the short- and long-term (FY19 highlights including financial and non-financial performance, success of the capital raising, 44% security price increase over the last 12 months, sustaining the Mirvac culture and employee engagement at 90%, and quality projects that are Reimagining Urban Life). And as a result, the Board is pleased to see her rewarded for her exceptional leadership through 100% vesting of her FY17 LTI and an above target STI outcome for FY19.
Fixed and total target remuneration	Stuart Penklis received a fixed pay increase from $700,000 to $800,000 per annum as at 1 July 2018. There were no increases to the fixed remuneration or total target remuneration for any other Executive KMP during FY19.
STI	Strong results across all operating metrics resulted in an above-target STI pool of 125 per cent, down from 130 per cent in FY18. The STI pool in FY19 was driven by: > operating profit increasing to $631m from $608m[1] in FY18; > ROIC performance of 10.1 per cent down from 11.4 per cent in FY18; and > strong performance against the scorecard of the strategic objectives. The STI pool was lower despite strong overall performance of the Group reflecting increasingly stretching targets set by the HRC.
LTI	Vesting of LTI grants is dependent on achieving relative TSR performance and ROIC targets over a three-year period, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance. The three years to 30 June 2019 saw strong performance against both measures for the FY17 award. Mirvac's absolute TSR performance of 72.97 per cent was at the 88th percentile of the comparator group, resulting in vesting of 100 per cent of the relative TSR component. The Group ROIC performance was 11.3 per cent which outperformed the stretch target of 10 per cent, resulting in 100 per cent vesting of the ROIC component. As a result, total vesting for the FY17 award was 100 per cent.
Non-Executive Director fees	No changes.

1. Consistent with the financial statements disclosures, the FY18 operating profit has been updated to $608m as a result of the 1 July 2018 operating profit definition change.

9 ACTUAL REMUNERATION RECEIVED IN FY19

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 2019 in recognition of performance during FY19;

deferred STI vested: the value of the deferred STI from prior years that vested in FY19 (being the number of rights that vested multiplied by the security price on the vesting date); and

LTI vested: the value of performance rights whose performance period ended 30 June 2019 (being the number of performance rights that vested multiplied by the security price on 28 June 2019, being the last business day of the performance period).

Actual remuneration received in FY19

Executive KMP	Year	Fixed remuneration $	Cash STI $	Deferred STI vested $	LTI vested $	Other[1] $	Total $
Susan Lloyd-Hurwitz	**FY19**	**1,500,000**	**1,153,125**	**467,100**	**3,890,881**	**24,716**	**7,035,822**
	FY18	1,500,000	1,199,250	514,572	2,680,427	24,585	5,918,834
Brett Draffen[2]	**FY19**	**950,000**	**740,625**	**308,984**	**1,478,534**	**15,451**	**3,493,594**
	FY18	950,000	770,250	349,028	1,018,623	15,307	3,103,208
Shane Gannon	**FY19**	**900,000**	**703,125**	**293,329**	**1,400,716**	**14,365**	**3,311,535**
	FY18	900,000	731,250	291,485	965,010	14,618	2,902,363
Campbell Hanan[3]	**FY19**	**800,000**	**553,125**	**230,703**	**691,711**	**12,447**	**2,287,986**
	FY18	800,000	575,250	105,091	—	12,953	1,493,294
Susan MacDonald[4,5]	**FY19**	**800,000**	**553,125**	**203,301**	**605,248**	**14,100**	**2,175,774**
	FY18	775,000	558,188	199,757	416,980	12,953	1,962,878
Stuart Penklis[6,7]	**FY19**	**800,000**	**553,125**	**82,843**	**345,856**	**12,175**	**1,793,999**
	FY18	700,000	507,000	—	238,273	10,520	1,455,793

1. Includes long service leave accrued during the year.
2. In FY18, Brett Draffen elected to purchase additional leave: the amount shown above reflects fixed remuneration before deducting the purchased leave.
3. In FY18, Campbell Hanan took a period of unpaid leave; the amount shown above reflects fixed remuneration before deducting the unpaid leave period.
4. In both FY19 and FY18, Susan MacDonald elected to purchase additional leave: the amount shown above reflects fixed remuneration before deducting the purchased leave.
5. Susan MacDonald received a fixed remuneration increase from $700,000 to $800,000 per annum effective 1 October 2017.
6. In FY18, Stuart Penklis cashed out $78,000 of annual leave; the amount shown above reflects fixed remuneration before the addition of the cashed out leave.
7. Stuart Penklis received a fixed remuneration increase from $700,000 to $800,000 per annum effective 1 July 2018.

EXECUTIVE KMP STI AWARDS IN FY19

The following table shows the actual STI outcomes (including any deferred component) for each of the Executive KMP for FY19:

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	64	36	1,537,500
Brett Draffen	80	160	65	35	987,500
Shane Gannon	80	160	65	35	937,500
Campbell Hanan	70	140	66	34	737,500
Susan MacDonald	70	140	66	34	737,500
Stuart Penklis	70	140	66	34	737,500

Remuneration report

continued

10 TOTAL REMUNERATION IN FY19

The following table shows the total remuneration for members of the Executive KMP for FY18 and FY19. These disclosures are calculated in accordance with the accounting standards and accordingly differ from the information presented in the actual remuneration received in FY19 table in section 9.

		Short term benefits			Post-employment	Security based payments		Other long term benefits			
Executive KMP	**Year**	**Cash salary and fees[1] $**	**Cash STI[2] $**	**Non-cash benefits[3] $**	**Super-annuation contributions $**	**Value of LTI rights[4] $**	**Value of Deferred STI rights[4] $**	**Long service leave[5] $**	**Termination benefits $**	**Total remuneration $**	**Performance related remuneration % of total remuneration**
Susan Lloyd-Hurwitz	**FY19**	**1,479,469**	**1,153,125**	**274**	**20,531**	**1,723,182**	**421,561**	**24,442**	**—**	**4,822,584**	**68%**
	FY18	1,479,951	1,199,250	—	20,049	1,926,221	416,725	24,585	—	5,066,781	70%
Brett Draffen[6]	**FY19**	**920,447**	**740,625**	**9,132**	**20,531**	**654,809**	**270,890**	**15,341**	**—**	**2,631,775**	**63%**
	FY18	847,852	770,250	9,022	20,049	731,979	270,633	15,307	—	2,665,092	67%
Shane Gannon	**FY19**	**879,469**	**703,125**	**116**	**20,531**	**620,345**	**257,193**	**14,249**	**—**	**2,495,028**	**63%**
	FY18	879,951	731,250	—	20,049	693,454	256,965	14,618	—	2,596,287	65%
Campbell Hanan[7]	**FY19**	**779,469**	**553,125**	**—**	**20,531**	**306,344**	**202,402**	**12,447**	**—**	**1,874,318**	**57%**
	FY18	754,554	575,250	—	20,049	221,423	207,923	12,953	—	1,792,152	56%
Susan MacDonald[8]	**FY19**	**764,084**	**553,125**	**1,226**	**20,531**	**290,517**	**197,895**	**12,874**	**—**	**1,840,252**	**57%**
	FY18	741,105	558,188	—	20,049	311,492	185,660	12,953	—	1,829,447	58%
Stuart Penklis[9]	**FY19**	**726,088**	**553,125**	**53,493**	**20,531**	**231,186**	**175,782**	**12,062**	**—**	**1,772,267**	**54%**
	FY18	677,258	507,000	80,770	20,049	206,777	117,813	10,520	—	1,620,187	51%

1. Cash salary and fees includes accrued annual leave paid out as part of salary.
2. STI payments relate to cash portion of STI awards accrued for the relevant year, payable September 2019.
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. In FY18, Brett Draffen 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.
7. In FY18, Campbell Hanan took a period of unpaid leave. The amount shown above reflects the accounting expense relating to cash salary and is therefore net of any unpaid leave period. There was no change to fixed remuneration.
8. In both FY19 and FY18, 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. Susan MacDonald received a fixed remuneration increase from $700,000 to $800,000 per annum effective 1 October 2017.
9. In FY18, Stuart Penklis cashed out $78,000 of annual leave, this is included as cash salary and fees. Stuart Penklis also received a fixed remuneration increase from $700,000 to $800,000 per annum effective 1 July 2018.

11 LTI GRANTS IN FY19

The table below shows LTI grants made during FY19, subject to performance conditions over the three-year performance period ending 30 June 2021. Accounting standards require the estimated valuation of the grants be recognised over the performance period. The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

	LTI max as a % of fixed remuneration	Performance measure	Number of performance rights granted	Fair value per performance right $	Maximum total value of grant[1] $
Susan Lloyd-Hurwitz		Relative TSR	463,917	0.88	410,103
		ROIC	695,876	1.47	1,022,938
Total	**150**		**1,159,793**		**1,433,041**
Brett Draffen		Relative TSR	176,288	0.88	155,839
		ROIC	264,433	1.47	388,717
Total	**90**		**440,721**		**544,556**
Shane Gannon		Relative TSR	167,010	0.88	147,637
		ROIC	250,515	1.47	368,257
Total	**90**		**417,525**		**515,894**
Campbell Hanan		Relative TSR	82,474	0.88	72,907
		ROIC	123,711	1.47	181,855
Total	**50**		**206,185**		**254,762**
Susan MacDonald		Relative TSR	82,474	0.88	72,907
		ROIC	123,711	1.47	181,855
Total	**50**		**206,185**		**254,762**
Stuart Penklis		Relative TSR	82,474	0.88	72,907
		ROIC	123,711	1.47	181,855
Total	**50**		**206,185**		**254,762**

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

Key inputs used in valuing performance rights granted during FY19 were as follows:

Grant date	3 December 2018	Exercise price	$nil
Performance hurdles	Relative TSR and ROIC	Expected life	2.6 years
Performance period start	1 July 2018	Volatility	18.731%
Performance period end	30 June 2021	Risk-free interest rate (per annum)	2.085%
Security price at grant date	$2.23	Dividend/distribution yield (per annum)	4.93%

The valuation of rights is conducted by an independent advisor. The fair value is determined using a Monte-Carlo simulation for the relative TSR component and a Binomial tree methodology for the ROIC component.

Remuneration report

continued

12 EQUITY INSTRUMENT DISCLOSURES RELATING TO EXECUTIVE KMP

SECURITYHOLDINGS

Executive KMP members are expected to establish and maintain a minimum securityholding (excluding performance rights) to the value of 150 per cent of fixed remuneration for the CEO/MD and 100 per cent of fixed remuneration for all other Executive KMP members. Executive KMP members have three years from 1 July 2018, or five years from the date they became an Executive KMP (whichever is later), to build up their securityholding to the expected level.

As at 30 June 2019, the number of ordinary securities in Mirvac held by Executive KMP, including their personally related parties, is set out below:

Executive KMP	Balance 1 July 2018	Changes	Balance 30 June 2019	Value 30 June 2019 $	Minimum securityholding guideline $	Date securityholding to be attained[1]
Susan Lloyd-Hurwitz	2,154,912	1,105,923	3,260,835	10,206,414	2,250,000	June 2021
Brett Draffen	1,262,492	127,005	1,389,497	4,349,126	950,000	June 2021
Shane Gannon	383,638	(334,725)	48,913	153,098	900,000	June 2021
Campbell Hanan	145,181	94,819	240,000	751,200	800,000	June 2021
Susan MacDonald	562,109	50,722	612,831	1,918,161	800,000	June 2021
Stuart Penklis[2]	2,272	(2,272)	—	—	800,000	May 2022

1. Attainment date is based on the minimum securityholding requirement effective from FY19.
2. Stuart Penklis has five years from the date he became an Executive KMP, May 2017, to build up his securityholding to the expected level.

OPTIONS

No options (i.e. a right to acquire a security upon payment of an exercise price) were granted as remuneration during FY19 and no unvested or unexercised options are held by Executive KMP as at 30 June 2019.

PERFORMANCE RIGHTS HELD DURING THE YEAR

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

		LTI		Deferred STI		
Executive KMP	Balance 1 July 2018	Rights issued	Rights vested/ forfeited relating to performance period ending 30 June 2019	Rights issued	Rights vested/ forfeited	Balance 30 June 2019
Susan Lloyd-Hurwitz	2,599,521	1,159,793	(1,243,093)	189,454	(191,997)	2,513,678
Brett Draffen	1,069,036	440,721	(472,375)	121,682	(127,005)	1,032,059
Shane Gannon	1,013,171	417,525	(447,513)	115,521	(120,570)	978,134
Campbell Hanan	554,148	206,185	(220,994)	90,876	(94,828)	535,387
Susan MacDonald	509,413	206,185	(193,370)	90,876	(83,565)	529,539
Stuart Penklis	343,695	206,185	(110,497)	80,094	(34,052)	485,425

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

						Vested			Lapsed		
Executive KMP	**Plan**	**Grant date**	**Number of rights granted**	**Value at grant date**[1]	**Vesting date**	**Number of rights**	**% of total grant**	**Value of rights**	**Number of rights**	**% of total grant**	**Value of rights**
Susan Lloyd-Hurwitz	STI	23 Sep 16	88,885	178,659	23 Sep 18	88,885	100%	178,659	—	0%	—
	LTI	6 Dec 16	1,243,093	1,712,360	30 Jun 19	1,243,093	100%	1,712,360	—	0%	—
	STI	26 Sep 17	103,112	220,660	26 Sep 18	103,112	100%	220,660	—	0%	—
	STI	26 Sep 17	103,111	210,346	26 Sep 19	—		—	—		—
	LTI	6 Dec 17	1,061,320	1,599,940	30 Jun 20	—		—	—		—
	STI	1 Oct 18	94,727	214,083	30 Sep 19	—		—	—		—
	STI	1 Oct 18	94,727	204,610	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	1,159,793	1,433,041	30 Jun 21	—		—	—		—
Total			**3,948,768**	**5,773,699**		**1,435,090**		**2,111,679**	**—**		**—**
Brett Draffen	STI	23 Sep 16	60,651	121,909	23 Sep 18	60,651	100%	121,909	—	0%	—
	LTI	6 Dec 16	472,375	650,696	30 Jun 19	472,375	100%	650,696	—	0%	—
	STI	26 Sep 17	66,354	141,998	26 Sep 18	66,354	100%	141,998	—	0%	—
	STI	26 Sep 17	66,354	135,362	26 Sep 19	—		—	—		—
	LTI	6 Dec 17	403,302	607,977	30 Jun 20	—		—	—		—
	STI	1 Oct 18	60,841	137,501	30 Sep 19	—		—	—		—
	STI	1 Oct 18	60,841	131,417	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	440,721	544,556	30 Jun 21	—		—	—		—
Total			**1,631,439**	**2,471,416**		**599,380**		**914,603**	**—**		**—**
Shane Gannon	STI	23 Sep 16	57,557	115,690	23 Sep 18	57,557	100%	115,690	—	0%	—
	LTI	6 Dec 16	447,513	616,449	30 Jun 19	447,513	100%	616,449	—	0%	—
	STI	26 Sep 17	63,013	134,848	26 Sep 18	63,013	100%	134,848	—	0%	—
	STI	26 Sep 17	63,012	128,544	26 Sep 19	—		—	—		—
	LTI	6 Dec 17	382,076	575,979	30 Jun 20	—		—	—		—
	STI	1 Oct 18	57,761	130,540	30 Sep 19	—		—	—		—
	STI	1 Oct 18	57,760	124,762	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	417,525	515,894	30 Jun 21	—		—	—		—
Total			**1,546,217**	**2,342,706**		**568,083**		**866,987**	**—**		**—**
Campbell Hanan	STI	23 Sep 16	45,181	90,814	23 Sep 18	45,181	100%	90,814	—	0%	—
	LTI	6 Dec 16	220,994	304,419	30 Jun 19	220,994	100%	304,419	—	0%	—
	STI	26 Sep 17	49,647	106,245	26 Sep 18	49,647	100%	106,245	—	0%	—
	STI	26 Sep 17	49,646	101,278	26 Sep 19	—		—	—		—
	LTI	6 Dec 17	188,680	284,435	30 Jun 20	—		—	—		—
	STI	1 Oct 18	45,438	102,690	30 Sep 19	—		—	—		—
	STI	1 Oct 18	45,438	98,146	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	206,185	254,762	30 Jun 21	—		—	—		—
Total			**851,209**	**1,342,789**		**315,822**		**501,478**	**—**		**—**
Susan MacDonald	STI	23 Sep 16	39,766	79,930	23 Sep 18	39,766	100%	79,930	—	0%	—
	LTI	6 Dec 16	193,370	266,367	30 Jun 19	193,370	100%	266,367	—	0%	—
	STI	26 Sep 17	43,799	93,730	26 Sep 18	43,799	100%	93,730	—	0%	—
	STI	26 Sep 17	43,798	89,348	26 Sep 19	—		—	—		—
	LTI	6 Dec 17	188,680	284,435	30 Jun 20	—		—	—		—
	STI	1 Oct 18	45,438	102,690	30 Sep 19	—		—	—		—
	STI	1 Oct 18	45,438	98,146	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	206,185	254,762	30 Jun 21	—		—	—		—
Total			**806,474**	**1,269,408**		**276,935**		**440,027**	**—**		**—**
Stuart Penklis	LTI	6 Dec 16	110,497	152,210	30 Jun 19	110,497	100%	152,210	—	0%	—
	STI	26 Sep 17	34,052	72,871	26 Sep 18	34,052	100%	72,871	—	0%	—
	STI	26 Sep 17	34,052	69,466	26 Sep 19	—		—	—		—
	LTI	6 Dec 17	165,094	248,879	30 Jun 20	—		—	—		—
	STI	1 Oct 18	40,047	90,506	30 Sep 19	—		—	—		—
	STI	1 Oct 18	40,047	86,502	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	206,185	254,762	30 Jun 21	—		—	—		—
Total			**629,974**	**975,196**		**144,549**		**225,081**	**—**		**—**

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

Remuneration report
continued

13 OTHER TRANSACTIONS WITH KMP

There are a number of transactions between KMP and the Group. The terms and conditions of these transactions are considered to be no more favourable than in similar transactions on an arm's length basis. On occasions, Directors and other KMP may purchase goods and services from Mirvac. These purchases are on terms and conditions available to Mirvac employees generally. As set out in the Directors' report, a number of the Directors of Mirvac are also Directors of other companies. On occasions, the Group may purchase goods and services from or supply goods and services to these companies. 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 FY19.

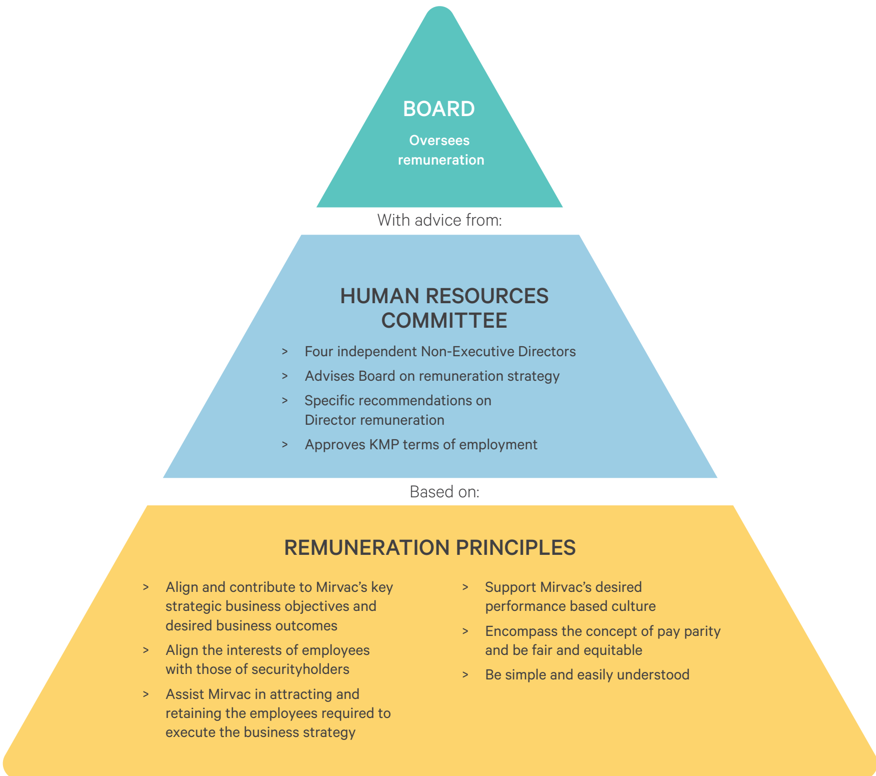
The key terms of the service agreements for the CEO/MD and other Executive KMP members are summarised below:

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

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

15 GOVERNANCE AND HOW REMUNERATION DECISIONS ARE MADE

The Board, the 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 FY19, Ernst & Young provided the HRC with:

> market remuneration benchmarking and 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.

The schedule of fees for Non-Executive Directors during FY19 is set out in the table below and fees are annual fees, unless otherwise stated:

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

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

ACTUAL REMUNERATION FOR NON-EXECUTIVE DIRECTORS

		Short-term benefits	Post-employment[1]	
	Year	Cash salary and fees $	Superannuation contributions $	Total $
John Mulcahy	**FY19**	**459,469**	**20,531**	**480,000**
	FY18	459,951	20,049	480,000
Christine Bartlett	**FY19**	**185,388**	**17,612**	**203,000**
	FY18	185,388	17,612	203,000
Peter Hawkins	**FY19**	**212,785**	**20,215**	**233,000**
	FY18	212,951	20,049	233,000
Jane Hewitt[2]	**FY19**	**104,465**	**9,924**	**114,389**
	FY18	—	—	—
James M. Millar AM	**FY19**	**212,785**	**20,215**	**233,000**
	FY18	212,951	20,049	233,000
Samantha Mostyn	**FY19**	**188,911**	**14,089**	**203,000**
	FY18	186,269	16,731	203,000
Peter Nash[3]	**FY19**	**116,266**	**9,840**	**126,106**
	FY18	—	—	—
John Peters	**FY19**	**178,804**	**24,196**	**203,000**
	FY18	181,616	21,384	203,000
Elana Rubin	**FY19**	**185,388**	**17,612**	**203,000**
	FY18	185,388	17,612	203,000
Total	**FY19**	**1,844,261**	**154,234**	**1,998,495**
	FY18	1,624,514	133,486	1,758,000

1. Relates to payments required under superannuation legislation.
2. Jane Hewitt joined the Board as a Non-Executive Director on 10 December 2018.
3. Peter Nash joined the Board as a Non-Executive Director on 19 November 2018.

Remuneration report
continued

MINIMUM SECURITYHOLDING FOR NON-EXECUTIVE DIRECTORS AND ACTUAL SECURITYHOLDING

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

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

	Balance 1 July 2018	Changes	Balance 30 June 2019	Minimum securityholding requirement	Date securityholding to be attained
John Mulcahy	100,000	—	100,000	50,000	December 2020
Christine Bartlett	50,000	—	50,000	50,000	December 2020
Peter Hawkins	596,117	—	596,117	50,000	December 2020
Jane Hewitt[1]	—	—	—	50,000	December 2021
James M. Millar AM	50,000	—	50,000	50,000	December 2020
Samantha Mostyn	19,676	17,593	37,269	50,000	December 2020
Peter Nash[2]	—	20,445	20,445	50,000	November 2021
John Peters	70,000	—	70,000	50,000	December 2020
Elana Rubin	54,343	—	54,343	50,000	December 2020

1. Jane Hewitt joined the Board as a Non-Executive Director on 10 December 2018.
2. Peter Nash joined the Board as a Non-Executive Director on 19 November 2018.

17 ADDITIONAL REQUIRED DISCLOSURES

OTHER BENEFITS

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

Executives and Directors (including Non-Executive Directors) are entitled to participate in arrangements available to directly purchase Mirvac developed residential property, on the same terms and conditions as for other employees within the Group.

TERMS USED IN THIS REMUNERATION REPORT

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

Auditor's independence declaration

For the year ended 30 June 2019

Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit. This declaration is in respect of Mirvac Limited and the entities it controlled during the period.

JReilly

Jane Reilly
Partner

PricewaterhouseCoopers

Sydney
8 August 2019

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

Liability limited by a scheme approved under Professional Standards Legislation.

Financial report

Consolidated statement of comprehensive income

For the year ended 30 June 2019

	Note	2019 $m	2018 $m
Revenue	B2	**2,186**	2,159
Other income			
Revaluation of investment properties and investment properties under construction	C2	**516**	478
Share of net profit of joint ventures	C3	**69**	143
Gain on financial instruments	B2	**7**	22
Total revenue and other income		**2,778**	2,802
Development expenses		**1,043**	1,035
Cost of goods sold interest		**21**	46
Investment property expenses and outgoings		**190**	181
Employee and other expenses	B3	**178**	178
Selling and marketing expenses		**34**	40
Depreciation and amortisation expenses		**52**	41
Finance costs	B3	**126**	115
Loss on financial instruments	B3	**63**	—
Profit before income tax		**1,071**	1,166
Income tax expense	B5	**(52)**	(77)
Profit for the year attributable to stapled securityholders	B1	**1,019**	1,089
Other comprehensive income that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	E3	**(13)**	(4)
Exchange differences on translation of foreign operations, net of tax	E3	**—**	(2)
Other comprehensive income for the year		**(13)**	(6)
Total comprehensive income for the year attributable to stapled securityholders		**1,006**	1,083

Earnings per stapled security (EPS) attributable to stapled securityholders		**Cents**	**Cents**
Basic EPS	H2	**27.6**	29.4
Diluted EPS	H2	**27.6**	29.4

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

PROFIT FOR THE YEAR ATTRIBUTABLE TO STAPLED SECURITYHOLDERS

Consolidated statement of financial position

As at 30 June 2019

	Note	2019 $m	2018 $m
Current assets			
Cash and cash equivalents		**134**	221
Receivables	F1	**239**	192
Inventories	C4	**621**	599
Derivative financial assets	D3	**—**	3
Other financial assets	F2	**—**	81
Other assets		**43**	33
Total current assets		**1,037**	**1,129**
Non-current assets			
Receivables	F1	**156**	76
Inventories	C4	**1,063**	1,171
Investment properties	C2	**10,640**	9,294
Investments in joint ventures	C3	**885**	943
Derivative financial assets	D3	**325**	118
Other financial assets	F2	**60**	40
Other assets		**47**	—
Property, plant and equipment		**43**	40
Intangible assets	F3	**79**	78
Deferred tax assets	B5	**436**	456
Total non-current assets		**13,734**	12,216
Total assets		**14,771**	13,345
Current liabilities			
Payables	F4	**454**	578
Deferred revenue	B2	**181**	98
Borrowings	D2	**—**	135
Derivative financial liabilities	D3	**1**	1
Provisions	F5	**262**	239
Total current liabilities		**898**	1,051
Non-current liabilities			
Payables	F4	**55**	51
Deferred revenue	B2	**50**	250
Borrowings	D2	**3,448**	2,938
Derivative financial liabilities	D3	**102**	77
Deferred tax liabilities	B5	**338**	313
Provisions	F5	**6**	10
Total non-current liabilities		**3,999**	3,639
Total liabilities		**4,897**	4,690
Net assets		**9,874**	8,655
Equity			
Contributed equity	E2	**7,444**	6,825
Reserves	E3	**23**	33
Retained earnings		**2,376**	1,797
Total equity attributable to the stapled securityholders		**9,843**	8,655
Non-controlling interests		**31**	—
Total equity		**9,874**	8,655

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

Consolidated statement of changes in equity

For the year ended 30 June 2019

	Note	Attributable to stapled securityholders					
	Note	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance 1 July 2017		6,819	36	1,117	7,972	—	7,972
Profit for the year		—	—	1,089	1,089	—	1,089
Other comprehensive income for the year		—	(6)	—	(6)	—	(6)
Total comprehensive income for the year		—	(6)	1,089	1,083	—	1,083
Transactions with owners of the Group							
Security-based payments							
Expense recognised – LTI and STI	E2/E4	—	11	—	11	—	11
LTI vested	E2/E4	8	(7)	—	1	—	1
STI vested	E2/E4	—	(1)	—	(1)	—	(1)
Legacy schemes vested	E2	1	—	(1)	—	—	—
Distributions	E1	—	—	(408)	(408)	—	(408)
Stapled securities buy-back	E2	(3)	—	—	(3)	—	(3)
Total transactions with owners of the Group		6	3	(409)	(400)	—	(400)
Balance 30 June 2018		**6,825**	**33**	**1,797**	**8,655**	**—**	**8,655**
Profit for the year		—	—	1,019	1,019	—	1,019
Other comprehensive income for the year		—	(13)	—	(13)	—	(13)
Total comprehensive income for the year		**—**	**(13)**	**1,019**	**1,006**	**—**	**1,006**
Transactions with owners of the Group							
Security-based payments							
Expense recognised – EEP	E2	1	—	—	1	—	1
Expense recognised – LTI and STI	E2/E4	—	13	—	13	—	13
LTI vested	E2/E4	9	(9)	—	—	—	—
STI vested	E2/E4	—	(1)	—	(1)	—	(1)
Legacy schemes vested	E2	1	—	—	1	—	1
Distributions	E1	—	—	(440)	(440)	—	(440)
Stapled securities buy-back	E2	(130)	—	—	(130)	—	(130)
Stapled securities issued	E2	738	—	—	738	—	738
Non-controlling interests on acquisition of subsidiary	G3	—	—	—	—	31	31
Total transactions with owners of the Group		**619**	**3**	**(440)**	**182**	**31**	**213**
Balance 30 June 2019		**7,444**	**23**	**2,376**	**9,843**	**31**	**9,874**

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

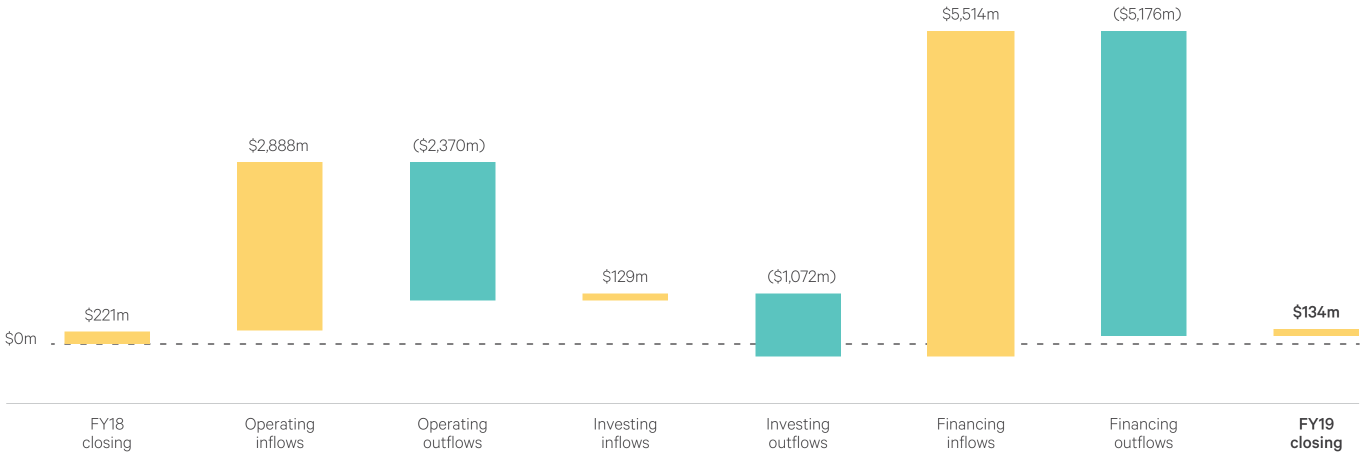
Consolidated statement of cash flows

For the year ended 30 June 2019

	Note	2019 $m	2018 $m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**2,770**	2,834
Payments to suppliers and employees (inclusive of GST)		**(2,215)**	(2,107)
		555	727
Interest received		**4**	11
Distributions received from joint ventures		**112**	82
Distributions received		**2**	1
Interest paid		**(155)**	(155)
Tax paid		**—**	(3)
Net cash inflows from operating activities	H4	**518**	663
Cash flows from investing activities			
Payments for investment properties		**(895)**	(628)
Payments of loans to related parties		**(79)**	—
Payments of loans to unrelated parties		**(63)**	—
Payments for property, plant and equipment		**(12)**	(14)
Proceeds from sale of investment properties		**—**	299
Repayments of loans from unrelated parties		**98**	55
Contributions to joint ventures		**(9)**	(34)
Proceeds from joint ventures		**31**	74
Payments for financial assets		**(14)**	(7)
Net cash outflows from investing activities		**(943)**	(255)
Cash flows from financing activities			
Proceeds from borrowings		**4,733**	3,542
Repayments of borrowings		**(4,618)**	(3,442)
Distributions paid		**(416)**	(390)
Payments for stapled securities buy-back		**(130)**	(3)
Proceeds from stapled securities issued		**750**	—
Equity raising costs		**(12)**	—
Proceeds from non-controlling interests		**31**	—
Net cash inflows/(outflows) from financing activities		**338**	(293)
Net (decrease)/increase in cash and cash equivalents		**(87)**	115
Cash and cash equivalents at the beginning of the year		**221**	106
Cash and cash equivalents at the end of the year		**134**	221

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 purposes of preparing the financial statements.

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group adopted AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* during the current reporting period. As a result of adopting these new standards, the Group amended its accounting policies. There has been no impact to the 1 July 2018 opening retained earnings or net assets as a result of adoption of AASB 9 and AASB 15, with new disclosures included where required. Refer to the Changes in accounting policies and Financial statement impact on adoption at 1 July 2018 sections below for further details.

Other amended standards and interpretations adopted by the Group for the year ended 30 June 2019 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. The other amendments are listed below:

> AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

> AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

> Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

A Basis of preparation

continued

CHANGES IN ACCOUNTING POLICIES

This section explains the changes to accounting policies that have been applied from 1 July 2018 following the Group's adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*.

Note the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purpose of comparatives.

Accounting standard	AASB 9 *Financial Instruments*
Nature of change	AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement requirements*. AASB 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging and a new impairment model for financial assets.
Application	Mirvac has adopted AASB 9 from 1 July 2018. The standard has been applied retrospectively, with the practical expedients permitted under the standard. Comparatives for 30 June 2018 have not been restated; rather, any differences arising from the adoption are recognised in the opening retained earnings as at 1 July 2018.
Impact on financial statements	*Classification and measurement* From 1 July 2018, under AASB 9 the Group classifies its financial assets as measured at amortised cost; fair value through other comprehensive income; or fair value through profit or loss. Management has assessed the financial assets held by the Group and has classified its financial instruments into the new AASB 9 categories. The Group's receivables and other assets, previously classified as loans and receivables, are now classified as financial assets at amortised cost. This classification is based on the Group holding these assets to collect contractual cash flows and the contractual terms being solely payments of outstanding principal and interest. This change in classification has not impacted the carrying value of the Group's financial assets. There has been no impact on the Group's accounting for financial liabilities. *Impairment of financial assets* AASB 9 introduces a new impairment model which requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses. For Mirvac, the new ECL model applies to its trade receivables, loans to unrelated parties and loans to joint ventures. The Group applies the AASB 9 simplified approach to measuring ECL as appropriate based on the different characteristics of each financial asset class. To measure the ECL, management has grouped together its financial assets based on shared credit risk characteristics and the days past due. The Group uses judgement in making assumptions about risk of default and ECL rates and the inputs to the impairment calculation, based on the Group's past history, existing market conditions and future looking estimates at the end of each reporting period. Management have assessed the impact of the adoption of the ECL model under AASB 9 with Mirvac's trade receivables balance predominantly relating to development recharges, whereby receipts are tied to the delivery of commercial projects. In assessing the ECL of these recharges, management have applied the simplified model and have assessed each debtor on an individual basis. The credit risk for these financial assets has been assessed as low based on the historic recovery rates, quality of capital partners and Mirvac's control of the project delivery. There was no 1 July 2018 opening retained earnings adjustment required on adoption. *Derivatives and hedge accounting* The Group has elected to adopt the new general hedge accounting model in AASB 9. The new hedge accounting rules align the accounting for hedging instruments more closely with the Group's risk management practices. The adoption of AASB 9 has not impacted the Group's derivatives and hedge accounting, with all previously existing hedge relationships continuing to qualify. The Group's hedge documentation has been updated to align with the requirements of AASB 9.

Accounting standard	AASB 15 *Revenue from Contracts with Customers*
Nature of change	AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations.
Application	Mirvac has adopted AASB 15 from 1 July 2018 using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognised in 1 July 2018 opening retained earnings and comparatives have not been restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.
Impact on financial statements	*Classification and measurement* Under AASB 15, revenue is recognised over time if: > The customer simultaneously receives and consumes the benefits as the entity performs the obligations; > The customer controls the asset as the entity creates or enhances it; or > The seller's performance does not create an asset for which the seller has alternative use and there is a right to payment for performance to date. Where the above criteria are not met, revenue is recognised at a point in time. Management's assessment of the changes with respect to the timing of revenue recognition following the adoption of AASB 15 is as follows: **Development revenue:** *Residential* The Group develops and sells residential properties with revenue recognised when control over the property has been transferred to the customer. Residential revenue on apartment and masterplanned communities continues to be recognised at settlement unless the sale of land is completed prior to construction of a building. In that case, there are two performance obligations, being the sale of the land, and the construction of the building. The revenue on the land sale will be recognised at a point in time, separate to any revenue recognised over-time for construction of a building. The revenue is measured at the transaction price agreed under the contract. Sales commissions, previously expensed when incurred, will be capitalised as an asset included within other assets on the SoFP and expensed when associated revenue is recognised. *Commercial* Mirvac's commercial development activities include office, industrial and retail projects with each project generally considered as one performance obligation. The Group has determined that all revenue on commercial developments will move to recognition of revenue over-time. Estimates of revenue, costs or percentage of completion are revised if circumstances change, with any resulting increases or decreases reflected in the consolidated statement of comprehensive income. This is in contrast to the previous policy where most development revenue was recognised at practical completion and fees such as project management fees were recognised as services were performed. **Investment property rental revenue:** The Group derives revenue from investing in properties for rental yields and capital appreciation over time. There are no changes to the measurement or timing of investment property rental revenue have arisen from adoption of AASB 15. **Asset & funds management revenue:** The Group generates from the performance of property management and leasing, investment funds management, and facilities management services. These services are provided on an ongoing basis and revenue is calculated and recognised based on the contract term and upon delivery of service over time. The adoption of AASB 15 has minimal impact on the Group's asset and funds management revenue which is recognised over time upon delivery of services.

FINANCIAL STATEMENT IMPACT ON ADOPTION AT 1 JULY 2018

As noted above, there is no 1 July 2018 opening retained earnings adjustment from the Group's adoption of AASB 9 and AASB 15. The consolidated SoFP movements from the adoption of AASB 15 resulted predominantly from changes in the timing of recognition of commercial development revenue and residential selling costs as shown in the table below, with comparatives not restated due to the application of the modified retrospective approach.

A Basis of preparation

continued

The following table shows the adjustments for AASB 15 recognised for each individual line item. Line items that were not affected by the changes have been included within "All other".

Consolidated statement of financial position (extract)

	30 June 2018 As originally presented $m	Total AASB 15 impact $m	1 July 2018 Restated $m
Current assets			
Receivables	192	4	196
Inventories	599	146	745
Other assets	33	10	43
All other current assets	304	—	304
Total current assets	**1,128**	**160**	**1,288**
Non-current assets			
Inventories	1,171	(276)	895
Investments in joint ventures	943	2	945
Deferred tax assets	456	(35)	421
All other non-current assets	9,647	—	9,647
Total non-current assets	**12,217**	**(309)**	**11,908**
Total assets	**13,345**	**(149)**	**13,196**
Current liabilities			
Deferred revenue	98	36	134
All other current liabilities	953	—	953
Total current liabilities	**1,051**	**36**	**1,087**
Non-current liabilities			
Deferred revenue	250	(150)	100
Deferred tax liabilities	313	(35)	278
All other non-current liabilities	3,076	—	3,076
Total non-current liabilities	**3,639**	**(185)**	**3,454**
Total liabilities	**4,690**	**(149)**	**4,541**
Net assets	**8,655**	**—**	**8,655**
Equity			
Retained earnings	1,797	—	1,797
All other equity	6,858	—	6,858
Total equity	**8,655**	**—**	**8,655**

NEW STANDARDS NOT YET ADOPTED BY THE GROUP

Certain new accounting standards have been published that are not mandatory for the year ended 30 June 2019 and have not been early adopted by the Group. The Group's assessment of the impact of these new standards is set out in the table below:

Accounting standard	**AASB 16 *Leases***
Nature of change	AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will result in almost all leases being recognised on the consolidated SoFP of lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.
Impact on financial statements	**Group as lessee:** The Group enters into lease agreements as lessee for some commercial tenancies and operating equipment; these are currently disclosed as operating lease commitments in note C5. Management has assessed the effects of applying the new standard on the Group's financial statements and on transition at 1 July 2019 expects a decrease in opening retained earnings to be less than $25m and the decrease net assets to be less than $25m. **Group as lessor:** Where the Group is the lessor in a lease agreement, adjustments may be required to align accounting for these leases with the new definitions of lease term, variable lease payments, and extension/termination options. However, there are no significant impacts expected.
Mandatory application date	Mandatory for financial years commencing on or after 1 January 2019. The Group will adopt this standard for the year ending 30 June 2020, and is expected to apply the modified retrospective approach with the cumulative impact of the adoption to be recognised in 1 July 2019 opening retained earnings and comparatives not been restated.

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 2018.

The Group's operating segments are as follows:

Office & Industrial
Manages the Office & Industrial property portfolio to produce rental income along with developing office and industrial projects.
This segment also manages joint ventures and properties for third party investors and owners.

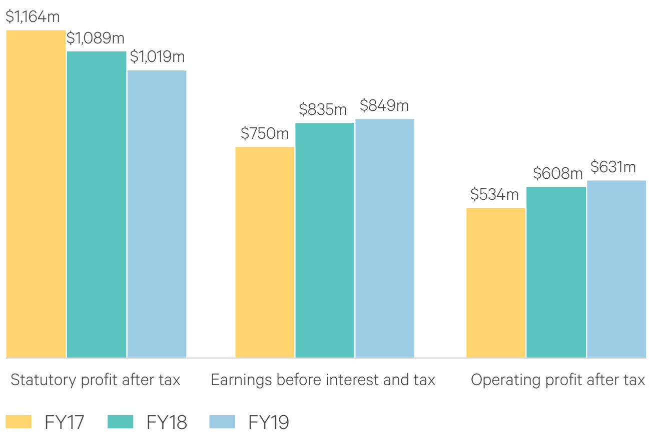
Residential
Designs, develops, markets and sells residential properties to external customers including masterplanned communities and apartments in core metropolitan markets in conjunction with strategic partners.

Retail
Manages the Retail property portfolio, including shopping centres, to produce rental income.
This segment also develops shopping centres and manages joint ventures and properties for third party investors and owners.

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

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

Three-year performance review



Key highlights

Achieved:

> Statutory profit after tax in excess of $1bn for a fourth consecutive year;

> 2% increase from FY18 in earnings before interest and tax; and

> 4% increase from FY18 in operating profit after tax.

B Results for the year

continued

As announced at Mirvac's FY18 results briefing, from 1 July 2018, Mirvac's definition of operating profit has been updated to include security-based payments expense and exclude the amortisation of all lease incentives and leasing costs. The comparatives below have been restated to align with these changes.

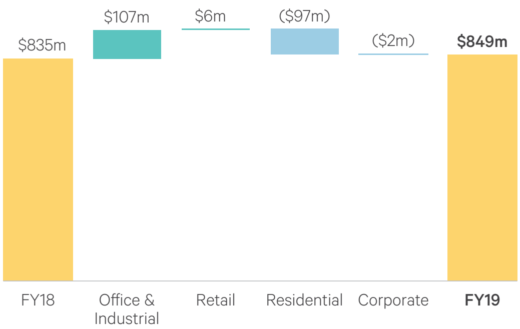
Presented below are the key profit metrics, a breakdown of revenue by function and other required information for each segment:

KEY PROFIT METRICS

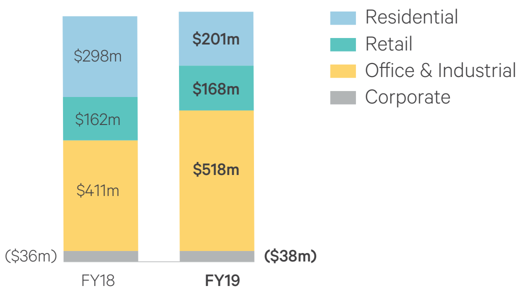
	Office & Industrial		Retail		Residential		Corporate		Total	
	2019 $m	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m
Property NOI	**391**	348	**175**	175	**—**	—	**16**	18	**582**	541
Development EBIT	**125**	65	**6**	—	**219**	316	**—**	—	**350**	381
Asset and funds management EBIT	**19**	15	**—**	—	**—**	—	**1**	—	**20**	15
Management and administration expenses	**(17)**	(17)	**(13)**	(13)	**(18)**	(18)	**(55)**	(54)	**(103)**	(102)
Earnings before interest and tax (EBIT)[1]	**518**	411	**168**	162	**201**	298	**(38)**	(36)	**849**	835
Development finance costs[2]	**(4)**	(2)	**—**	—	**(38)**	(74)	**—**	—	**(42)**	(76)
Other net interest costs[3]	**—**	—	**—**	—	**—**	—	**(101)**	(74)	**(101)**	(74)
Income tax expense	**—**	—	**—**	—	**—**	—	**(75)**	(77)	**(75)**	(77)
Operating profit after tax	**514**	409	**168**	162	**163**	224	**(214)**	(187)	**631**	608

1. EBIT includes share of net profit of joint ventures.
2. Includes cost of goods sold interest of $4m in Office & Industrial and $17m in Residential (2018: $3m in Office & Industrial and $43m in Residential).
3. Includes interest revenue of $4m (2018: $10m).

Operating EBIT: FY18 to FY19



EBIT by segment



REVENUE BY FUNCTION

	Office & Industrial		Retail		Residential		Corporate		Total	
	2019 $m	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m
Property rental revenue	**461**	414	**287**	281	**—**	—	**—**	—	**748**	695
Development revenue[1]	**569**	179	**20**	12	**817**	1,233	**—**	—	**1,406**	1,424
Asset and funds management revenue[2]	**23**	17	**9**	9	**—**	—	**2**	3	**34**	29
Other revenue	**4**	6	**5**	4	**7**	10	**8**	12	**24**	32
Total operating revenue	**1,057**	616	**321**	306	**824**	1,243	**10**	15	**2,212**	2,180
Share of net profit of joint ventures	**26**	26	**—**	1	**53**	61	**16**	19	**95**	107
Other income	**26**	26	**—**	1	**53**	61	**16**	19	**95**	107
Total operating revenue and other income	**1,083**	642	**321**	307	**877**	1,304	**26**	34	**2,307**	2,287
Non-operating items[3]	**426**	398	**74**	85	**—**	—	**(29)**	32	**471**	515
Total statutory revenue and other income	**1,509**	1,040	**395**	392	**877**	1,304	**(3)**	66	**2,778**	2,802

1. Includes management fees.
2. Property management revenue incurred on the Group's investment properties of $10m in Office & Industrial and $8m in Retail has been eliminated (2018: $9m in Office & Industrial and $8m in Retail).
3. Relates mainly to fair value of investment properties and investment properties under construction.

B1 SEGMENT INFORMATION CONTINUED

OTHER INFORMATION

	Office & Industrial		Retail		Residential		Corporate		Total	
	2019 $m	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m
Segment assets and liabilities										
Assets										
Investment properties[1]	**7,071**	6,071	**3,441**	3,223	**128**	—	**—**	—	**10,640**	9,294
Inventories	**116**	351	**7**	10	**1,561**	1,409	**—**	—	**1,684**	1,770
Indirect investments[2]	**605**	573	**3**	3	**302**	347	**341**	229	**1,251**	1,152
Other assets	**131**	62	**27**	19	**86**	113	**952**	935	**1,196**	1,129
Total assets	**7,923**	7,057	**3,478**	3,255	**2,077**	1,869	**1,293**	1,164	**14,771**	13,345
Total liabilities	**217**	460	**76**	75	**446**	441	**4,158**	3,714	**4,897**	4,690
Net assets	**7,706**	6,597	**3,402**	3,180	**1,631**	1,428	**(2,865)**	(2,550)	**9,874**	8,655
Other segment information										
Share of net profit of joint ventures	**30**	44	**—**	1	**53**	60	**(14)**	38	**69**	143
Depreciation and amortisation expenses	**27**	18	**16**	15	**1**	1	**8**	7	**52**	41
Acquisitions of investments and PPE	**617**	460	**161**	261	**2**	32	**9**	12	**789**	765

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

RECONCILIATION OF STATUTORY PROFIT TO OPERATING PROFIT AFTER TAX

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

	2019					2018
	Office & Industrial $m	Retail $m	Residential $m	Corporate $m	**Total $m**	Total $m
Profit for the year attributable to stapled securityholders	**913**	**226**	**163**	**(283)**	**1,019**	**1,089**
Exclude specific non-cash items						
Revaluation of investment properties and investment properties under construction[1]	(442)	(74)	—	—	**(516)**	(490)
Share of net (profit)/loss of joint ventures relating to movement of non-cash items[2]	(4)	—	—	31	**27**	(24)
Straight-lining of lease revenue[3]	(7)	(1)	—	—	**(8)**	(7)
Net (gain)/loss on foreign exchange and financial instruments	(5)	—	—	61	**56**	(22)
Amortisation of lease incentives and leasing costs	59	17	—	—	**76**	62
Tax effect						
Tax effect of non-cash and significant items[4]	—	—	—	(23)	**(23)**	—
Operating profit after tax	**514**	**168**	**163**	**(214)**	**631**	608

1. Includes Mirvac's share in the joint ventures' 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 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. The Group recognises revenue from the transfer of goods or services over time and at a point in time in the following revenue streams.

DEVELOPMENT REVENUE

Settlement revenue

The Group develops and sells properties comprising apartments, land lots, masterplanned communities and commercial properties held as inventory. The sales contracts typically contain one performance obligation satisfied when control of the property is transferred to the customer. This generally occurs on settlement at which point revenue is recognised. The revenue is measured at the transaction price agreed under the contract.

Construction service revenue

The Group provides services to construct office, industrial, retail or residential buildings on customer owned land.

There is ordinarily one performance obligation, being the 'macro-promise' to deliver a completed building to the customer including the design, construction and leasing (if applicable) of the building. The performance obligation is satisfied, and revenue including costs and margin is recognised, over time with progress determined in line with the building's percentage of completion. The percentage of completion is determined by costs incurred to date as a percentage of total expected costs. This method best represents the passing of control of the building to the customer as it is being built. Estimates of costs and project completion and associated revenue are revised if circumstances change, with any resulting increases or decreases reflected in the consolidated SoCI.

Certain development contracts may include variable revenue which is dependent on predetermined metrics for example, capitalised net rental income. Variable revenue is recognised when highly probable based on historical experience, forecasts and current economic conditions.

Development management service revenue

Development management fees are received to remunerate the Group for management services, time and the risk of developing a commercial or residential project. Contracts can include one or multiple performance obligations depending on the terms of the contract. Revenue is recognised as the performance obligations are satisfied. Hourly rate fees are recognised when service is provided and fixed rate fees are recognised on a percentage of completion basis.

DEFERRED REVENUE

Some development contracts are funded by a capital partner throughout the life of the project or construction phase, generally known as fund through projects. Payments received for these projects are recognised as deferred revenue which is classified as a liability in the consolidated SoFP. Deferred revenue is recognised in the consolidated SoCI when the performance obligations are satisfied.

At 30 June 2019, the Group held $231m of deferred revenue which mainly related to Melbourne projects: The Eastbourne, 477 Collins Street, Queensland project: 80 Ann Street and Sydney project: Green Square (2018: $348m mainly related to Melbourne projects: The Eastbourne, 477 Collins Street and Sydney projects: Green Square and South Eveleigh).

PROPERTY RENTAL REVENUE

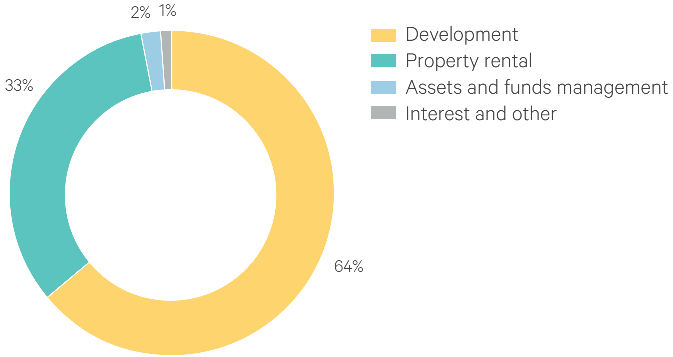
The Group invests in properties for rental yields and capital appreciation. Rental revenue from investment properties is recognised on a straight-line basis over the lease term, net of any incentives. The Group also provides services to the lessees which primarily consist of general building management and operations in accordance with their lease agreements. Service income, representing the recovery of associated costs from the lessees, are recognised over time when the services are provided.

ASSET AND FUNDS MANAGEMENT REVENUE

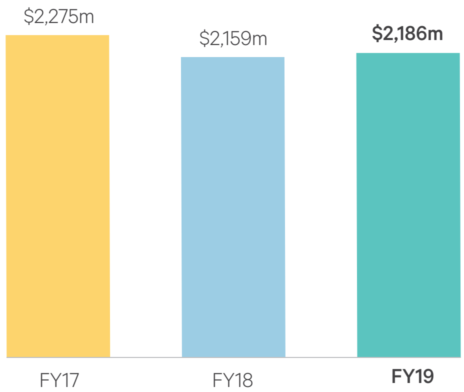
The Group provides property management and leasing, investment funds management, and facilities management services. These services are provided on an ongoing basis and over the term of the agreements. The management fees are generally calculated based upon the value of the managed assets which is a variable consideration and recognised upon delivery of services.

B2 REVENUE CONTINUED

FY19 Revenue by function



Revenue: FY17 to FY19



	2019 $m	2018 $m
Revenue		
Settlement revenue	**880**	1,233
Construction and development management services revenue	**526**	191
Total development revenue	**1,406**	1,424
Lease revenue[1]	**631**	589
Service revenue	**91**	85
Total property rental revenue	**722**	674
Asset and funds management revenue	**34**	29
Interest revenue	**4**	10
Other revenue	**20**	22
Total revenue	**2,186**	2,159

1. Includes straight-lining of lease revenue of $8m (2018: $7m).

COSTS TO FULFIL A CONTRACT

Sales commissions, incurred to fulfil a contract, were previously expensed when incurred, is now capitalised and included within other assets on the SoFP and expensed when the associated residential settlement revenue is recognised.

	2019[1] $m
Expensed during the period[2]	**12**
Costs to fulfil a contract	
Current	**7**
Non-current	**13**
Total costs to fulfil a contract	**20**

1. As permitted under the transitional provisions in AASB 15 the comparative of 30 June 2018 is not disclosed.
2. No impairment loss was recognised during the period.

TRANSACTION PRICE ALLOCATED TO REMAINING PERFORMANCE OBLIGATIONS

The transaction price allocated to partially unsatisfied performance obligations at 30 June 2019 is as set out below.

	2019[1] $m
Within one year	**1,237**
More than one year	**914**
Total	**2,151**

1. As permitted under the transitional provisions in AASB 15 the comparative of 30 June 2018 is not disclosed.

B Results for the year

continued

	2019 $m	2018 $m
Gain on financial instruments		
Gain on interest rate derivatives	—	4
Gain on assets at fair value through profit or loss	5	9
Gain on cross currency derivatives	1	7
Gain on foreign exchange	1	2
Total gain on financial instruments	**7**	**22**

B3 EXPENSES

DEVELOPMENT EXPENSES

Development expenses are initially capitalised as inventory on the consolidated SoFP until the associated revenue is recognised. These expenses include the costs of acquisition and development and all other costs directly related to the specific projects, including an allocation of direct overhead expenses.

COST OF GOODS SOLD INTEREST

Interest previously capitalised to incomplete inventory is expensed when the associated revenue is recognised. Upon completion of project, borrowing costs and other holding charges are expensed as incurred.

INVESTMENT PROPERTIES EXPENSES AND OUTGOINGS

Investment properties expenses relate to those costs which are required to be incurred to allow for the occupation and maintenance of investment properties in order to continue to earn rental revenue. Expenses include statutory levies, insurance and other property outgoings and are recognised on an accruals basis.

DEPRECIATION

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

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

SELLING AND MARKETING EXPENSES

Costs to promote and market projects are expensed as incurred. Direct costs incurred in obtaining a contract such as sales commissions are capitalised as a contract asset and included within other assets on the SoFP. These costs are expensed when the associated revenue is recognised.

Profit before income tax includes the following specific expenses:	2019 $m	2018 $m
Total employee and other expenses		
Employee benefits expenses	104	105
Security-based payments expense	14	13
Total employee expenses	**118**	**118**
Compliance, consulting and professional fees	17	25
Rent, office and administration expenses	24	24
IT infrastructure and other expenses	19	11
Total other expenses	**60**	**60**
Total employee and other expenses	**178**	**178**
Interest and borrowing costs		
Interest paid/payable	151	152
Interest capitalised[1]	(29)	(40)
Borrowing costs amortised	4	3
Total finance costs	**126**	**115**
Add: cost of goods sold interest (previously capitalised and now expensed)[2]	21	46
Total interest and borrowing costs	**147**	**161**
Loss on financial instruments		
Loss on interest rate derivatives	63	—
Total loss on financial instruments	**63**	**—**

1. Relates to residential projects $13m (2018: $26m) and commercial projects $16m (2018: $14m).
2. Relates to residential projects $17m (2018: $44m) and commercial projects $4m (2018: $2m).

B4 EVENTS OCCURRING AFTER THE END OF THE YEAR

As announced on 3 July 2019, the Group confirmed the successful completion of the non-underwritten Security Purchase Plan (SPP). A total of $46.2m was raised under the SPP, with 15.9m new stapled securities issued to eligible applicants on 4 July 2019.

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.

B5 INCOME TAX

Most of the Group's profit is earned by trusts which are not subject to taxation. Income from these 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 approved 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	**2019 $m**	2018 $m
Profit before income tax	**1,072**	1,166
Less: Group elimination entries not subject to corporate taxation	**(1)**	—
Less: MPT profit not subject to taxation	**(893)**	(921)
Profit which is subject to taxation	**178**	245
Income tax expense calculated at 30%	**53**	74
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Non-deductible expenses	**—**	1
Other non-deductible/non-assessable items	**—**	2
	53	77
Over provision in prior years	**(1)**	—
Income tax expense[1]	**52**	77
Effective tax rate[2]	**29%**	31%

1. The income tax expense represents both current and deferred tax.
2. Effective tax rate is calculated as the income tax expense divided by the profit which is subject to taxation.

B Results for the year

continued

Reconciliation of income tax expense to tax paid	2019 $m	2018 $m
Current tax	—	3
Deferred tax	52	74
Total income tax expense	**52**	**77**
Temporary differences		
Deferred revenue	(25)	101
Inventories	8	(137)
Unrealised derivative financial instrument revaluations	20	2
Receivables	(5)	—
Other temporary differences	(4)	2
Transfer from tax losses	(46)	(42)
Tax paid[1]	**—**	**3**

1. Tax paid relates to tax payable in the USA.

Unrecognised tax and capital losses	2019 $m	2018 $m
Unused tax losses which have not been recognised as deferred tax assets due to uncertainty of utilisation[1]	58	58
Unused capital losses which have not been recognised as deferred tax assets due to uncertainty of utilisation[2]	230	226
Total unrecognised tax and capital losses	**288**	**284**
Potential tax benefit at 30 per cent	**86**	**85**

1. Unused tax losses relate to losses from the James Fielding Group in 2005 which can only be utilised after the Mirvac Ltd tax group tax losses have been utilised and are then subject to an annual utilisation factor of less than 1%.
2. Unused capital losses can only be utilised against capital gains.

Movement in deferred tax	Balance 1 July 2017 $m	Recognised in profit or loss $m	Recognised in other comprehensive income $m	Balance 30 June 2018 $m	Recognised in retained earnings[1] $m	1 July 2018 Restated[1] $m	Recognised in profit or loss $m	Recognised in other comprehensive income $m	Balance 30 June 2019 $m
Unearned gains and losses with joint ventures	15	1	—	16	—	16	(1)	—	15
Accruals	25	(2)	—	23	—	23	1	—	24
Employee provisions and accruals	8	1	—	9	—	9	—	—	9
Deferred revenue	35	101	—	136	(35)	101	(25)	—	76
Derivative financial instruments	31	3	—	34	—	34	19	(10)	43
Impairment of loans to unrelated parties	4	(2)	—	2	—	2	(2)	—	—
PPE	1	—	—	1	—	1	—	—	1
Tax losses	255	(42)	—	213	—	213	(46)	—	167
Foreign exchange translation losses	21	—	1	22	—	22	—	79	101
Deferred tax assets	**395**	60	1	**456**	(35)	**421**	(54)	69	**436**
Investments in joint ventures	(4)	2	—	(2)	(1)	(3)	(4)	—	(7)
Inventories	(130)	(137)	—	(267)	39	(228)	8	—	(220)
Derivative financial instruments	(35)	(1)	—	(36)	—	(36)	—	(61)	(97)
Land and buildings	(4)	3	—	(1)	—	(1)	—	—	(1)
Prepayments	—	—	—	—	(3)	(3)	(2)	—	(5)
Receivables	—	—	—	—	—	—	(5)	—	(5)
Other	(6)	(1)	—	(7)	—	(7)	4	—	(3)
Deferred tax liabilities	**(179)**	(134)	—	**(313)**	35	**(278)**	1	(61)	**(338)**
Net deferred tax assets	**216**	(74)	1	**143**	—	**143**	(53)	8	**98**

1. Amounts recognised through retained earnings in 2019 relate to the adoption of AASB 15 during the period. Refer to Section A – Impact of new accounting standards for further details.

Deferred tax assets expected to be recovered after more than 12 months are $381m (2018: $421m).

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.

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 holds 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 the price that would be received to sell an asset in an orderly transaction between market participants. Fair value is based on the highest and best use of an asset – for all of Mirvac's property portfolio, the existing use is its highest and best use.

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

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

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

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

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

Capitalisation rate: The rate or yield at which the annual net income from an investment is capitalised to ascertain its capital value at a given date. The annual 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.

Investment properties under construction: 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 in the measurement of fair value of investment properties.

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.

C Property and development assets

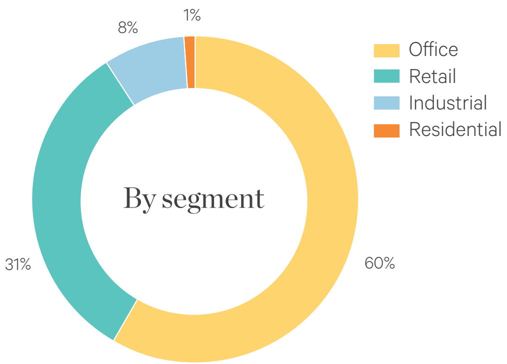
continued

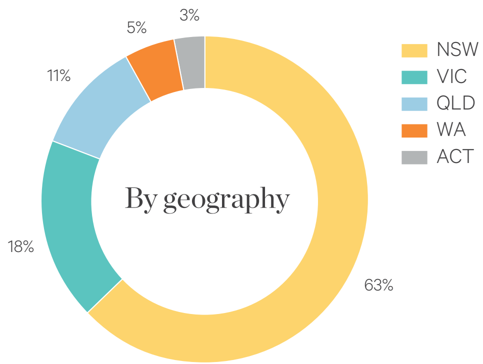
Composition of Mirvac's property portfolio by sector

						2019	2018
	Note	Office $m	Industrial $m	Retail $m	Residential $m	**Total $m**	Total $m
Investment properties		5,586	877	3,441	—	**9,904**	9,011
Investment properties under construction		608	—	—	128	**736**	283
Total investment properties	C2	6,194	877	3,441	128	**10,640**	9,294
Investments in JV[1]		461	—	—	—	**461**	457
Total property portfolio		**6,655**	**877**	**3,441**	**128**	**11,101**	9,751

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

PROPERTY PORTFOLIO AS AT 30 JUNE 2019





Office
- $936m increase in Office assets
- 6.4% net valuation uplift
- Weighted average capitalisation rate of 5.43%

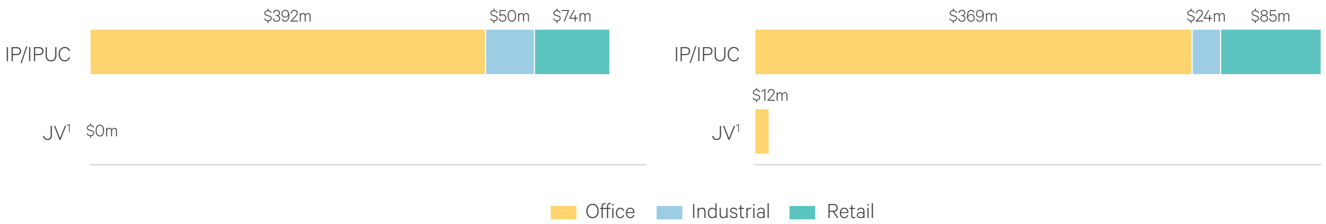
Industrial
- $68m increase in Industrial assets
- 6.0% net valuation uplift
- Weighted average capitalisation rate of 5.72%

Retail
- $218m increase Retail assets
- 2.2% net valuation uplift
- Weighted average capitalisation rate of 5.41%

REVALUATION OF PROPERTY PORTFOLIO

FY19 Net revaluation gain ($516m)

FY18 Net revaluation gain ($490m)



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

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.

					2019	2018
Movements in investment properties	Office $m	Industrial $m	Retail $m	Residential $m	**Total $m**	Total $m
Balance 1 July	5,262	809	3,223	—	**9,294**	8,278
Expenditure capitalised	393	23	160	7	**583**	475
Acquisitions	200	—	1	30	**231**	255
Disposals	—	—	—	—	**—**	(300)
Net revaluation gain from fair value adjustments	392	50	74	—	**516**	478
Exchange differences on translation of foreign operations	—	—	—	—	**—**	(1)
Transfer from inventories	—	—	—	91	**91**	15
Transfer from joint venture	—	—	—	—	**—**	156
Amortisation	(53)	(5)	(17)	—	**(75)**	(62)
Balance 30 June	6,194	877	3,441	128	**10,640**	9,294

Fair value measurement and valuation basis

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

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

		Inputs used to measure fair value				
Segment	**Level 3 fair value $m**	**Net market income $/sqm**	**10-year compound annual growth rate %**	**Capitalisation rate %**	**Terminal yield %**	**Discount rate %**
2019						
Office	6,194	200 – 1,531	3.10 – 4.00	4.75 – 8.00	5.00 – 8.00	6.25 – 8.25
Industrial	877	100 – 470	2.92 – 3.47	5.00 – 7.00	5.27 – 7.50	6.75 – 7.75
Retail	3,441	206 – 1,374	2.80 – 4.04	4.50 – 8.00	4.75 – 8.25	6.50 – 9.50
2018						
Office	5,262	418 – 1,415	3.19 – 3.77	5.00 – 8.00	5.25 – 8.25	6.50 – 8.50
Industrial	809	98 – 450	2.86 – 3.00	5.22 – 7.25	5.47 – 7.50	6.92 – 8.25
Retail	3,223	203 – 1,402	3.35 – 4.30	4.50 – 8.00	4.75 – 8.25	6.50 – 9.50

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.

C Property and development assets

continued

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

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

JUDGEMENT IN TESTING FOR IMPAIRMENT OF INVESTMENTS IN JV

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

At 30 June 2019, none of the investments in JV is considered to be impaired (2018: none).

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

MOVEMENTS IN THE CARRYING AMOUNT OF JV

The tables below provides 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.

	Mirvac 8 Chifley Trust[1]		Mirvac (Old Treasury) Trust[1]		Mirvac SLS Development Trust[1]		Tucker Box Hotel Group		Other JV		Total	
	2019 $m	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m
Principal activities	Property investment		Property investment		Residential development		Hotel investment		Various			
Summarised SoFP												
Cash and cash equivalents	**2**	2	**6**	5	**2**	13	**2**	2	**71**	70	**83**	92
Other current assets	**1**	1	**1**	1	**435**	—	**6**	7	**120**	165	**563**	174
Total current assets	**3**	3	**7**	6	**437**	13	**8**	9	**191**	235	**646**	266
Total non-current assets	**479**	485	**444**	429	**—**	234	**583**	627	**202**	249	**1,708**	2,024
Borrowings	**—**	—	**—**	—	**159**	—	**—**	—	**—**	52	**159**	52
Other current liabilities	**3**	3	**6**	5	**30**	9	**11**	10	**21**	50	**71**	77
Total current liabilities	**3**	3	**6**	5	**189**	9	**11**	10	**21**	102	**230**	129
Borrowings	**—**	—	**—**	—	**—**	—	**188**	176	**49**	9	**237**	185
Other non-current liabilities	**—**	—	**—**	—	**4**	—	**1**	1	**1**	1	**6**	2
Total non-current liabilities	**—**	—	**—**	—	**4**	—	**189**	177	**50**	10	**243**	187
Net assets	**479**	485	**445**	430	**244**	238	**391**	449	**322**	372	**1,881**	1,974
Group's share of net assets in %	**50**	50	**50**	50	**51**	51	**50**	50	**—**	—	**—**	—
Group's share of net assets in $	**240**	243	**223**	215	**124**	121	**196**	225	**159**	190	**942**	994
Carrying amount in Group's consolidated SoFP	**223**	226	**215**	208	**105**	106	**195**	224	**147**	179	**885**	943

1. 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 investee.

	Mirvac 8 Chifley Trust		Mirvac (Old Treasury) Trust		Mirvac SLS Development Trust		Tucker Box Hotel Group		Other JV		Total	
	2019 $m	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m	**2019 $m**	2018 $m
Summarised SoCI												
Revenue	**26**	55	**47**	43	**—**	—	**(17)**	86	**341**	527	**397**	711
EBITDA	**26**	25	**26**	25	**(1)**	(1)	**41**	44	**106**	154	**198**	247
Interest income	**—**	—	**—**	—	**—**	—	**—**	—	**1**	1	**1**	1
Interest expense	**—**	—	**—**	—	**—**	—	**7**	7	**1**	10	**8**	17
Income tax expense	**—**	—	**—**	—	**—**	—	**—**	—	**1**	1	**1**	1
Profit after tax	**20**	50	**40**	36	**(1)**	(1)	**(27)**	76	**105**	143	**137**	304
Non-operating items	**6**	(25)	**(14)**	(11)	**—**	—	**61**	(39)	**—**	1	**53**	(74)
Operating profit after tax	**26**	25	**26**	25	**(1)**	(1)	**34**	37	**105**	144	**190**	230
Profit after tax	**20**	50	**40**	36	**(1)**	(1)	**(27)**	76	**105**	143	**137**	304
Other comprehensive income	**—**	—	**—**	—	**—**	—	**—**	—	**(2)**	—	**(2)**	—
Total comprehensive income	**20**	50	**40**	36	**(1)**	(1)	**(27)**	76	**103**	143	**135**	304
Distributions received/ receivable by the Group from JV	**13**	13	**13**	13	**—**	—	**15**	17	**66**	41	**107**	84

CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2019, the Group's share of its JV's capital commitments which have been approved but not yet provided for was $47m (2018: $nil).

C Property and development assets

continued

C4 INVENTORIES

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

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

DEVELOPMENT PROJECTS

Development projects are valued at the lower of cost and net realisable value (NRV). No inventories required write-downs to NRV during the year (2018: nil).

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

JUDGEMENT IN CALCULATING NRV OF INVENTORIES

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

	2019		2018	
	Current $m	**Non-current $m**	Current $m	Non-current $m
Residential apartments				
Acquisition costs	**48**	**170**	51	226
Development costs	**375**	**375**	192	414
Interest capitalised during development	**10**	**41**	10	42
NRV write-downs provision	**(5)**	**(57)**	(2)	(60)
Total residential apartments	**428**	**529**	251	622
Residential masterplanned communities				
Acquisition costs	**94**	**388**	118	308
Development costs	**26**	**70**	45	50
Interest capitalised during development	**9**	**27**	13	28
NRV write-downs provision	**(4)**	**(6)**	(20)	(6)
Total residential masterplanned communities	**125**	**479**	156	380
Total Residential	**553**	**1,008**	407	1,002
Office & Industrial				
Acquisition costs	**34**	**4**	39	55
Development costs	**32**	**45**	143	108
Interest capitalised during development	**1**	**—**	4	2
Total Office & Industrial	**67**	**49**	186	165
Retail				
Development costs	**1**	**6**	6	4
Total Retail	**1**	**6**	6	4
Total inventories	**621**	**1,063**	599	1,171

Residential

- Key movements in inventory during the year included Sydney Olympic Park, Marrickville, Hope Street, Tullamore, The Eastbourne
- 2,611 lots settled during the year

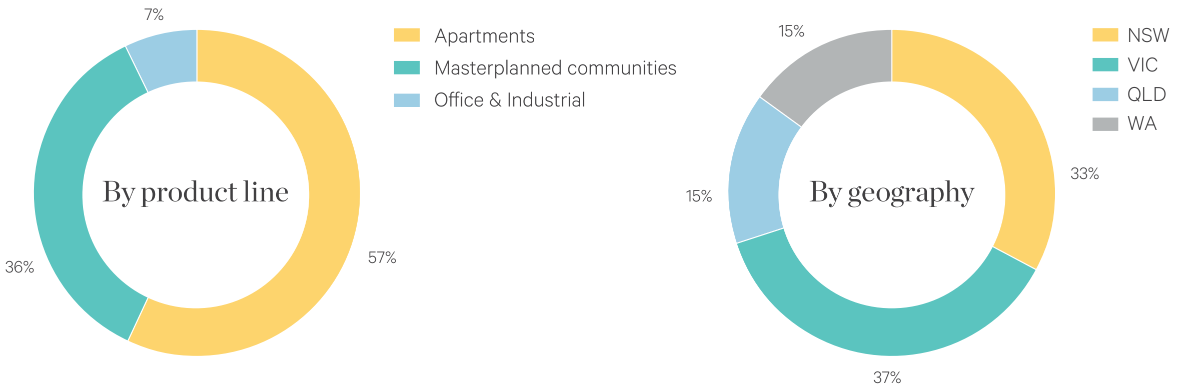
Office & Industrial

- Practical completion achieved for:
  - Building 1 and 3 for South Eveleigh, NSW (Office); and
  - Warehouse 2 and 5 for Calibre, NSW (Industrial)
- Key active developments: South Eveleigh, 477 Collins Street and 80 Ann Street

Retail

- Practical completion achieved for Kawana Shoppingworld – Cinema and Dining

INVENTORIES AS AT 30 JUNE 2019



Movements in inventories	2019 $m	2018 $m
Balance 1 July	**1,770**	1,667
Costs incurred	**1,059**	1,159
Settlements	**(1,070)**	(1,067)
Provision utilisation	**16**	26
Transfer to investment properties	**(91)**	(15)
Balance 30 June	**1,684**	1,770

C5 COMMITMENTS

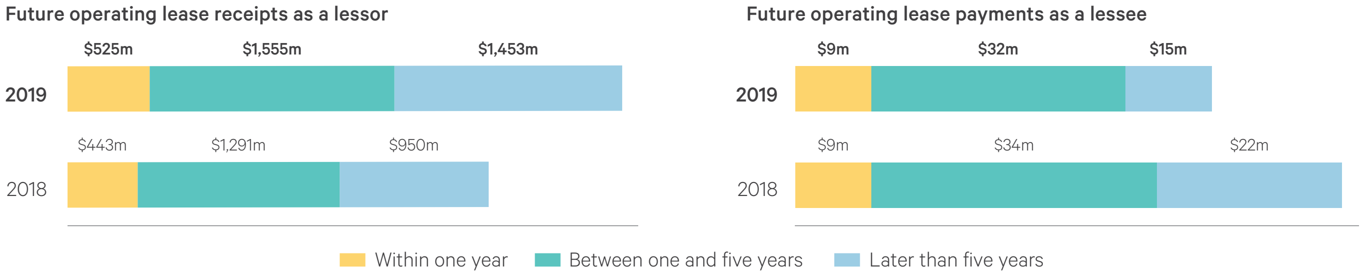
CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2019, capital commitments on Mirvac's property portfolio were $273m (2018: $237m). There are no properties pledged as security by the Group (2018: nil).

LEASE COMMITMENTS

Lease revenue from investment properties 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.



D Capital structure and risks

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

D1 CAPITAL MANAGEMENT

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

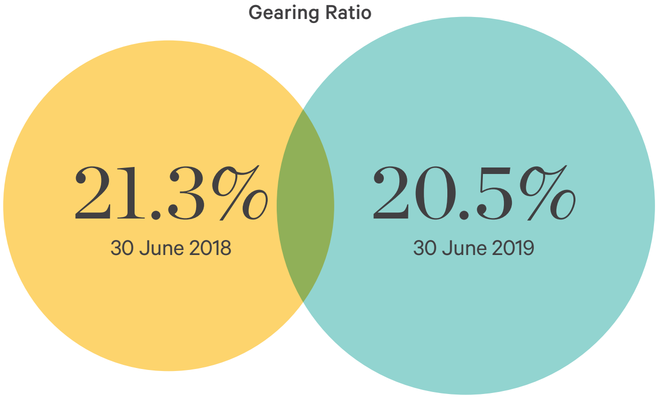
The Group seeks to maintain a minimum investment-grade credit rating of BBB+ or Baa1 to reduce the cost of capital and diversify its sources of debt capital. The Group's target gearing ratio is between 20 and 30 per cent.

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

At 30 June 2019, the Group was in compliance with all regulatory and debt covenant ratios.

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

Gearing Ratio



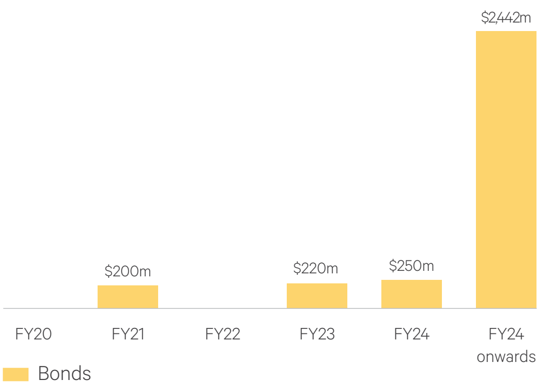
D2 BORROWINGS AND LIQUIDITY

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

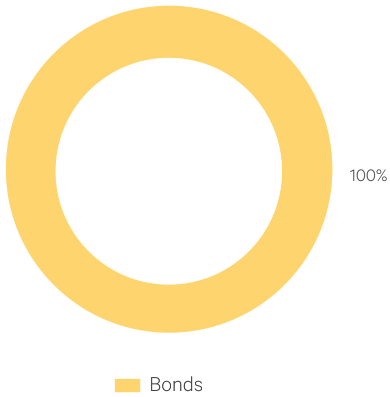
During the year, the Group refinanced its syndicated bank facility, to effectively extend the term of the facility and establish additional facilities of $1.29bn, of which $nil were drawn as at 30 June 2019. The Group also issued $664m of new debt in the US Private Placement market and successfully completed an equity raising of $750m (before costs) which was used to repay debt and provides additional funding flexibility. Refer to note E4 for further details on the equity raise.

At 30 June 2019, the Group had $1,426m of cash and committed undrawn facilities available.

Drawn debt maturities as at 30 June 2019



Drawn debt sources as at 30 June 2019



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.

	2019				2018			
	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 facilities								
Bank loans	—	—	—	—	—	415	415	415
Bonds	—	3,448	3,448	3,486	135	2,523	2,658	2,633
Total unsecured borrowings	—	3,448	3,448	3,486	135	2,938	3,073	3,048
Undrawn facilities			1,292				685	

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.

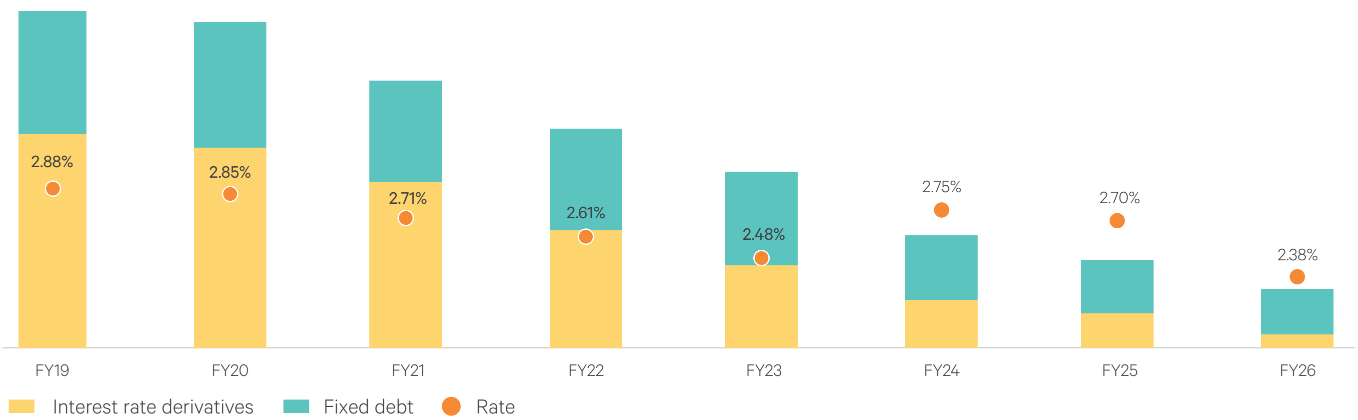
	2019						2018					
		Fixed interest maturing in:						Fixed interest maturing in:				
	Floating interest rate $m	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m	Floating interest rate $m	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m
Bank loans	—	—	—	—	—	—	415	—	—	—	—	415
Bonds	2,065	—	200	300	547	3,112	1,767	—	—	250	565	2,582
Interest rate derivatives	(1,800)	100	300	1,000	400	—	(1,500)	200	100	800	400	—
Total	265	100	500	1,300	947	3,112	682	200	100	1,050	965	2,997

D3 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

HEDGING PROFILE AT 30 JUNE 2019



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

D Capital structure and risks

continued

DERIVATIVES THAT QUALIFY FOR HEDGE ACCOUNTING

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

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

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

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

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

Cost of hedging
Currency basis spread is a liquidity premium that is charged for exchanging different currencies, and changes over time impacting the fair value of cross currency swaps. Mirvac defers the change in fair value relating to currency basis spreads in the cost of hedging reserve.

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

	2019		2018	
	Asset $m	**Liability $m**	Asset $m	Liability $m
Current				
Interest rate derivatives – through profit or loss	**—**	**1**	—	1
Cross currency interest rate swaps – cash flow hedges	**—**	**—**	3	—
Total current derivative financial instruments	**—**	**1**	3	1
Non-current				
Interest rate derivatives – through profit or loss	**1**	**102**	2	39
Cross currency interest rate swaps – cash flow hedges	**324**	**—**	116	38
Total non-current derivative financial instruments	**325**	**102**	118	77
Total derivative financial assets/liabilities	**325**	**103**	121	78

D4 FINANCIAL RISK MANAGEMENT

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

Financial risk management is carried out by a central treasury department (Mirvac Group Treasury) under policies approved by the Board. The Board provides overall risk management principles and policies covering specific areas. Mirvac Group Treasury identifies, evaluates, reports and manages financial risks in close cooperation with the Group's operating units in accordance with Board policy.

The table below summarises key financial risks and how they are managed:

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

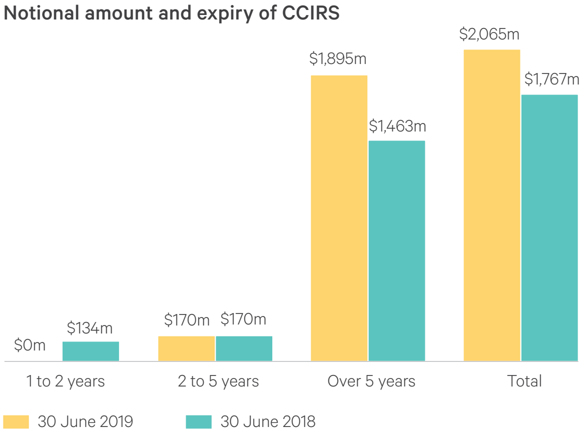
MARKET RISK

Foreign exchange risk

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



D Capital structure and risks

continued

Sensitivity analysis – interest rate risk and foreign exchange risk

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

		2019		2018	
Total impact on profit after tax and equity		50 bps ↑ $m	50 bps ↓ $m	50 bps ↑ $m	50 bps ↓ $m
Sensitivity in:	**Changes in:**				
Interest rate risk[1]	Australian interest rates	$28m increase	$30m decrease	$27m increase	$28m decrease
Foreign exchange risk[2]	Foreign interest rates	—	—	—	—
Foreign exchange risk[2]	Foreign exchange rates	—	—	—	—

1. This calculation shows the impact on borrowings, cash and derivative financial instruments held as an economic hedge. It assumes that no interest is capitalised into qualifying assets as discussed in note B3. If fair value movements were excluded, operating profit would reduce if interest rates were to rise.
2. The Group has borrowings and cross currency interest rate swaps which reference foreign interest rates and foreign exchange rates; however, these are hedge accounted in effective hedge relationships, therefore the net profit impact is nil.

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:

	2019					2018				
	Maturing in:					Maturing in:				
	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m
Payables[1]	635	25	55	25	740	676	273	24	3	976
Unsecured bank loans	—	—	—	—	—	12	110	323	—	445
Bonds	132	333	884	3,160	4,509	245	106	751	2,448	3,550
Net settled derivatives										
Interest rate derivatives – floating to fixed	24	22	33	6	85	13	10	11	(1)	33
Gross settled derivatives (cross currency swaps)										
– Outflow	67	64	366	2,240	2,737	205	71	392	1,815	2,483
– (Inflow)	(85)	(89)	(480)	(2,448)	(3,102)	(206)	(67)	(414)	(1,823)	(2,510)
	773	355	858	2,983	4,969	945	503	1,087	2,442	4,977

1. Includes deferred revenue.

D5 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Mirvac measures various financial assets and liabilities at fair value which, in some cases, may be subjective and depend on the inputs used in the calculations. The different levels of measurement are described below:

- **Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;**
- **Level 2: not traded in an active market but calculated with significant inputs coming from observable market data; and**
- **Level 3: significant inputs to the calculation that are not based on observable market data (unobservable inputs).**

Mirvac holds no Level 1 financial instruments.

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

OTHER FINANCIAL ASSETS

Other financial assets include units in unlisted entities 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.

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

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

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

	2019				2018			
	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								
Investments in unlisted entities	**—**	**—**	**60**	**60**	—	—	40	40
Loan notes	**—**	**—**	**—**	**—**	—	—	81	81
Derivative financial instruments	**—**	**325**	**—**	**325**	—	121	—	121
	—	**325**	**60**	**385**	—	121	121	242
Financial liabilities carried at fair value								
Derivative financial instruments	**—**	**102**	**—**	**102**	—	78	—	78
	—	**102**	**—**	**102**	—	78	—	78

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 held by the Group (excluding investment properties):

	2019			2018		
	Investments in unlisted entities $m	**Loan notes $m**	**Total other financial assets $m**	Investments in unlisted entities $m	Loan notes $m	Total other financial assets $m
Balance 1 July	**40**	**81**	**121**	24	131	155
Acquisitions	**15**	**—**	**15**	7	—	7
Net gain recognised in gain on financial instruments	**5**	**—**	**5**	9	—	9
Repayment	**—**	**(81)**	**(81)**	—	(50)	(50)
Balance 30 June	**60**	**—**	**60**	40	81	121

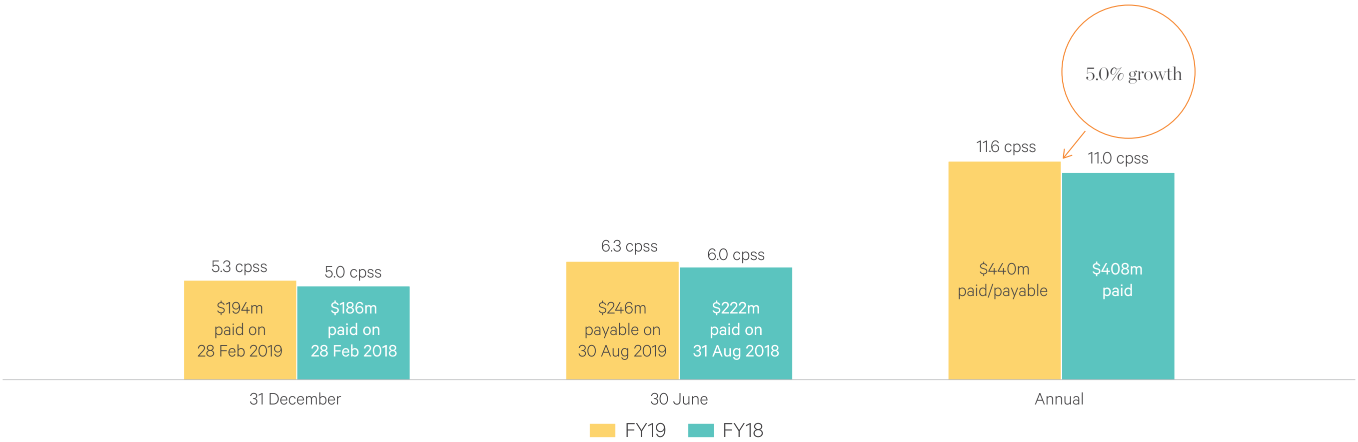
Refer to note C2 for a reconciliation of the carrying value of investment properties, also classified as Level 3.

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 $24m (2018: $23m).

E2 CONTRIBUTED EQUITY

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

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

During the year, the Group completed 58m of stapled securities buy-backs totalling $130m. Since the commencement of the buy-back on 23 February 2018 a total of 59m stapled securities have been purchased.

The Group also successfully completed an equity raising of a fully underwritten $750m institutional placement as announced to the market on 29 May 2019. The equity raising will support the delivery of the next generation of value accretive office, industrial, residential and mixed-use projects, repay debt and replenish funding for its existing development pipeline. It will provide additional funding flexibility, enabling Mirvac to continue investing through the property cycle, with the objective of delivering strong, visible and secure cash flows, sustainable distribution growth and attractive rolling average returns on invested capital above the Group's cost of capital.

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

CONTRIBUTED EQUITY

	2019		2018	
	No. securities m	**Securities $m**	No. securities m	Securities $m
Mirvac Limited – ordinary shares issued	**3,909**	**2,154**	3,708	2,075
MPT – ordinary units issued	**3,909**	**5,290**	3,708	4,750
Total contributed equity		**7,444**		6,825

The total number of stapled securities issued as listed on the ASX at 30 June 2019 was 3,911m (2018: 3,710m) which included 2m of stapled securities issued under the LTI plan and EIS (2018: 2m). Securities issued to employees under the Mirvac employee LTI plan and EIS are accounted for as options and are recognised in the security-based payments reserve, not in contributed equity.

MOVEMENTS IN PAID UP EQUITY

	2019		2018	
	No. securities	**Securities $m**	No. securities	Securities $m
Balance 1 July	**3,707,614,815**	**6,825**	3,703,308,255	6,819
Securities issued under EEP	**430,731**	**1**	—	—
LTI and STI vested	**6,660,092**	**9**	5,311,367	8
Legacy schemes vested	**242,063**	**1**	256,253	1
Security buy-back	**(58,079,881)**	**(130)**	(1,261,060)	(3)
Securities issued[1]	**252,525,253**	**738**	—	—
Balance 30 June	**3,909,393,073**	**7,444**	3,707,614,815	6,825

1. Represents $750m of stapled securities issued less $12m of transaction costs.

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

E3 RESERVES

COST OF HEDGING RESERVE

The cost of hedging reserve is used to record gains or losses on derivatives that relate to the currency basis spread. Currency basis spread is the liquidity premium that is charged for exchanging different currencies, and changes over time impacting the fair value of a cross currency swap.

CASH FLOW HEDGE RESERVE

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

SECURITY-BASED PAYMENTS (SBP) RESERVE

The SBP reserve recognises the SBP expense. Further details on SBP 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.

	Note	**Cost of hedging reserve**	**Cash flow hedge reserve $m**	**FCTR $m**	**SBP reserve $m**	**NCI reserve $m**	**Capital reserve $m**	**Total reserves $m**
Balance 1 July 2018		—	(4)	—	30	8	(1)	33
Hedging reserve movements		6	—	—	—	—	—	6
Cash flow hedge movements		—	(19)	—	—	—	—	(19)
SBP movements	E4	—	—	—	3	—	—	3
Balance 30 June 2019		**6**	**(23)**	**—**	**33**	**8**	**(1)**	**23**
Balance 1 July 2017		—	—	2	27	8	(1)	36
Cash flow hedge movements		—	(4)	—	—	—	—	(4)
Foreign currency translation differences	D4	—	—	(2)	—	—	—	(2)
SBP movements	E4	—	—	—	3	—	—	3
Balance 30 June 2018		—	(4)	—	30	8	(1)	33

E4 SECURITY-BASED PAYMENTS

Mirvac currently operates the following SBP schemes:

> **Employee Exemption Plan (EEP);**

> **Long-term Incentives 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.

E Equity
continued

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.

ACCOUNTING FOR THE SBP SCHEMES

The EEP securities issued each year are recognised as an expense and directly in contributed equity immediately. The securities issued in FY19 were issued on 5 March 2019 when the stapled security price was $2.58. At 30 June 2019, a total of 8.1m (2018: 7.7m) stapled securities have been issued to employees under the EEP.

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

Reconciliation of rights outstanding under SBP schemes

	Balance 1 July	Issued	Vested	Forfeited	Balance 30 June
LTI	13,605,204	7,721,056	(6,882,196)	(393,107)	14,050,957
STI	1,098,001	808,259	(709,930)	—	1,196,330
Total rights FY19	**14,703,205**	**8,529,315**	**(7,592,126)**	**(393,107)**	**15,247,287**
LTI	15,820,721	6,737,496	(6,660,067)	(2,292,946)	13,605,204
STI	1,114,730	776,147	(792,876)	—	1,098,001
Total rights FY18	16,935,451	7,513,643	(7,452,943)	(2,292,946)	14,703,205

The weighted average remaining contractual life at 30 June 2019 was 1.47 years (2018: 1.42 years).

SBP expense recognised within employee benefits expenses is as follows:

	2019 $m	2018 $m
LTI	**11**	11
STI	**2**	—
Total SBP expense taken to SBP reserve	**13**	11
EEP recognised directly in contributed equity	**1**	—
EEP purchased via on-market purchase	**—**	2
Total SBP expense	**14**	13

The movements in the SBP reserve are as follows:	2019 $m	2018 $m
Balance 1 July	**30**	27
Total SBP expense taken to SBP reserve	**13**	11
LTI vested and taken to contributed equity	**(9)**	(7)
STI vested	**(1)**	(1)
Balance 30 June	**33**	30

JUDGEMENT IN CALCULATING FAIR VALUE OF SBP

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

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

Grant date	3 December 2018	Exercise price	$nil
Performance hurdles	Relative TSR and ROIC	Expected life	2.6 years
Performance period start	1 July 2018	Volatility	18.731%
Performance period end	30 June 2021	Risk-free interest rate (per annum)	2.085%
Security price at grant date	$2.23	Distribution yield (per annum)	4.93%

F Operating assets and liabilities

F1 RECEIVABLES

Receivables are initially recognised at the 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 loss allowance) 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.

The expected credit loss of receivables is reviewed on an ongoing basis. From 1 July 2019, the Group applies the simplified or general approach to measuring ECL as appropriate based on the different characteristics of each financial asset class. To measure the ECL, management has grouped together its receivables based on shared credit risk characteristics and the days past due. The Group uses judgement in making assumptions about risk of default and ECL rates and the inputs to the impairment calculation, based on the Group's past history, existing market conditions and future looking estimates at the end of each reporting period. In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Receivables which are known to be uncollectable are written off.

		2019			2018		
	Note	**Gross $m**	**Loss allowance $m**	**Net $m**	Gross $m	Loss allowance $m	Net $m
Current receivables							
Trade receivables		**65**	**(3)**	**62**	151	(4)	147
Loans to related parties	H3	**79**	**—**	**79**	4	—	4
Loans to unrelated parties		**17**	**—**	**17**	22	(11)	11
Other receivables		**81**	**—**	**81**	30	—	30
Total current receivables		**242**	**(3)**	**239**	207	(15)	192
Non-current receivables							
Loans to related parties	H3	**—**	**—**	**—**	22	(22)	—
Loans to unrelated parties		**168**	**(36)**	**132**	112	(36)	76
Other receivables		**24**	**—**	**24**	—	—	—
Total non-current receivables		**192**	**(36)**	**156**	134	(58)	76
Total receivables		**434**	**(39)**	**395**	341	(73)	268

LOSS ALLOWANCE

	2019 $m	2018 $m
Balance 1 July	**(73)**	(71)
Amounts utilised for write off of receivables	**33**	—
Loss allowance released/(recognised)	**1**	(2)
Balance 30 June	**(39)**	(73)

AGEING

		Days past due					
	Not past due $m	**1 – 30 $m**	**31 – 60 $m**	**61 – 90 $m**	**91 – 120 $m**	**Over 120 $m**	**Total $m**
Total receivables	420	4	2	1	1	6	434
Loss allowance	(36)	(1)	(1)	—	—	(1)	(39)
Balance 30 June 2019	**384**	**3**	**1**	**1**	**1**	**5**	**395**
Total receivables	295	3	2	—	3	38	341
Loss allowance	(36)	(1)	(1)	—	(1)	(34)	(73)
Balance 30 June 2018	259	2	1	—	2	4	268

The Group does not have any significant credit risk exposure to a single customer. The Group holds collateral over receivables of $246m (2018: $300m). 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

INVESTMENTS IN UNLISTED ENTITIES

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

LOAN NOTES

Loan notes of $156m were issued as partial payment for the sale of non-aligned assets during FY15 with interest accrued on the notes. All capitalised interest and partial repayment of the original principal were made during FY16, with an additional $50m repayment received during FY18 and final payment of $80m received during FY19.

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.

	2019 $m	2018 $m
Current		
Loan notes issued by unrelated parties	—	81
Total current other financial assets	—	81
Non-current		
Investments in unlisted entities	60	40
Total non-current other financial assets	60	40

F3 INTANGIBLE ASSETS

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

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

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

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

Carrying amounts	Balance 1 July 2017 $m	Additions $m	Amortisation of management rights $m	Balance 30 June 2018 $m	Additions $m	Amortisation of management rights $m	Balance 30 June 2019 $m
Goodwill							
Office & Industrial	67[1]	—	—	67[1]	—	—	67
Total goodwill	67	—	—	67	—	—	67
Management rights							
Office & Industrial	8	1	(1)	8	2	(1)	9
Retail	3	—	—	3	—	—	3
Total management rights	11	1	(1)	11	2	(1)	12
Total intangible assets	78	1	(1)	78	2	(1)	79

1. Goodwill of $5m previously allocated to the Corporate segment has been reallocated to Office & Industrial segment to better align with the synergies in the Office portfolio. Comparative information has been restated accordingly.

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 higher of the value in use and the fair value less costs to sell, is less than its carrying amount.

KEY ASSUMPTIONS USED TO CALCULATE VALUE IN USE AND THE HIGHER OF FAIR VALUE LESS COSTS TO SELL

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

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

For CGU relating to the Group's property portfolio, the value in use is the discounted present value of estimated cash flows that the CGU will generate. The cash flow projections are based on approved forecasts covering a 10- year period. AASB 136 *Impairment of Assets* recommends that cash flow projections should cover a maximum period of 5 years, unless a longer period can be justified. As the cash flow projections used for budgeting and forecasting are based on long-term, predictable and quantifiable leases, with renewal assumptions based on sector and industry experience, management is comfortable that a 10-year cash flow projection is more appropriate. The key assumptions used to determine the forecast cash flows included net market rent, capital expenditure, Capitalisation rate, growth rate, discount rate and market conditions. The growth rate has been adjusted to reflect current market conditions and does not exceed the long-term average growth rate for the business in which the CGU operates. A terminal growth rate of three per cent has also been applied.

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

	2019		2018	
Cash generating units	**Growth rate[1] % pa**	**Pre-tax discount rate % pa**	Growth rate[1] % pa	Pre-tax discount rate % pa
Goodwill				
Office & Industrial	**—[2]**	**6.7**	—[2]	7.1
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 2019 (2018: 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

Payables are measured at amortised costs. Due to the short-term nature of current payables, their carrying amount is assumed to be the same as their fair value. For the majority of non-current payables, the carrying amount is also not significantly different to their fair value.

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

	2019 $m	2018 $m
Current		
Trade payables	**142**	122
Accruals	**229**	311
Deferred payment for land	**16**	54
Annual leave accrual	**15**	15
Other payables	**52**	76
Total current payables	**454**	578
Non-current		
Deferred payment for land	**35**	36
Other payables	**20**	15
Total non-current payables	**55**	51
Total payables	**509**	629

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 2018	14	222	7	6	249
Additional provisions	—	440	3	—	443
Payments made/amounts utilised	—	(416)	(4)	(6)	(426)
Net long service leave movement	2	—	—	—	2
Balance 30 June 2019	**16**	**246**	**6**	**—**	**268**
Current	**11**	**246**	**5**	**—**	**262**
Non-current	**5**	**—**	**1**	**—**	**6**

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.

CLOSED GROUP

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	2019 $m	2018 $m
Revenue	**1,994**	1,695
Other income		
Revaluation of investment properties and investment properties under construction	**—**	3
Share of net profit of joint ventures	**53**	63
Gain on financial instruments	**2**	11
Total revenue and other income	**2,049**	1,772
Development expenses	**1,446**	1,118
Investment properties expenses and outgoings	**13**	14
Employee and other expenses	**179**	179
Selling and marketing expenses	**34**	40
Depreciation and amortisation expenses	**11**	10
Finance costs	**131**	146
Loss on financial instruments	**63**	4
Net loss on sale of assets	**—**	5
Profit before income tax	**172**	256
Income tax expense	**(54)**	(77)
Profit for the year	**118**	179

G Group structure
continued

Closed Group SoFP	2019 $m	2018 $m
Current assets		
Cash and cash equivalents	**109**	189
Receivables	**200**	187
Inventories	**292**	679
Derivative financial assets	**—**	3
Other assets	**28**	19
Total current assets	**629**	1,077
Non-current assets		
Receivables	**1,598**	1,380
Inventories	**1,530**	1,231
Investment properties	**161**	307
Investments in joint ventures	**272**	289
Derivative financial assets	**325**	118
Other financial assets	**925**	784
Property, plant and equipment	**42**	40
Intangible assets	**40**	42
Deferred tax assets	**437**	463
Total non-current assets	**5,330**	4,654
Total assets	**5,959**	5,731
Current liabilities		
Payables	**519**	541
Deferred revenue	**—**	143
Borrowings	**—**	134
Derivative financial liabilities	**1**	1
Provisions	**16**	17
Total current liabilities	**536**	836
Non-current liabilities		
Payables	**45**	46
Deferred revenue	**76**	309
Borrowings	**3,448**	2,938
Derivative financial liabilities	**102**	77
Deferred tax liabilities	**359**	312
Provisions	**5**	10
Total non-current liabilities	**4,035**	3,692
Total liabilities	**4,571**	4,528
Net assets	**1,388**	1,203
Equity		
Contributed equity	**2,154**	2,075
Reserves	**14**	25
Retained earnings	**(780)**	(897)
Total equity	**1,388**	1,203

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	2019 $m	2018 $m
Current assets	4,820	4,822
Total assets	5,440	5,243
Current liabilities	3,153	3,036
Total liabilities	3,154	3,037
Equity		
Contributed equity	2,153	2,075
SBP reserve	33	30
Retained earnings	100	101
Total equity	2,286	2,206
Loss for the year	(1)	(17)
Total comprehensive loss for the year	(1)	(17)

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 2019, the parent entity did not provide any other guarantees (2018: $nil), have any contingent liabilities (2018: $nil), or any capital commitments (2018: $nil).

G3 NON-CONTROLLING INTERESTS

On 31 July 2018, the Group launched the Australian Build to Rent Club (the Club) with the Clean Energy Finance Corporation (CEFC) committing to a 30.1% non-controlling interest. The Club was established in Australia.

Non-controlling interests are shown separately in the consolidated SoCI, consolidated SoCE and consolidated SoFP. The financial information, before intercompany eliminations of the Club is provided below. There was no profit for the year.

Summarised SoFP	2019 $m
Current assets	4
Total assets	110
Current liabilities	7
Total liabilities	7
Equity	
Contributed equity	103
Total equity	103
Attributable to:	
Stapled securityholders	72
Non-controlling interest	31

Summarised cash flow information	2019 $m
Operating	—
Investing	(99)
Financing	103
Net increase in cash	4

H Other disclosures

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.

	2019 $m	2018 $m
Bank guarantees and performance bonds granted in the normal course of business	256	280
Health and safety claims	1	1

As at 30 June 2019, the Group had no contingent liabilities relating to joint ventures (2018: $nil).

H2 EARNINGS PER STAPLED SECURITY

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

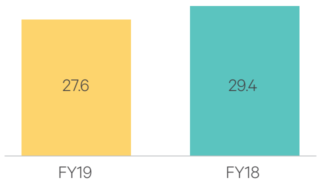
> the profit attributable to stapled securityholders; by

> 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.

	2019	2018
Profit for the year attributable to stapled securityholders used to calculate basic and diluted EPS ($m)	1,019	1,089
WANOS used in calculating basic EPS (m)	3,694	3,708
WANOS used in calculating diluted EPS (m)	3,696	3,710

Basic and diluted EPS (cents)



H3 RELATED PARTIES

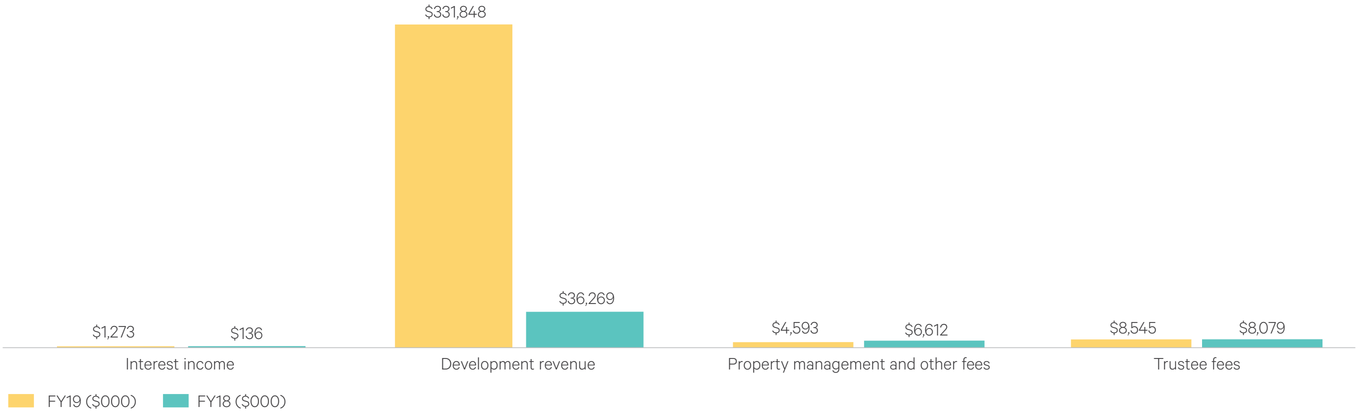
Key management personnel compensation

The Remuneration report on pages 52 to 72 provides detailed disclosures of key management personnel compensation. The total expense is summarised below:

	2019 $000	2018 $000
Short-term employment benefits	11,714	11,436
Security-based payments	5,352	5,547
Post-employment benefits	278	254
Other long-term benefits	91	91
Total key management personnel compensation	**17,435**	**17,328**

There are no outstanding loans to directors or employees (2018: nil).

TRANSACTIONS WITH JV AND OTHER RELATED PARTIES



	2019 $000	2018 $000
Loans due from JV and other related parties		
Balance 1 July	**4,047**	14,809
Loans advanced	**79,275**	6,445
Loan repayments received	**(4,047)**	(18,130)
Interest capitalised	**—**	923
Balance 30 June	**79,275**	4,047

Transactions between Mirvac and its related parties were made on commercial terms and conditions. Distributions received from JV were on the same terms and conditions that applied to other securityholders. Equity interests in JV are set out in note C3.

H4 CASH FLOW INFORMATION

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

RECONCILIATION OF PROFIT TO OPERATING CASH FLOW

	2019 $m	2018 $m
Profit for the year attributable to stapled securityholders	**1,019**	1,089
Net loss/(gain) on financial instruments	**57**	(20)
Net gain on foreign exchange	**(1)**	(2)
Share of net profit of joint ventures	**(69)**	(143)
Joint venture distributions received	**112**	82
Revaluation of investment properties and investment properties under construction	**(516)**	(478)
Depreciation and amortisation expenses	**52**	41
Security-based payments expense	**14**	13
Change in operating assets and liabilities		
Increase in receivables	**(51)**	(111)
Decrease/(increase) in inventories	**86**	(87)
(Decrease)/increase in payables	**(216)**	207
(Decrease)/increase in provisions	**(5)**	2
Decrease in tax effected balances	**46**	72
Increase in other assets/liabilities	**(10)**	(2)
Net cash inflows from operating activities	**518**	663

H Other disclosures
continued

NET DEBT RECONCILIATION

	Cash and cash equivalents $m	Current borrowings $m	Non-current borrowings $m	Net debt $m
Balance 1 July 2018	221	(135)	(2,938)	(2,852)
Net cash flow movements	(87)	134	(249)	(202)
Other non-cash movements	—	1	(261)	(260)
Balance 30 June 2019	**134**	**—**	**(3,448)**	**(3,314)**

H5 AUDITORS' REMUNERATION

	2019 $000	2018 $000
Audit services		
Audit and review of financial reports	**1,651**	1,600
Other assurance services	**471**	626
Total audit services	**2,122**	2,226
Other services		
Advisory services	**246**	16
Tax advice and compliance services	**—**	145
Total other services	**246**	161
Total auditors' remuneration	**2,368**	2,387

I Appendices

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

I1 PROPERTY LISTING

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

Office	Book value 2019 $m	Book value 2018 $m	Capitalisation rate 2019 %	Capitalisation rate 2018 %	Discount rate 2019 %	Discount rate 2018 %
1 Darling Island, Pyrmont NSW	**291**	283	**5.50**	5.50	**6.75**	6.75
101-103 Miller Street, North Sydney NSW (50% interest)	**296**	255	**5.38**	5.75	**6.75**	7.00
10-20 Bond Street, Sydney NSW (50% interest)	**325**	290	**5.00**	5.25	**6.50**	6.75
189 Grey Street, Southbank QLD	**87**	85	**6.50**	7.00	**7.25**	7.50
2 Riverside Quay, Southbank VIC (50% interest)	**140**	129	**5.13**	5.25	**6.50**	7.00
200 George Street, Sydney NSW (50% interest)	**496**	442	**4.75**	5.00	**6.50**	6.75
23 Furzer Street, Phillip ACT	**303**	268	**6.00**	6.75	**7.00**	7.50
275 Kent Street, Sydney NSW (50% interest)	**757**	720	**5.00**	5.00	**6.75**	6.75
340 Adelaide Street, Brisbane QLD	**72**	65	**6.75**	7.25	**7.25**	7.75
367 Collins Street, Melbourne VIC	**389**	328	**5.38**	5.88	**6.75**	7.25
37 Pitt Street, Sydney NSW	**100**	87	**5.75**	6.00	**6.75**	7.00
380 St Kilda Road, Melbourne VIC	**176**	176	**6.00**	6.00	**6.75**	6.75
383 La Trobe Street, Melbourne VIC[1]	**124**	—	**5.38**	—	**7.00**	—
40 Miller Street, North Sydney NSW	**147**	151	**6.25**	6.25	**7.00**	7.00
51 Pitt Street, Sydney NSW	**40**	35	**5.75**	6.00	**6.75**	7.00
Various lots, 53 Walker Street & 97 Pacific Highway, North Sydney NSW[1]	**26**	—	**—**	—	**—**	—
55 Coonara Avenue, West Pennant Hills NSW	**77**	78	**8.00**	8.00	**8.25**	8.25
60 Margaret Street, Sydney NSW (50% interest)	**340**	281	**5.13**	5.75	**6.25**	7.13
65 Pirrama Road, Pyrmont NSW	**183**	155	**5.75**	5.88	**6.50**	7.00
664 Collins Street, Melbourne VIC (50% interest)	**143**	138	**5.13**	5.13	**6.50**	6.50
6-8 Underwood Street, Sydney NSW	**21**	19	**5.75**	6.00	**6.75**	7.00
699 Bourke Street, Melbourne VIC (50% interest)	**103**	102	**5.25**	5.25	**6.50**	6.50
75 George Street, Parramatta NSW	**88**	88	**5.75**	5.75	**7.00**	7.00
90 Collins Street, Melbourne VIC	**260**	232	**5.25**	5.75	**6.50**	7.25
Allendale Square, 77 St Georges Terrace, Perth WA	**239**	243	**6.75**	7.00	**7.25**	7.50
Locomotive Carpark, South Eveleigh NSW	**13**	13	**7.50**	8.00	**8.25**	9.75
Locomotive Workshops, Locomotive Street, South Eveleigh NSW[2]	**—**	72	**—**	7.00	**—**	7.00
Quay West Carpark, 109-111 Harrington Street, Sydney NSW	**39**	38	**6.50**	6.75	**7.75**	8.50
Riverside Quay, Southbank VIC	**311**	273	**5.88**	6.00	**7.13**	7.25
Total investment properties	**5,586**	5,046				
Investment properties under construction						
477 Collins Street, Melbourne VIC (50% interest)	**177**	94	**—**	5.00	**—**	7.00
CBA Buildings, Locomotive Street, South Eveleigh NSW (33.3% interest)	**275**	122	**5.25**	5.50	**7.25**	7.87
80 Ann Street, Brisbane QLD (50% interest)[1]	**72**	—	**—**	—	**—**	—
Locomotive Workshops, Locomotive Street, South Eveleigh NSW[2]	**84**	—	**—**	—	**—**	—
Total investment properties under construction	**608**	216				
Total investment properties and investment properties under construction	**6,194**	5,262				
Investments in joint ventures						
8 Chifley Square, Sydney NSW (50% interest)	**240**	242	**4.88**	5.00	**6.50**	6.63
David Malcolm Justice Centre, 28 Barrack Street, Perth WA (50% interest)	**221**	215	**5.50**	5.50	**7.25**	7.25
Total investments in joint ventures	**461**	457				
Total Office	**6,655**	5,719				

I Appendices

continued

I1 PROPERTY LISTING CONTINUED

Industrial	Book value 2019 $m	Book value 2018 $m	Capitalisation rate 2019 %	Capitalisation rate 2018 %	Discount rate 2019 %	Discount rate 2018 %
1-47 Percival Road, Smithfield NSW	**45**	44	**6.50**	6.75	**7.25**	8.00
271 Lane Cove Road, North Ryde NSW	**38**	39	**7.00**	7.00	**7.75**	7.75
274 Victoria Road, Rydalmere NSW	**52**	49	**5.25**	6.50	**6.75**	7.75
34-39 Anzac Avenue, Smeaton Grange NSW	**31**	28	**6.50**	7.25	**7.50**	8.25
36 Gow Street, Padstow NSW	**35**	33	**6.25**	6.25	**7.25**	7.25
39 Britton Street, Smithfield NSW	**24**	23	**6.25**	6.25	**7.25**	7.25
39 Herbert Street, St Leonards NSW	**187**	183	**5.75**	6.13	**7.38**	7.38
8 Brabham Drive, Huntingwood NSW	**23**	23	**6.10**	6.75	**7.00**	7.50
Calibre, 60 Wallgrove Road, Eastern Creek NSW (50% interest)[3]	**130**	64	**4.88-5.13**	6.00-6.25	**6.75**	7.25-7.50
Hoxton Distribution Park, Hoxton Park NSW (50% interest)	**171**	170	**5.22**	5.22	**6.92**	6.92
Nexus Industry Park, Lyn Parade, Prestons NSW	**141**	137	**6.00-6.75**	6.50-6.75	**7.00-7.25**	7.50-7.75
Total investment properties	**877**	793				
Investment properties under construction						
Calibre, 60 Wallgrove Road, Eastern Creek NSW (50% interest)[3]	**—**	16	**5.00-5.13**	—	**6.75**	—
Total Investment properties under construction	**—**	16				
Total investment properties and investment properties under construction	**877**	809				
Total industrial	**877**	809				

Retail	Book value 2019 $m	Book value 2018 $m	Capitalisation rate 2019 %	Capitalisation rate 2018 %	Discount rate 2019 %	Discount rate 2018 %
1-3 Smail Street, Ultimo NSW (50% interest)	**35**	32	**5.50**	5.50	**6.75**	6.75
80 Bay Street, Glebe NSW (50% interest)	**13**	12	**5.50**	5.50	**6.75**	6.75
Birkenhead Point Brand Outlet, Drummoyne NSW[4]	**427**	416	**5.25-8.00**	5.25-8.00	**7.25-9.50**	7.25-9.50
Broadway Sydney, Broadway NSW (50% interest)	**427**	422	**4.50**	4.50	**6.50**	6.50
Cherrybrook Village, Cherrybrook NSW	**97**	97	**6.00**	6.25	**7.50**	7.50
Cooleman Court, Weston ACT	**68**	60	**6.50**	6.50	**7.25**	7.50
East Village, Zetland NSW	**326**	319	**5.25**	5.25	**7.00**	7.00
Greenwood Plaza, North Sydney NSW (50% interest)	**119**	117	**5.50**	5.75	**7.50**	7.50
Harbourside, Sydney NSW	**262**	262	**5.75**	5.75	**6.75**	6.75
Kawana Shoppingworld, Buddina QLD (50% interest)	**209**	197	**5.50**	5.50	**7.25**	7.50
Metcentre, Sydney NSW (50% interest)	**82**	81	**5.50**	5.75	**7.00**	7.50
Moonee Ponds Central, Moonee Ponds VIC	**90**	84	**6.00**	6.00	**7.00**	7.25
Orion Springfield Central, Springfield QLD	**440**	370	**5.00**	5.50	**7.50**	7.50
Rhodes Waterside, Rhodes NSW (50% interest)	**207**	200	**5.25**	5.25	**7.00**	7.25
South Village, Kirrawee NSW[5]	**108**	—	**5.75**	—	**7.50**	—
St Marys Village Centre, St Marys NSW	**50**	49	**6.50**	6.50	**7.50**	7.50
Stanhope Village, Stanhope Gardens NSW	**147**	140	**5.75**	6.00	**7.00**	7.50
Toombul, Nundah QLD	**292**	269	**6.00**	6.00	**7.50**	7.50
Tramsheds Sydney, Glebe NSW	**42**	45	**5.75**	5.50	**7.00**	7.25
Total investment properties	**3,441**	3,172				
Investment properties under construction						
Orion Springfield land, Springfield QLD[6]	**—**	18	**—**	—	**—**	—
South Village, Kirrawee NSW[5]	**—**	33	**—**	—	**—**	—
Total investment properties under construction	**—**	51				
Total investment properties and investment properties under construction	**3,441**	3,223				
Total Retail	**3,441**	3,223				

Residential	Book value 2019 $m	Book value 2018 $m	Capitalisation rate 2019 %	Capitalisation rate 2018 %	Discount rate 2019 %	Discount rate 2018 %
Investment properties under construction						
Amber (Building 3) and Indigo (Building 5), Sydney Olympic Park NSW[7]	**128**	—	**—**	—	**—**	—
Total investment properties under construction	**128**	—	**—**	—	**—**	—
Total Residential	**128**	—				
Property portfolio						
Total investment properties and investment properties under construction	**10,640**	9,294				
Total investments in joint ventures	**461**	457				
Total property portfolio	**11,101**	9,751				

1. Investment property acquired during the year.
2. Investment property commenced redevelopment during the year and was reclassified to investment properties under construction.
3. Buildings 2 and 5 reached practical completion during the year and were reclassified to investment property from investment properties under construction.
4. Book value includes Birkenhead Point Marina, Drummoyne NSW and 64 Roseby Street, Drummoyne NSW.
5. Investment property reached practical completion during the year and was reclassified to investment property.
6. During the year, the Orion Springfield land was transferred from investment properties under construction to investment property.
7. Investment property under construction was transferred from inventories during the year.

I2 CONTROLLED ENTITIES

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

Members of the Closed Group

197 Salmon Street Pty Limited[1]
A.C.N. 087 773 859 Pty Limited[1]
A.C.N. 110 698 603 Pty Limited[1]
A.C.N. 150 521 583 Pty Limited[1]
A.C.N. 165 515 515 Pty Limited[1]
CN Collins Pty Ltd
EZ Power Pty Ltd[1,2]
Fast Track Bromelton Pty Limited[1]
Fyfe Road Pty Limited[1]
Gainsborough Greens Pty Limited[1]
HIR Boardwalk Tavern Pty Limited[1]
HIR Golf Club Pty Limited[1]
HIR Golf Course Pty Limited[1]
HIR Property Management Holdings Pty Limited[1]
HIR Tavern Freehold Pty Limited[1]
Hoxton Park Airport Limited
HPAL Holdings Pty Limited[1]
Industrial Commercial Property Solutions (Constructions) Pty Limited[1]
Industrial Commercial Property Solutions (Finance) Pty Limited[1]
Industrial Commercial Property Solutions (Holdings) Pty Limited[1]
Industrial Commercial Property Solutions (Queensland) Pty Limited[1]
Industrial Commercial Property Solutions Pty Limited[1]
JF ASIF Pty Limited[1]
Magenta Shores Finance Pty Limited[1]
Marrickville Projects Pty Ltd[1]
Mirvac (Beacon Cove) Pty Limited[1]
Mirvac (Docklands) Pty Limited
Mirvac (Old Treasury Development Manager) Pty Limited[1]
Mirvac (Old Treasury Hotel) Pty Limited[1]
Mirvac (Retail and Commercial) Holdings Pty Ltd[1]
Mirvac (WA) Pty Limited
Mirvac (Walsh Bay) Pty Limited[1]
Mirvac Advisory Pty Limited[1]
Mirvac Aero Company Pty Limited[1]
Mirvac AOP SPV Pty Limited[1]
Mirvac Birkenhead Point Marina Pty Limited[1]
Mirvac Capital Investments Pty Limited
Mirvac Capital Partners Investment Management Pty Limited[1]
Mirvac Capital Partners Pty Limited[1]
Mirvac Capital Pty Limited[1]
Mirvac Commercial Sub SPV Pty Limited[1]
Mirvac Constructions (Homes) Pty. Limited[1]
Mirvac Constructions (QLD) Pty Limited
Mirvac Constructions (SA) Pty Limited[1]
Mirvac Constructions (VIC) Pty Limited
Mirvac Constructions (WA) Pty Limited
Mirvac Constructions Pty Limited
Mirvac Design Pty Limited
Mirvac Developments Pty Limited[1]
Mirvac Doncaster Pty Limited
Mirvac Energy Pty Limited[1]
Mirvac ESAT Pty Limited[1]
Mirvac Finance Limited
Mirvac Funds Limited[1]
Mirvac Funds Management Limited[1]
Mirvac George Street Holdings Pty Limited[1]
Mirvac George Street Pty Limited[1]
Mirvac Green Square Pty Limited[1]
Mirvac Group Finance Limited
Mirvac Group Funding Limited
Mirvac Harbourtown Pty Limited[1]
Mirvac Harold Park Pty Limited[1]
Mirvac Hatch Pty Ltd[1,3]
Mirvac Holdings (WA) Pty Limited[1]
Mirvac Holdings Limited
Mirvac Home Builders (VIC) Pty Limited
Mirvac Homes (NSW) Pty Limited
Mirvac Homes (QLD) Pty Limited[1]
Mirvac Homes (SA) Pty Limited[1]
Mirvac Homes (VIC) Pty Limited[1]
Mirvac Homes (WA) Pty Limited[1]
Mirvac Hotel Services Pty Limited[1]
Mirvac ID (Bromelton) Pty Limited[1]

1. This entity was a member of the Closed Group during the current and prior year. A Revocation Deed dated 1 June 2019 was lodged with ASIC on 13 June 2019 to release this entity from the Closed Group which is expected to become operative in accordance with the terms of the Revocation Deed on 14 December 2019.
2. Previously registered as Hexham Project Pty Limited.
3. Previously registered as Mirvac Commercial Funding Pty Ltd.

I Appendices
continued

I2 CONTROLLED ENTITIES CONTINUED

Members of the Closed Group (continued)
Mirvac ID (Bromelton) Sponsor Pty Limited [1]
Mirvac Industrial Developments Pty Limited
Mirvac International (Middle East) No. 2 Pty Limited [1]
Mirvac International No. 3 Pty Limited [1]
Mirvac International Investments Limited
Mirvac Investment Manager Pty Ltd [1]
Mirvac JV's Pty Limited [1]
Mirvac Kent Street Holdings Pty Limited [1]
Mirvac Mandurah Pty Limited [1]
Mirvac National Developments Pty Limited
Mirvac Newcastle Pty Limited [1]
Mirvac Office Developments Pty Ltd
Mirvac Old Treasury Holdings Pty Limited [1]
Mirvac Pacific Pty Limited
Mirvac Parking Pty. Limited [1]
Mirvac Precinct 2 Pty Limited [1]
Mirvac Procurement Pty Limited [1]
Mirvac Projects (Retail and Commercial) Pty Ltd [1]
Mirvac Projects Dalley Street Pty Limited [1]
Mirvac Projects George Street Pty Limited [1]
Mirvac Projects No. 2 Pty. Limited [1]
Mirvac Projects Pty Ltd
Mirvac Properties Pty Limited [1]
Mirvac Property Advisory Services Pty. Limited [1]
Mirvac Property Services Pty Limited [1]
Mirvac Queensland Pty Limited
Mirvac Real Estate Debt Funds Pty Limited [1]
Mirvac Real Estate Pty Limited
Mirvac REIT Management Pty Limited [1]
Mirvac Residential (NSW) Developments Pty Ltd [1]
Mirvac Retail Developments Pty Ltd
Mirvac Retail Head SPV Pty Limited [1]
Mirvac Retail Sub SPV Pty Limited [1]
Mirvac Rockbank Pty Limited
Mirvac Services Pty Limited [1]
Mirvac South Australia Pty Limited [1]
Mirvac Spare Pty Ltd [1]
Mirvac Spring Farm Limited
Mirvac SPV 1 Pty Limited [1]
Mirvac Trademarks Pty Ltd [1]
Mirvac Treasury Limited
Mirvac Treasury No. 3 Limited
Mirvac Victoria Pty Limited
Mirvac Wholesale Funds Management Limited
Mirvac Wholesale Industrial Developments Limited
Mirvac Woolloomooloo pty Limited
MRV Hillsdale Pty Limited [1]
MWID (Brendale) Pty Limited [1]
MWID (Mackay) Pty Limited [1]
Newington Homes Pty Limited [1]
Oakstand No.15 Hercules Street Pty Ltd [1]
Planned Retirement Living Pty Limited [1]
Spring Farm Finance Pty Limited [1]
Springfield Development Company Pty Limited [1]
SPV Magenta Pty Limited [1]
TMT Finance Pty Limited [1]
Tucker Box Management Pty Limited [1]

1. This entity was a member of the Closed Group during the current and prior year. A Revocation Deed dated 1 June 2019 was lodged with ASIC on 13 June 2019 to release this entity from the Closed Group which is expected to become operative in accordance with the terms of the Revocation Deed on 14 December 2019.

Interests in controlled entities of Mirvac not included in the Closed Group
107 Mount Street Head Trust
107 Mount Street Sub Trust
477 Collins Street No. 2 Trust
699 Bourke Street Services Pty Limited
ABTRC Head Trust A [1]
ABTRC Head Trust B [1]
Banksia Unit Trust
BL Developments Pty Ltd
BTR indigo Trust A [1]
BTR Indigo Trust B [1]
Eveleigh Commercial Holdings Pty Limited
Eveleigh Commercial Pty Ltd
Eveleigh Precinct Pty Ltd
JFM Hotel Trust [2]
Joynton North Pty Ltd
Kirrawee South Centre Pty Ltd
Kirrawee South Centre Trust
La Trobe Office Trust [1]
Magenta Shores Unit Trust
Magenta Unit Trust
Mirvac 275 Kent Street Services Pty Ltd
Mirvac 699 Bourke Street Trust
Mirvac Auburn Industrial Trust [3]
Mirvac Badgery's Creek Industrial Trust [1]
Mirvac Blue Trust
Mirvac Bourke Street No. 3 Sub-Trust
Mirvac BTR Head Company A Pty Ltd [1]
Mirvac BTR Head Company B Pty Ltd [1]
Mirvac BTR Head SPV Pty Ltd
Mirvac BTR Head Trust
Mirvac BTR Sub Company A Pty Ltd [1]
Mirvac BTR Sub Company B Pty Ltd [1]
Mirvac BTR Sub SPV Pty Ltd
Mirvac BTR Sub Trust 1
Mirvac Capital Assurance Pty Ltd [1]
Mirvac Chifley Holdings Pty Limited
Mirvac Commercial Finance Pty Limited [1]
Mirvac Duck River Pty Ltd [1]
Mirvac Green Trust
Mirvac Harbourside Sub Trust
Mirvac Harold Park Trust
Mirvac Hoist Pty Ltd
Mirvac Industrial No. 2 Sub Trust
Mirvac Industrial Sub SPV Pty Limited [1]
Mirvac Kemps Creek Trust [1]
Mirvac King Street Pty Ltd
Mirvac Living Investment Company Pty Ltd
Mirvac Living Investment Manager Pty Ltd
Mirvac Living Real Estate Services Pty Ltd
Mirvac Locomotive Trust
Mirvac Nike Holding Pty Ltd
Mirvac North Sydney Office Holdings Pty Limited [1]
Mirvac North Sydney Office Holdings Trust [1]
Mirvac Parramatta Sub Trust No. 2

1. This entity was incorporated/established during the year.
2. This entity was transferred from MPT during the year.
3. Previously known as Mirvac Kirrawee Trust No 3.

Interests in controlled entities of Mirvac not included in the Closed Group (continued)

Mirvac Pennant Hills Residential Trust
Mirvac Precinct Trust
Mirvac Projects Dalley Street Trust
Mirvac Projects George Street Trust
Mirvac Projects Norwest Trust
Mirvac Projects Norwest No. 2 Trust
Mirvac Project Trust
Mirvac Showground Pty Ltd
Mirvac Showground Trust
Mirvac St Leonards Pty Limited
Mirvac St Leonards Trust
Mirvac T6 Pty Ltd [1]
Mirvac T6 Trust [1]
Mirvac Ventures Pty Limited
MWID (Brendale) Unit Trust
Pigface Unit Trust
Rovno Pty Limited
Suntrack Holdings Pty Limited
Suntrack Property Trust
Taree Shopping Centre Pty Limited

1. This entity was incorporated/established during the year.

Interests in controlled entities of MPT

10-20 Bond Street Trust
367 Collins Street No. 2 Trust
367 Collins Street Trust
380 St Kilda Road Trust [1]
477 Collins Street No. 1 Trust
Australian Office Partnership Trust
Eveleigh Trust
James Fielding Trust
Joynton Properties Trust [2]
Joynton North Property Trust [3]
Meridian Investment Trust No. 1
Meridian Investment Trust No. 2
Meridian Investment Trust No. 3
Meridian Investment Trust No. 4
Meridian Investment Trust No. 5
Meridian Investment Trust No. 6
Mirvac 90 Collins Street Trust
Mirvac Allendale Square Trust
Mirvac Ann Street Trust
Mirvac Bay St Trust
Mirvac Bourke Street No.1 Sub-Trust
Mirvac Broadway Sub-Trust
Mirvac Capital Partners 1 Trust

Interests in controlled entities of MPT (continued)

Mirvac Collins Street No.1 Sub-Trust
Mirvac Commercial No.3 Sub Trust
Mirvac Commercial Trust [1]
Mirvac Group Funding No. 2 Pty Limited
Mirvac Group Funding No. 3 Pty Limited
Mirvac Hoxton Park Trust
Mirvac Industrial No. 1 Sub Trust
Mirvac Kirrawee Trust No. 1
Mirvac Kirrawee Trust No. 2
Mirvac La Trobe Office Trust [4]
Mirvac Living Trust
Mirvac Padstow Trust No. 1
Mirvac Parramatta Sub Trust No. 1
Mirvac Pitt Street Trust
Mirvac Property Trust No. 3
Mirvac Property Trust No. 4
Mirvac Property Trust No. 5
Mirvac Property Trust No. 6
Mirvac Property Trust No. 7
Mirvac Real Estate Investment Trust
Mirvac Retail Head Trust
Mirvac Retail Sub-Trust No. 1
Mirvac Retail Sub-Trust No. 2
Mirvac Retail Sub-Trust No. 3
Mirvac Retail Sub-Trust No. 4
Mirvac Rhodes Sub-Trust
Mirvac Rydalmere Trust No. 1
Mirvac Rydalmere Trust No. 2
Mirvac Smail St Trust
Mirvac Toombul Trust No. 1
Mirvac Toombul Trust No. 2
Old Treasury Holding Trust
Springfield Regional Shopping Centre Trust
The George Street Trust

1. One unit on issue held by Mirvac Limited as custodian for MPT.
2. This entity was transferred from Mirvac Projects Pty Ltd during the year.
3. The 50.1 per cent of units previously held by Mirvac Projects Pty Ltd were purchased by MPT during the year.
4. This entity was established during the year.

Directors' declaration

For the year ended 30 June 2019

In the Directors' opinion:

(a) the financial statements and the notes set out on pages 74 to 121 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position at 30 June 2019 and of its performance for the financial year ended on that date;

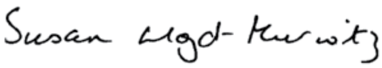
(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(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
8 August 2019

pwc

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) 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 2019 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's financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- 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

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

Liability limited by a scheme approved under Professional Standards Legislation.

Independent auditor's report

continued

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*
• For the purpose of our audit we used overall materiality of \$31.9 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 a metric against which the performance of the Group is measured. • Profit before tax is adjusted for fair value movements in investment property, unlisted equity investments, derivatives and foreign exchange	• 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 predominantly performed at the Group head office, along with a number of property and development site visits being performed across the year.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Carrying value of inventories – Fair value of investment properties – Recoverability of deferred tax assets • These are further described in the *Key audit matters* section of our report.

movements because they are significant non-cash items.

- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable 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 $1,684m* 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 market and economic conditions which inherently are subject to the risk of change. These assumptions include future sales prices, future settlement rates, forecast costs of completion, selling costs and the nature, quality and location of inventory held. In the same period that a property is sold, costs associated with the development of that property are expensed to the income statement as development expenses and cost of goods sold interest. The profit recognised on costs expensed requires judgment as it is affected by the assumptions used to estimate net realisable value of a development project outlined above. This was a key audit matter given the relative size of the inventory balance in the Consolidated Statement of Financial Position and the significant judgment	We tested the Group's quarterly review and approval of their estimate of net realisable value for a sample of the Group's development projects. We tested the capitalisation of a sample of expenses and interest into inventory during the period. We recalculated the cost of goods sold recognised for a sample of settled residential development sales and construction and development management revenues based on the project's forecast profit margin and progress towards completion. We obtained publicly available independent property market reports to inform our understanding of market conditions. 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 are informed by our knowledge of the development progress of each project, site visits during the year and our understanding of current economic conditions relevant to individual project locations. For those projects which met our selection criteria, we performed procedures to assess the reasonableness of key assumptions used in the Group's assessment of net

Independent auditor's report

continued

involved in the estimates used to calculate net realisable value.

realisable value. Our audit procedures included, amongst others:

- Obtained and discussed the project feasibility model with management to develop an understanding of project status and risks and the basis for assumptions used in determining estimates of net realisable value.
- Testing of key inputs into individual development project feasibility models, including:
  - Comparing estimated sales prices to market sales data for comparable properties in similar locations during the year.
  - Assessing the reasonableness of forecast cost estimates where we identified significant changes to cost assumptions from the prior year.
  - Assessing reasonableness of the allocation of costs across stages on multi-stage projects.
- Assessing whether the carrying value was the lower of cost and net realisable value, including testing the sensitivity of certain assumptions used by the Group in their estimation of net realisable value in a sample of projects.

Fair value of investment properties

Refer to note C2 $10,640m

The carrying value of investment properties is measured at the fair value of each property.

The fair value of investment property is inherently subjective and impacted by, among other factors, prevailing market conditions, the individual nature and condition of each property, its location and the expected future income for each property. Amongst others, the capitalisation rate, discount rate, market rents and capital expenditure assumptions used in the valuation process are key in establishing fair value.

At each reporting period the Directors determine the fair value of the Group's investment property portfolio

For a sample of properties we checked compliance with the Group's policy that properties had been externally valued at least once in the last two years and checked that the Group followed its policy on rotation of valuation firms.

For a sample of properties we agreed the fair values of those properties to the external valuations or internal valuation models and assessed the competency, capability and objectivity of the relevant valuer.

We read recent independent property market reports to develop our understanding of the prevailing market conditions in locations in which the Group invests.

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. This was a key audit matter because the: • investment property balances are financially significant in the Consolidated Statement of Financial Position • impact of changes in the fair value of investment properties can have a significant 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 and market rents.	We met with management to discuss the specifics of the property portfolio including any new leases entered into during the year, lease expiries, vacancy rates and planned capital expenditure. We performed a risk based assessment over the investment property portfolio to determine those properties at greater risk of being carried at an amount above fair value. Our risk based selection criteria include quantitative and qualitative measures and are informed by our knowledge of each property, site visits during the year and our understanding of current market conditions. For those properties which met our selection criteria, we performed procedures to assess the reasonableness of key assumptions used in the external valuations and internal valuation models (together the 'valuations'). These procedures included, amongst others: • Assessing the reasonableness of the capitalisation rate, discount rate and market rents used in the valuations against market sales data for comparable properties. • We reconciled the rental income and outgoings data used in the valuations with rental income and outgoings amounts recorded in the general ledger for each property. • We considered the reasonableness of other assumptions in the valuations that were not so readily available such as vacancies, rent free periods and let up allowances and incentives.
Recoverability of deferred tax assets *Refer to note B5 $98m* Our audit 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 $167m for the benefit expected to be received in the future from carried forward tax losses and also discloses a total of $86m in tax losses which have not been recognised due to uncertainty of utilisation. To assess whether the Group will receive the benefit from using these tax losses, the Group estimates and projects the likely taxable profits each year of Mirvac Limited (the parent entity of the Tax Consolidated Group) based on current and approved Board strategies. While Mirvac Property Trust generates taxable profits each year, this Trust income is	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 selected assumptions in the cashflow budget and forecasts.

Independent auditor's report

continued

distributed each year in full and is taxed in the hands of the stapled security holders as a Trust Distribution. This was a key audit matter as it involves the assessment of the Group's significant judgements on future taxation events. Changes in the Group's estimates also have a material impact on the deferred tax asset and the financial position of the Group.	• Evaluating whether the cashflows had been appropriately adjusted for the differences between accounting profits, as presented in the approved Board budget and forecast, to taxable income. • Recalculating deferred tax asset balances which comprise a combination of timing differences between tax and accounting bases and tax losses.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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 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 on the other information that we obtained prior to the date of this auditor's report, 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 the *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 pwc

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.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included on pages 52 to 72 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Mirvac Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Jane Reilly
Partner

Sydney
8 August 2019

Security information

For the year ended 30 June 2019

MANAGING YOUR SECURITYHOLDING

Securityholders with queries concerning their holding, distribution payments or other related matters should contact Mirvac's registry, Link Market Services Limited, as follows:

> Mirvac information line (toll free within Australia): +61 1800 356 444; or
> Website: www.linkmarketservices.com.au

When contacting the registry, please quote your current address details together with your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored or CHESS statements. The most efficient way to access your securityholding details is online at www.linkmarketservices.com.au. You will need your SRN or your HIN (this reference number is recorded in statements that you receive about your holding in Mirvac) when you log-in online.

You can do the following online at www.linkmarketservices.com.au:

> elect to receive important communications by email;
> choose to have your distribution payments paid directly into your bank account;
> provide your tax file number (TFN) or Australian Business Number (ABN);
> lodge your votes for securityholder meetings; and
> Complete Tax Residency Certification (CRS/FATCA).

Managing your securityholding online is speedier, cost-effective and environmentally friendly. If it is easier for you to update your securityholding information by post, you can download the forms from www.linkmarketservices.com.au or by contacting the Mirvac information line (toll free within Australia) on +61 1800 356 444 to request the appropriate forms to be sent out to you.

The information set out below was prepared at 31 July 2019 and applies to Mirvac's stapled securities (ASX code: MGR). As at 31 July 2019 there were 3,927,061,345 stapled securities on issue.

SUBSTANTIAL SECURITYHOLDERS

As disclosed in substantial holding notices lodged with the ASX at 31 July 2019:

Name	Date of change	Number of stapled securities	Percentage of issued equity[1] %
BlackRock Group	18/02/2019	342,191,415	9.35
State Street Corporate and subsidiaries	30/05/2019	260,302,828	7.11
The Vanguard Group, Inc	01/06/2018	351,916,040	9.48

1. Percentage of issued equity held as at the date notice provided.

RANGE OF SECURITYHOLDERS

Range	Number of holders	Number of securities
1 to 1,000	5,926	2,655,210
1,001 to 5,000	8,442	22,970,716
5,001 to 10,000	4,283	31,190,443
10,001 to 100,000	5,304	123,434,429
100,001 and over	228	3,746,810,547
Total number of securityholders	24,183	3,927,061,345

20 LARGEST SECURITYHOLDERS

Name	Number of stapledsecurities	Percentage of issued equity %
1. HSBC Custody Nominees (Australia) Limited	1,767,573,072	45.01
2. J P Morgan Nominees Australia Pty Limited	967,015,885	24.62
3. Citicorp Nominees Pty Limited	368,056,923	9.37
4. National Nominees Limited	197,761,076	5.04
5. BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	140,760,251	3.59
6. Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	68,023,019	1.73
7. BNP Paribas Noms Pty Ltd <DRP>	47,144,859	1.20
8. AMP Life Limited	25,632,661	0.65
9. HSBC Custody Nominees (Australia) Limited-GSCO ECA	18,212,766	0.47
10. HSBC Custody Nominees (Australia) Limited	10,997,486	0.28
11. HSBC Custody Nominees (Australia) Limited	9,832,631	0.25
12. Solium Nominees (Australia) Pty Ltd <VSA A/C>	8,635,409	0.22
13. BNP Paribas Nominees Pty Ltd <Agency Lending Collateral >	8,264,500	0.21
14. National Nominees Limited <N A/C>	7,388,485	0.19
15. Argo Investments Limited	6,000,551	0.15
16. BNP Paribas Noms (NZ) Ltd	5,322,656	0.14
17. Avanteos Investments Limited <Encircle IMA A/C>	5,198,632	0.13
18. One Managed Investment Funds Limited <Charter Hall Maxim Property Securities A/C>	4,275,000	0.11
19. Buttonwood Nominees Pty Ltd	3,680,691	0.09
20. CS Fourth Nominees Pty Limited <HSBC CUST NOM AU LTD 11 A/C>	3,137,056	0.08
Total for 20 largest securityholders	3,672,913,609	93.53
Total other securityholders	254,147,736	6.47
Total stapled securities on issue	3,927,061,345	100.00

Number of securityholders holding less than a marketable parcel (being 156 securities at the closing market price of $3.22 on 31 July 2019): 1,061.

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.

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
ARSN	Australian Registered Scheme Number
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian dollar
BTR	Build-to-Rent
CCIRS	Cross currency interest rate swaps
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 tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EEP	Employee Exemption Plan
EIS	Employee Incentive Scheme
EPS	Earnings per stapled security
EV	Electric vehicle
FCTR	Foreign currency translation reserve
FY17	Year ended 30 June 2017
FY18	Year ended 30 June 2018
FY19	Year ended 30 June 2019
FY20	Year ending 30 June 2020
GLA	Gross lettable area
HIN	Holder Identification Number
HRC	Human Resources Committee
HSE	Health, safety and environment
HSE&S	Health, safety, environment and sustainability
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IP	Investment properties
IPUC	Investment properties under construction
JV	Joint ventures
KMP	Key management personnel
LSL	Long service leave
LTI	Long-term incentives
LTIFR	Lost time injury frequency rates
MAT	Moving annual turnover
MMRs	Mirvac Minimum Requirements
MPT	Mirvac Property Trust
MREIT	Mirvac Real Estate Investment Trust
MTN	Medium-term notes
NABERS	National Australian Built Environment Rating System
NED	Non-Executive Directors
NLA	Net lettable area
NOI	Net operating income
NRV	Net realisable value
PPE	Property, plant and equipment
PwC	PricewaterhouseCoopers
RAP	Reconciliation action plan
ROIC	Return on invested capital
SBP	Security-based payments
SoCE	Statement of changes in equity
SoCI	Statement of comprehensive income
SoFP	Statement of financial position
SRN	Securityholder Reference Number
SROI	Social Return on Investment
STI	Short-term incentives
TFN	Tax file number
TGS	Tax governance statement
TRIFR	Total recordable injury frequency rate
TSR	Total Shareholder Return
TTC	Tax Transparency Code
USPP	US Private Placement
WACC	Weighted average cost of capital
WALE	Weighted average lease expiry

Directory & upcoming events

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
Jane Hewitt
James M. Millar AM
Samantha Mostyn
Peter Nash
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 2019 AGM will be held at 11.00am (Brisbane Time) on Tuesday, 19 November 2019 at Hilton Brisbane

Queen's Ballroom
Level 5, 190 Elizabeth St
Brisbane, QLD 4000

UPCOMING EVENTS

22 October:	First Quarter Operational Update
19 November:	Annual General and General Meetings

This report is printed on Supreme Laser and is an environmentally responsible paper produced in an ISO 14001 accredited facility ensuring all production processes are of the highest environmental standards. Supreme Laser is manufactured Elemental Chlorine Free (ECF) and PEFC Chain of Custody certification and well managed forests.

DesignDavey

mirvac.com

a force for good.

mirvac