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2016 ANNUAL REPORT

mirvac

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

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ABOUT THIS REPORT

The 2016 Annual Report is a consolidated summary of Mirvac Group's operations, performance and financial position for the year ended 30 June 2016. In this report, unless otherwise stated, references to 'Mirvac', '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' relates to the financial year ended 30 June 2016. 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 16 August 2016. 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**.

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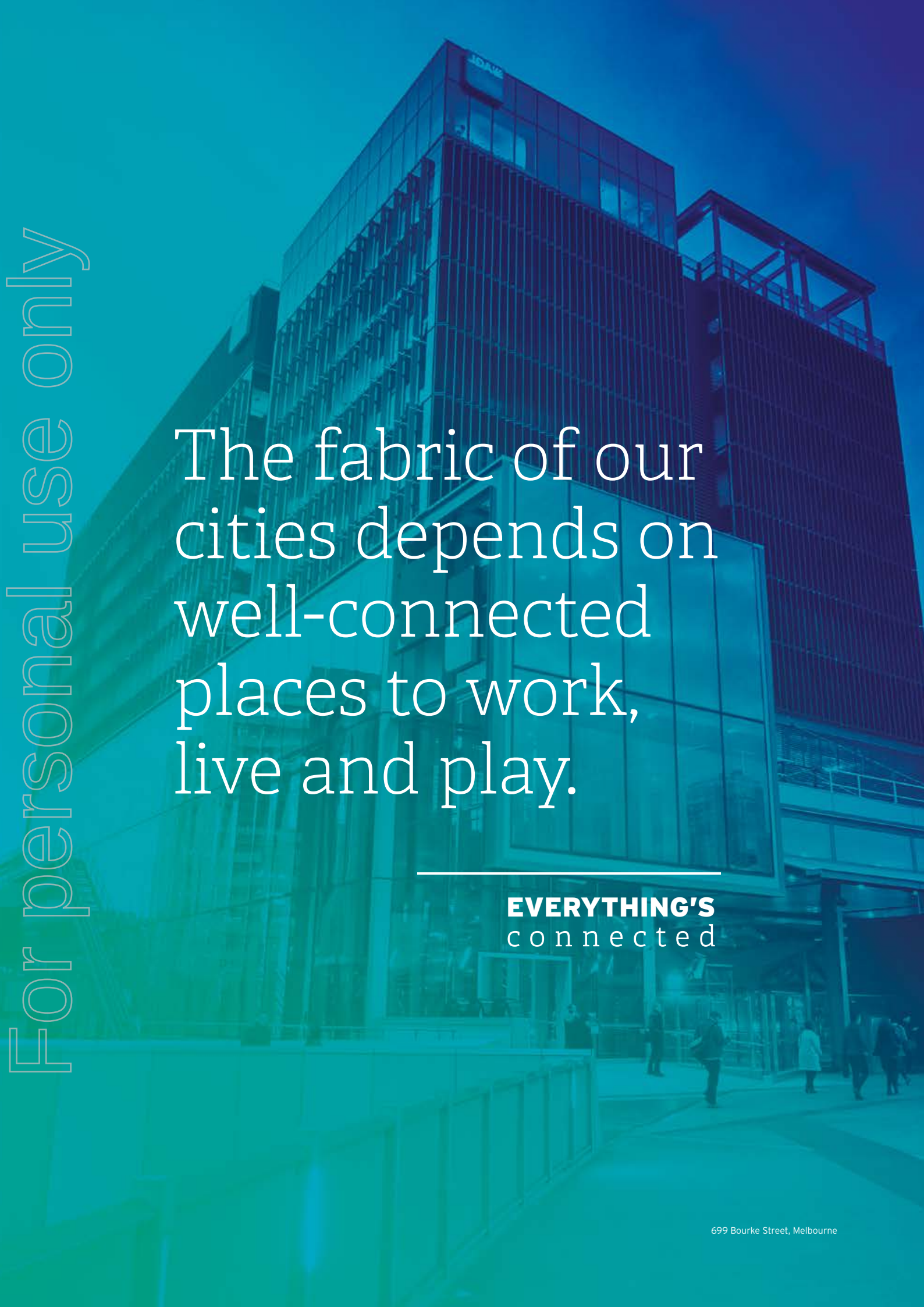

The fabric of our cities depends on well-connected places to work, live and play.

EVERYTHING'S
connected

699 Bourke Street, Melbourne

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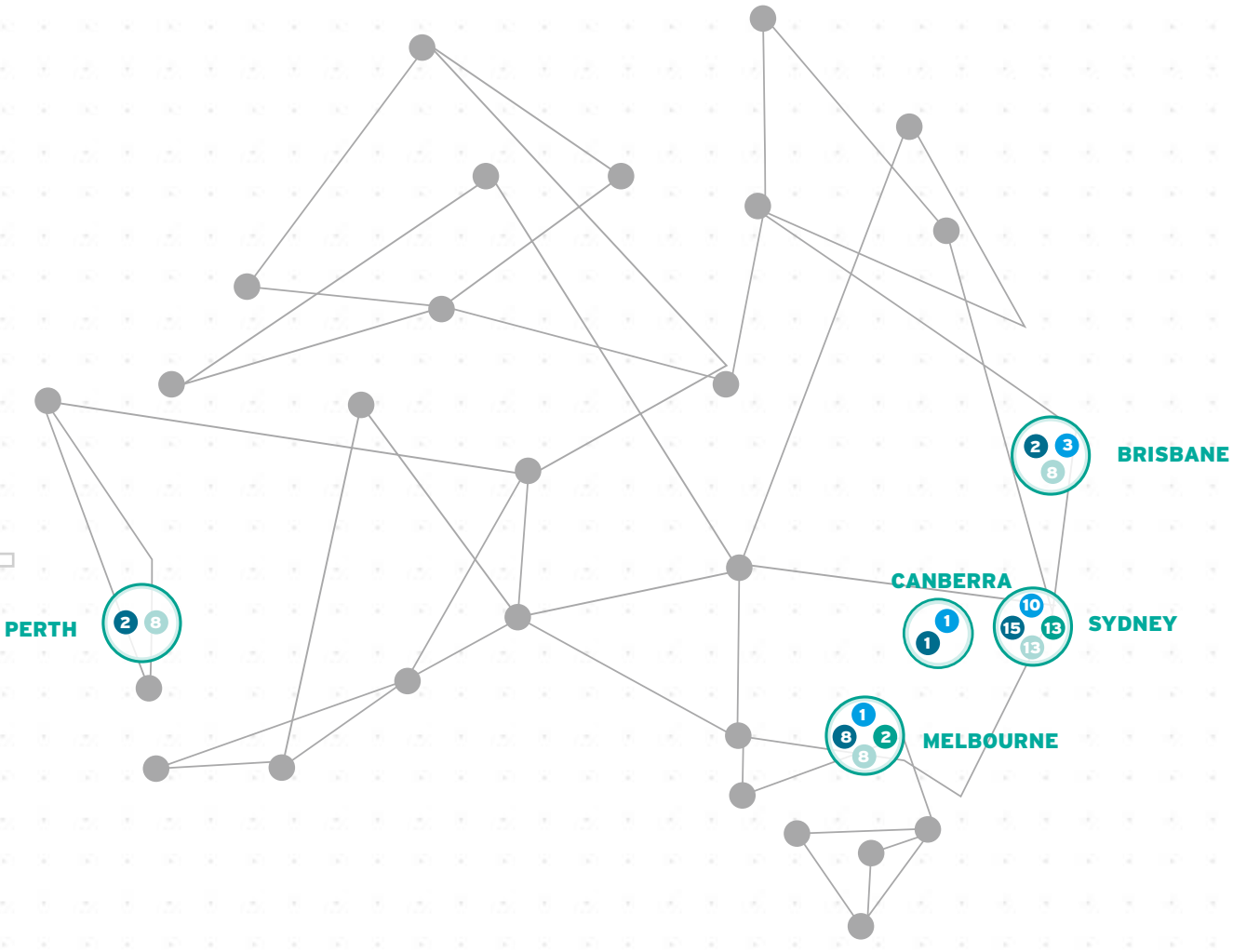
ABOUT MIRVAC

Mirvac is a leading, diversified Australian property group, with an integrated development and asset management capability.

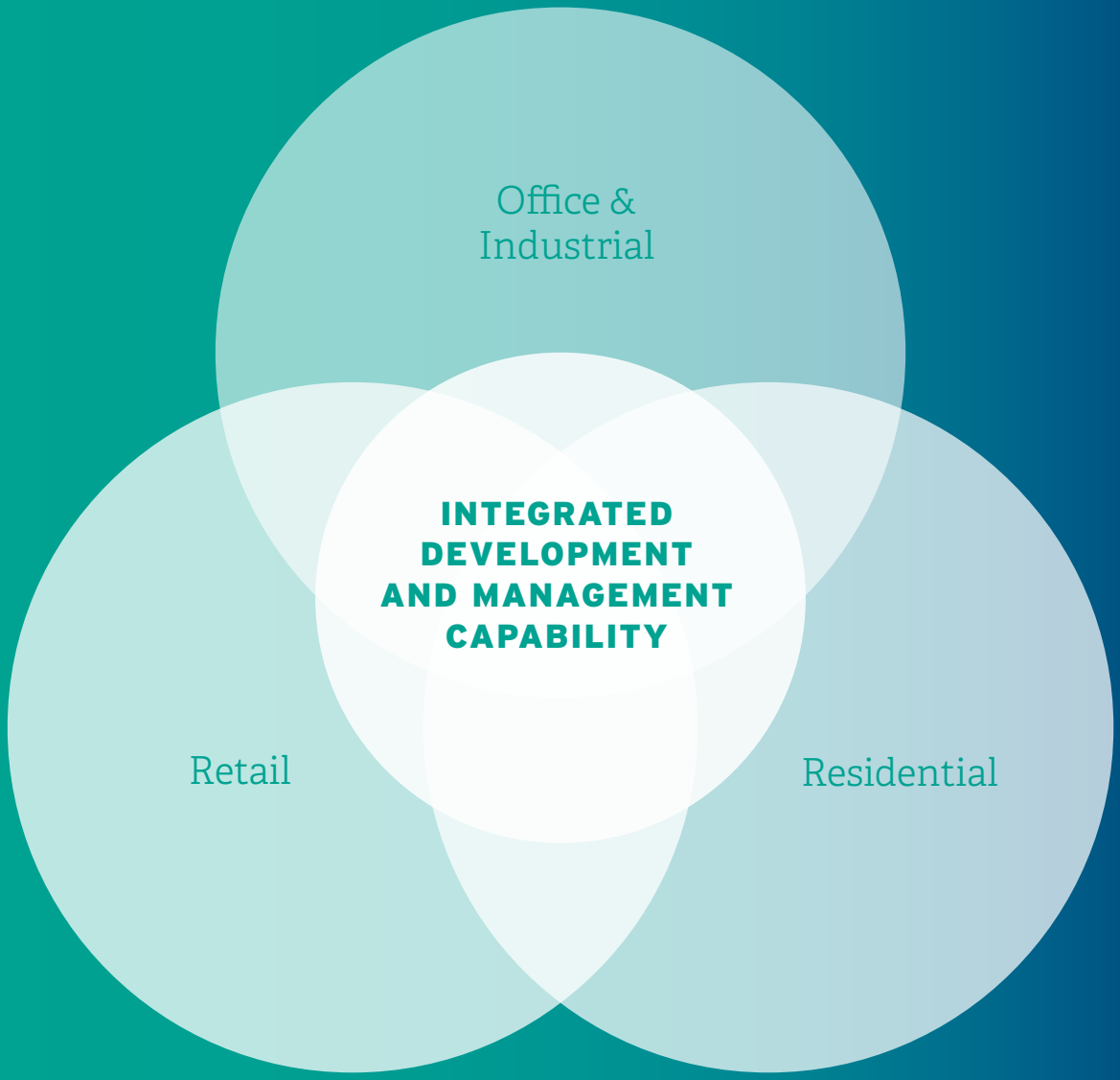
Principally located in Australia's four key cities of Sydney, Melbourne, Brisbane and Perth, we own and manage assets across the office, retail and industrial sectors, with over $15bn of assets currently under management. Our development activities allow us to create and deliver innovative and high-quality commercial assets and residential projects for our customers, while driving long-term value for our securityholders.

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

Established in 1972, Mirvac has more than 40 years of experience in the property industry and an unmatched reputation for delivering superior products and services across our businesses.



OUR INTEGRATED MODEL



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THE YEAR AT A GLANCE

$1.03bn
STATUTORY PROFIT
↑ 69%

$482m
OPERATING PROFIT
↑ 6%

Secured
$2.9bn
OF RESIDENTIAL PRE-SALES ON HAND

Acquired
$370m
OF ASSETS
across the office, industrial and retail sectors

Achieved
2,824
RESIDENTIAL SETTLEMENTS
↑ 24%

Completed over
$880m
IN ASSET SALES

Opened 200 George Street

IN SYDNEY, NSW
Mirvac's new headquarters

9.9¢
DISTRIBUTIONS
per stapled security
↑ 5%

Secured
Ping An Real Estate
AS CAPITAL PARTNER
for two residential projects in Sydney

Secured management rights to the
LAT PORTFOLIO
(previously Investa Property Trust)

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LETTER FROM THE CHAIRMAN AND CEO & MANAGING DIRECTOR

Dear Securityholders,

Mirvac has delivered another strong performance in the financial year 2016, reflecting the strength of our well-defined urban strategy and the substantial transformation of the business that has occurred over the past four years.

We have significantly improved the quality of our office, industrial and retail portfolios through our unique asset creation capability and a targeted acquisition and divestment program. Our residential business has benefited considerably from our disciplined approach to allocating capital and is now delivering strong earnings and solid returns, with a robust future pipeline.

With a strong focus on capital management, the Group's gearing was at the lower end of the target range of between 20 and 30 per cent, and we priced AU$536 million US Private Placement in June this year, which, once settled, will see the weighted average debt maturity increase from 4.0 years at the end of the financial year to over 5.0 years. The strength of our balance sheet means we will continue to have the flexibility to grow the business in the future.

We have done a considerable amount of work to transform the business over the past four years, and this has positioned us extremely well to deliver growth over the next three years, and importantly, long-term value for our securityholders.

Our integrated, diversified and focused approach, which is at the core of what we do, is underpinned by our expertise as a creator, owner and manager of urban assets, as well as our deep understanding of our customer. Our multi-sector exposure allows us to flex our activities through cycles, and our unique asset creation capabilities allow us to extract value through redevelopment, repositioning and rezoning opportunities. In order to continue delivering on our strategy, we maintain an appropriate capital structure by prudently managing our balance sheet and leveraging third party capital. You can read more about our strategy on page 11.

Executing against our strategy, we have delivered outstanding results in FY16, including a statutory profit of over $1.0 billion and an operating profit of $482 million. The significant increase to our statutory profit was driven by a $580 million revaluation uplift across our investment portfolio, and our solid earnings growth of six per cent was supported by a record number of residential settlements for the year.

Within our Office & Industrial sector, we delivered an operating EBIT of $358 million, a decrease on the previous financial year as a result of divestments in FY15, although this was partially offset by assets we acquired. Within our urban Retail portfolio, we delivered an operating EBIT of $117 million, again, impacted by asset sales in FY15 and offset by acquisitions and completed developments; and we

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are pleased to say our Residential business delivered an operating EBIT of $196 million, driven by a 24 per cent increase in residential lot settlements and gross margins above our target range.

Our commercial and residential development activities delivered a ROIC of 14 per cent in FY16, well ahead of our FY17 target of 12 per cent, and we paid distributions of 9.9 cents per stapled security, a five per cent increase on the previous year.

We have restructured our segment note reporting to better complement the sector-focused organisational restructure that was announced in June last year. Our aim is to simplify the way we present our financial results to the market and deliver greater transparency across each division. You will see the changes to our reporting structure in the pages that follow.

The solid results we have delivered in FY16 clearly demonstrate the successful and ongoing transformation of Mirvac to an urban-focused property group, as well as our ability to maximise the value of the assets we own, manage and create.

Over the past four years, we have carefully positioned our investment portfolio towards key urban locations. Our office portfolio, for instance, which comprises 93 per cent of Premium and A-grade assets, has an 81 per cent concentration to the Sydney and Melbourne CBDs; our industrial portfolio has an 85 per cent weighting to key logistics nodes in Sydney and our retail portfolio is 87 per cent weighted towards densely-populated urban areas.

Our residential business is likewise largely overweight to the stronger performing Sydney and Melbourne markets; however, we still see the value of certain key locations in Brisbane and Perth.

This urban focus has helped to deliver a strong performance across the business, with positive metrics and strong leasing activity across each of our investment portfolios and a high level of sales in our residential business, demonstrated by a record $2.9 billion of residential pre-sales on hand as at 30 June 2016.

We have continued to demonstrate our asset creation capability with the completion of the Treasury Building in Perth; the Stage 2 expansion of Orion Springfield Central in Springfield; and 200 George Street in Sydney, Mirvac's new Sydney headquarters. Underpinning our ability to create world-class assets is the Group's unique integrated model, which allows us to manage each stage of a project in-house: from site acquisition, to design and construction, leasing, sales and marketing and asset and portfolio management.

The move to 200 George Street in July this year was certainly a highlight for the business. A truly remarkable building, 200 George Street, known as the EY Centre, showcases our ability to maximise the potential of our assets, and with teams from all across the business involved in the delivery of this project, it is a true representation of the integrated model at work.

Another key strength of Mirvac is our ability to adapt to the property cycle, acquiring, divesting and developing at the right time. In FY16, we acquired $370 million of assets across the office, industrial and retail sectors, ensuring that the assets we acquired were either those that we were confident we could unlock value in, such as Toombul Shopping Centre in Brisbane, or assets that will provide us with steady, growing and uncomplicated returns, as with the high-performing East Village in Sydney, in which we have a 50 per cent interest.

In a period of strong capital demand, we disposed of over $880 million of non-aligned office and retail assets, further improving the quality of the portfolio as we continue to position the Group towards key urban locations. Our successful divestment program has allowed us to allocate capital more efficiently within the business.

Attracting third-party capital remains a focus for the Group to allow us to continue to grow our business, and in FY16 we signed agreements with two significant capital partners, Ping An Real Estate and China Investment Corporation, within our Residential and our Office & Industrial businesses respectively. We will continue to focus on leveraging third-party capital in each of our sectors to grow our portfolios, reduce our risk and maximise the strength of the integrated model.

We could not do what we do without our people, who continue to be our most valuable asset. A number of initiatives were implemented across the Group in FY16 to create long-lasting and beneficial change in the way we work and enhance employee engagement. These initiatives have included giving our employees the ability to choose when and where they work and ensuring they have access to the technology to enable them to do so.

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We are committed to providing all staff – from our office workers to our centre management teams and construction workers on site – with the opportunity to incorporate greater work-life balance into their lives.

Our continued focus on providing our people with a diverse and inclusive environment continued during the financial year, with a number of initiatives rolled out. Pleasingly, our work in this area was recognised with the PCA's inaugural Diversity Award, as well as an 'Employer of Choice for Gender Equality' citation from the Workplace Gender Equality Agency for the second consecutive year.

Leadership and career development have also been areas we have invested in throughout the financial year, with a number of programs aimed at enhancing our leadership capabilities and employee development opportunities.

Our *This Changes Everything* sustainability strategy has continued to deliver sizeable benefits to our business, and our Innovation program, Hatch, is facilitating a new way of thinking and a more inclusive workforce. As always, we have remained committed to ensuring safety at Mirvac is a top priority, and our *Work Safe, Stay Safe* initiative continues to be embedded in our processes. We are now looking at ways we can further enhance our HSE strategy, with an aim to launch a new strategy in the next financial year.

We have made significant progress in transforming the business over the past four years, and we are optimistic about the future performance of the Group. As a result of our healthy balance sheet, high-performing investment portfolio and strong residential business, we are targeting EPS growth of eight to 11 per cent for FY17, and a three-year average Group ROIC of nine per cent or more.

Importantly, we have a clear and ongoing focus to position the business in line with our strategy to ensure we can deliver long-term value for our securityholders for many years to come.

We would like to take this opportunity to thank the Board, management and all Mirvac employees for their hard work and dedication to the Group, and congratulate them on another successful year. We would also like to thank you, our securityholders, for your ongoing commitment to Mirvac and we look forward to delivering value to you over the long term.

Kind regards,

John Mulcahy, Chairman

Susan Lloyd-Hurwitz, CEO & Managing Director

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Operating and financial review

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200 George Street, Sydney, New South Wales

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OUR STRATEGY

To be focused, diversified and integrated.

FOCUSED

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

DIVERSIFIED

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

INTEGRATED

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

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

Maintain an urban focus:

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

Maximise the value of our assets:

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

Flex our activities through the cycle:

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

Maintain an appropriate and diversified capital structure and cost base:

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

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

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OUR PERFORMANCE

Mirvac's urban strategy and a strong focus on capital management has delivered excellent results in FY16 and a platform for future growth.

KEY FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 30 JUNE 2016:

↑ **$1.03bn**

STATUTORY PROFIT

driven by substantial property revaluation uplifts across the investment portfolio

FY15: $610m

↑ **$482m**

OPERATING PROFIT[1]

representing 13.0 cents per stapled security (cpss)

FY15: $455m

↑ **$509m**

OPERATING CASHFLOW

FY15: $413m

↑ **$366m**

DISTRIBUTIONS

representing 9.9 cpss

FY15: $348m

↓ **21.9%[2]**

GEARING

at the lower end of the Group's target range of 20 to 30 per cent

FY15: 24.3%

↑ **$1.92**

NET TANGIBLE ASSETS

per stapled security

FY15: $1.74

1. Excludes specific non-cash items, significant items and related taxation.
2. Net debt (at foreign exchange hedged rate) excluding leases/(total tangible assets-cash).

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KEY CAPITAL MANAGEMENT HIGHLIGHTS FOR THE YEAR ENDED 30 JUNE 2016:

$1.2bn

INCREASED AVAILABLE LIQUIDITY

as a result of proceeds from non-core asset disposals and residential settlements

A$536m

US PRIVATE PLACEMENT NOTES (USPP) PRICED

with maturities across tenors of 11, 12 and 15 years. The issue is expected to settle in September 2016

4.0 years

WEIGHTED AVERAGE DEBT MATURITY

expected to increase to over 5.0 years post USPP issuance

5.0%

AVERAGE BORROWING COSTS

FY15: 5.2%

MAINTAINED S&P BBB+ RATING

RECEIVED Baa1 LONG-TERM ISSUER RATING

From Moody's Investors Service

Mirvac's strong capital management in FY16 means it is very well-placed for the year ahead. This is demonstrated by low gearing, and with debt maturing in 1H17 due to be replaced with long-term US debt, the Group's weighted average debt maturity will significantly increase, while reducing the amount of debt due in any one year.

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8 Chifley Square, Sydney, New South Wales

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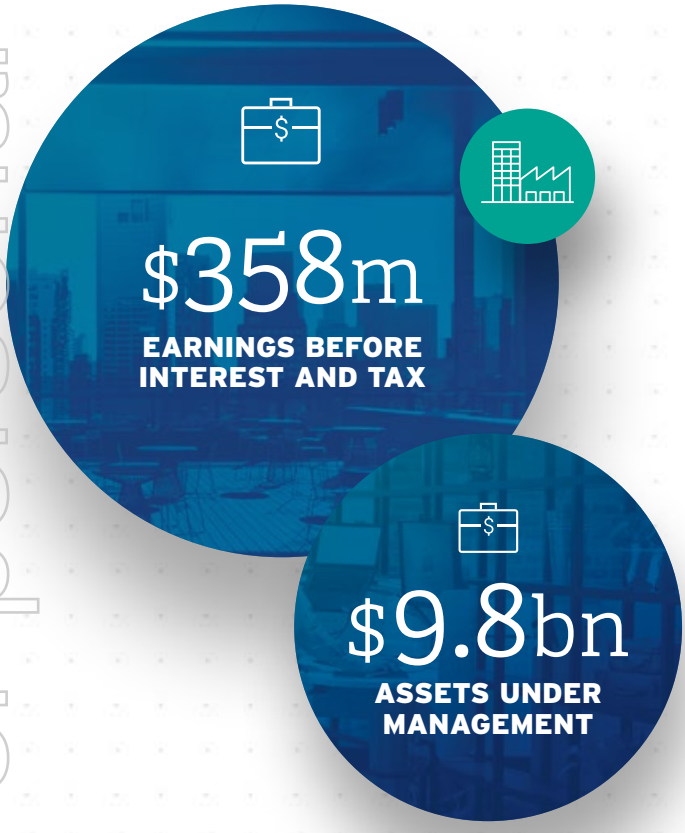
OFFICE & INDUSTRIAL

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

Mirvac's high-quality office portfolio comprises over 93 per cent Prime or A-grade assets, with an 81 per cent overweight to the strong Sydney and Melbourne markets. The Group has one of the largest office management portfolios in the country, in addition to a superior office development capability, demonstrated by projects such as 8 Chifley Square and the recently completed 200 George Street in Sydney, NSW; 699 Bourke Street in Melbourne, VIC; and the Treasury Building in Perth, WA.

Meanwhile, Mirvac's high-performing industrial portfolio, concentrated around key logistics nodes in both Sydney and Melbourne, continues to deliver strong metrics. Its concentration to the strong Sydney market at over 85 per cent means it is well-placed to benefit from Sydney's economic growth.

For the year ended 30 June 2016, Mirvac's Office & Industrial division delivered earnings before interest and tax of $358m.



OFFICE

Mirvac has a clear focus in its office business to create, own and manage high-quality, high-performing office assets. Over the past three years, the portfolio has transitioned away from metropolitan and lower-grade assets towards Prime and A-grade assets located in the Sydney and Melbourne CBDs. Highlights across the office portfolio for the year ended 30 June 2016 included:

- maintained high occupancy of 96.5 per cent[1], with a long WALE of 6.5 years[2];
- completed 105 deals over approximately 215,800 square metres[3], with highlights including:
  - **> 275 Kent Street, Sydney NSW**: renewed existing tenant, Westpac, for 58,500 square metres of office space for a 12-year term commencing in 2018; and
  - **> 60 Margaret Street, Sydney NSW:** secured financial services group, ING DIRECT, for approximately 10,000 square metres on a 10-year term commencing July 2017; and
  - **> 367 Collins Street, Melbourne VIC:** renewed Optus for over 8,900 square metres for a seven-year term, commencing in July 2016.

1. By area, including equity accounted investments and owner-occupied properties, and excluding assets held for development.
2. By income, including equity accounted investments and owner-occupied properties, and excluding assets held for development.
3. Excludes leasing of assets under development.

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- total office asset revaluations provided an uplift of $405m[1] (or 9.2 per cent) over the previous book value for the 12 months to 30 June 2016. On a like-for-like basis (excluding investment properties under construction (IPUC), acquisitions and disposals), the net uplift was $212m (or 6.2 per cent);
- exchanged contracts with UrbanGrowth to acquire Australian Technology Park, Sydney NSW in a consortium with AMP Capital's Wholesale Office Fund, AMP Capital separate account client, Sunsuper and Centuria Property Funds for a total consideration of $263m;
- disposed of approximately $850m of assets with the sale of 1 Woolworths Way, Bella Vista NSW; Como Centre, South Yarra VIC; 16 Furzer Street, Phillip ACT; and, 3 and 5 Rider Boulevard, Rhodes NSW, in accordance with the Group's strategy; and
- commenced management of the LAT portfolio (previously the Investa Property Trust) in February 2016, having reached an agreement with a subsidiary of China Investment Corporation in December 2015 to become the asset manager.

In line with Mirvac's mandate to create world-class office assets that generate development returns, the Group progressed its active $1.4 billion office development pipeline in FY16, with highlights including:

- **200 George Street, Sydney NSW:** achieved practical completion in June 2016. During the financial year, Mirvac signed lease agreements with energy giant, AGL; serviced office providers, Victory, and property group, Wanda, to take the building to 99 per cent pre-leased at completion. Lease deals with all ground-floor retail tenancies were also executed during the financial year;
- **2 Riverside Quay, Melbourne VIC:** topping-off achieved in April 2016, with practical completion targeted for December 2016, allowing anchor tenant, PwC, to move in two months ahead of program. The building is now 100 per cent pre-leased, with Fender Katsalidis Architects signing an agreement for lease on the remaining office space in April 2016;
- **664 Collins Street, Melbourne VIC:** development design is nearing finalisation with early construction works commencing in June 2016. The building's office component is currently 33 per cent pre-leased to Pitcher Partners;
- **477 Collins Street, Melbourne VIC:** signed heads of agreement with Deloitte to lease approximately 22,000 square metres of office space. Subject to the finalisation of the agreement for lease, works are expected to commence in the first half of FY17; and
- **Treasury Building, Perth WA:** achieved practical completion in August 2015, with the tower fully leased to the WA State Government for a 25-year lease term.

MARKET OUTLOOK[2]

Strong business conditions in Sydney and Melbourne continue to result in solid net absorption levels, with prime vacancy rates tightening over the past six months. These markets are expected to tighten further over the next few years, with better effective rent growth, driven by above-average levels of stock withdrawals in Sydney and low supply completions in both markets. Tenant demand in Brisbane is improving, driven by the government and education sectors, albeit vacancy levels and incentives remain high. Meanwhile, there has been a slight contraction in Perth, as larger mining firms continue to consolidate space options. Vacancy in Brisbane and Perth is expected to gradually reduce, however, leasing will remain competitive, and as such, it is expected incentives will remain elevated.

RISKS

While tenant demand for office space remains challenging in Brisbane and Perth, Mirvac's overweight position to Sydney and Melbourne means it is well-placed against this backdrop. The office portfolio metrics, comprising a long WALE and solid occupancy, also demonstrate Mirvac's ability to maintain a strong and robust portfolio through the cycles of demand.

In terms of its office developments, the Group seeks to manage uncertainty around tenant demand in a number of ways, such as substantially pre-letting development projects in advance of construction, while managing its capital commitments by partially selling down office developments to capital partners in advance of completion.

1. Includes 8 Chifley Square, Sydney NSW and Treasury Building, Perth WA. After adjustment for owner-occupied properties, the net uplift was $373m.
2. These future looking statements should be read in conjunction with future releases to the ASX.

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INDUSTRIAL

With a strong focus on leasing and asset creation, the Group's industrial portfolio delivered strong metrics in FY16.

Highlights across the industrial portfolio for the year ended 30 June 2016 included:

- achieved 100 per cent occupancy[1], with a long WALE of 7.9 years[2];
- achieved like-for-like net operating income growth of 3.2 per cent;
- completed approximately 79,600 square metres of leasing activity;
- acquired an industrial facility at 26-38 Harcourt Road in Altona, VIC for a total consideration of $28m. The site comprises two interconnected warehouses and has a total building area of over 32,700 square metres;
- exchanged contracts for an industrial site at 274 Victoria Road, Rydalmere NSW for $48m, representing an initial yield of 6.7 per cent. The site, which is fully occupied and has a WALE of over 7.4 years, comprises 22,700 square metres of total gross lettable area. Settlement is expected in early FY17; and
- Calibre, Eastern Creek NSW: progressed negotiations with a number of prospective tenants over the first 19,000 square metre development, Warehouse 1.

MARKET OUTLOOK[3]

Continuing investor demand for prime-grade industrial assets in key locations is resulting in compressed capitalisation rates, weighting predominantly towards the stronger markets of Sydney and Melbourne. With 85 per cent of its industrial portfolio weighted to Sydney, Mirvac continues to be well-placed to benefit from ongoing positive conditions in this market.

RISKS

Tenant demand for quality industrial space remains a key risk in the industrial sector. To mitigate this, Mirvac continues to focus on high-quality assets that appeal to a broad range of tenants, securing long-term leases and carefully managing its lease expiry profile.

1. By area.
2. By income.
3. These future looking statements should be read in conjunction with future releases to the ASX.

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Working towards **WELL**ness

Mirvac's move to its new headquarters at 200 George Street, Sydney in July has been one of the company's biggest events of 2016 – and while it's a small step geographically, it's a huge step forward for the business.

The new Sydney headquarters (HQ) represents an exciting evolution in how buildings can work for their tenants. For the first time, Mirvac has been working with the International WELL Building Institute to target a gold certification for the tenancy. This innovative standard uses an evidence-based system to measure and monitor various aspects of a tenancy's performance, particularly those focused on the health and wellbeing of occupants.

To attain WELL certification, Mirvac has integrated smart technology at 200 George Street, including SAMBA sensors that monitor air quality and lighting that responds to natural circadian rhythms throughout the day. It also provides employees with healthy food options through its 'profit for purpose' café, run in partnership with the YMCA.

The Group is also taking the opportunity to educate as many visitors as it can on the unique features of the building. A tenancy app has been created to enable visitors to learn more about the building as they move through the space.

A major benefit of the new HQ is the way it's been designed to promote healthier work practices. From the open layout and central staircase, which encourages movement and connection, to the collaborative technology and ergonomic furniture, and to the abundant plant life that brings nature into the building, every part of the design at 200 George Street has been carefully considered.

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A Star Portfolio

The Group continued to demonstrate excellence in sustainability across its office portfolio in FY16, with two of its existing assets achieving 6 Star Green Star ratings. 23 Furzer Street in Phillip, ACT was the first building in Australia to increase its Green Star rating from a 5 Star Green Star Office Design rating to a 6 Star Green Star Performance rating. 23 Furzer Street was also the first major property in Australia to attain a 6 Star NABERS Energy rating without GreenPower.

In recognition of its outstanding environmental performance, 23 Furzer Street was awarded the Facility Management Award at the Chartered Institute of Building Services Engineers Awards in London. Earlier in the financial year, it received the Facility Management Industry Energy Efficiency Award and was named the Best Commercial Building Energy Efficiency Project by the Energy Efficiency Council.

275 Kent Street in Sydney, NSW also achieved a 6 Star Green Star Performance rating, becoming one of the first buildings in Australia to do so, while 8 Chifley Square, Sydney NSW achieved a 5 Star NABERS Energy rating and 5 Star NABERS Water rating.

Mirvac's ongoing commitment to sustainability across its office portfolio resulted in a 5.1 Star NABERS average energy rating, a result of targeted capital investment and a strong focus on operational efficiency.

1. 8 Chifley Square, Sydney NSW.
2. 275 Kent Street, Sydney NSW.
3. 23 Furzer street, Phillip ACT.

Diversified use of property

Places to shop, eat and play.

Orion Shopping Centre, Springfield, Queensland

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RETAIL

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

Mirvac's strategy is to own and manage quality retail centres located in prime urban trade areas, in Australia's key eastern seaboard cities. The Group's retail centres are individually branded, marketed and positioned to suit the specific needs of its customers in each of their unique catchment areas.

For the year ended 30 June 2016, the Retail division delivered earnings before interest and tax of $117m.

Retail's continued focus on urban areas and on capturing organic growth across its portfolio ensured a solid performance in FY16. Highlights across the retail portfolio for the year ended 30 June 2016 included:

- maintained high occupancy of 99.4 per cent[1];
- achieved comparable moving annual turnover (MAT) sales growth of 5.4 per cent and comparable specialty sales growth of 4.2 per cent;
- increased comparable specialty sales productivity by nine per cent to $9,623 per square metre;
- comparable specialty occupancy costs down 70bps to 15.3 per cent;
- executed 410 deals across approximately 52,400 square metres, with leasing spreads of 3.5 per cent;
- acquired Toombul Shopping Centre in Brisbane's inner-north for a total consideration of $233m[2], representing a core capitalisation rate of 6.5 per cent;
- entered into a joint venture with PAYCE Consolidated to purchase an interest in East Village, Zetland, Sydney NSW for a total consideration of $155m. Settlement occurred on 1 July 2016;
- disposed of the mixed-use Como Centre complex in South Yarra, VIC with the retail component sold for approximately $29m. Settlement occurred in June 2016; and
- Broadway Sydney ranked No.1 in Shopping Centre in News' Big Guns Awards 2016 for MAT per square metre (MAT/m2) for the fourth consecutive year.

The Group continued to create value across its Retail portfolio with a development pipeline that captures attractive organic growth. Highlights across Mirvac's retail development projects for FY16 included:

- **Orion Springfield Central, Brisbane QLD:** achieved practical completion of the Stage 2 expansion in March 2016, with the official opening held in April 2016. The centre, which has a gross lettable area of approximately 70,000 square metres, now encompasses a comprehensive fashion, leisure, casual dining and entertainment offer to service the growing Greater Springfield. The additional retail space in Stage 2 is 97 per cent leased;

1. By area.
2. Includes adjacent land of approximately 2,800 square metres.

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- **Greenwood Plaza, Sydney NSW:** progressed with development works on the enhanced casual dining precinct, with completion achieved in July 2016. The project is 100 per cent leased;
- **Tramsheds, Harold Park NSW:** significantly advanced the restoration of the historic tramsheds, with completion expected in the first half of FY17. The 6,200 square metre boutique retail space is 100 per cent pre-leased; and
- **Broadway Sydney, Broadway NSW:** significantly advanced with the development of the Level 2 expansion, which is expected to complete in 1H17. The new casual dining precinct and enhanced fashion offering will be anchored by leading international brands, H&M and Sephora. The project is 100 per cent pre-leased.

MARKET OUTLOOK[1]

Consumer spending growth in New South Wales moderated slightly in the second half of FY16, but remains supported by solid levels of economic growth, continued house price growth and low unemployment levels. Australia's major cities capture a high proportion of population growth, compared to regional areas. Together with a lower Australian dollar driving gains in service employment in major cities, retail centres in urban locations, which Mirvac continues to focus on, are well-positioned.

RISKS

While retail sales have improved generally, leasing demand in the broader market is variable and a number of retailers remain under pressure. To mitigate these risks, Mirvac is focused on continually refreshing its retail assets (via refurbishment, redevelopment or tenant remixing) to adapt to changing market dynamics. In addition to its focus on key urban and metropolitan markets, Mirvac ensures it maintains a diversified tenancy mix, where no single specialty retailer contributes greater than 1.6 per cent of the total portfolio's gross rent.

Dining out with Mirvac Retail

Mirvac's Retail team puts the shopper at the core of every decision they make. As a result, each and every one of the Group's shopping centres offers a bespoke environment that reflects the core values of its community. A key focus for many of the centres is offering the best dining, leisure and entertainment facilities, in addition to a diverse retail mix and product offering; allowing shopping and socialising to seamlessly take place.

During FY16, a number of Mirvac's retail centres updated their dining and entertainment precincts to provide customers with an even better leisure experience. At Greenwood Plaza in North Sydney, NSW for instance, an outdated food court has been replaced with a sophisticated dining environment that reflects the aspirations of the centre's customer base. At Broadway Sydney, NSW the team is developing a new shopping experience by combining fashion, food and art in an urban space. The lifestyle and leisure focus at the expanded Orion Springfield Central in south-east QLD was unveiled at the official opening in March this year, and similar offerings have been taking place at Kawana Shoppingworld in QLD and Stanhope Village in NSW, all of which are tailored to meet the needs of the local community.

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

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Recycling in Retail

Mirvac's retail portfolio has achieved a significant improvement in its recycling performance over the past few years, increasing its recycling rate by over 60 per cent since FY13, and on track to achieve a 75 per cent recycling target by FY18. A number of initiatives were implemented by Centre management teams across the retail portfolio to achieve this outcome, including:

- the Pulpmaster Organic Processing System: installed at eight centres, this system diverted over 675 tonnes of organic waste away from landfill in FY16;
- organic waste collections: commencing at Moonee Ponds, these collections have seen the recovery of 12.5 tonnes of organic waste from landfill; and
- Advanced Waste Treatment: Across NSW, Mirvac's landfill waste undergoes a secondary sort process to recover recyclable materials from the landfill waste stream. In FY16, this has enabled over 1,500 tonnes of recyclable material to be recovered from the waste stream and diverted from landfill.

In the next financial year, Mirvac intends to undertake more waste and recycling audits, facilitate greater tenant engagement, add braille signage to bins in its centres and investigate glass crushers to help its retail tenants with bulky bottle recycling (following a successful trial at Harbourside Shopping Centre).

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Real living that creates real returns.

The Eastbourne, Victoria

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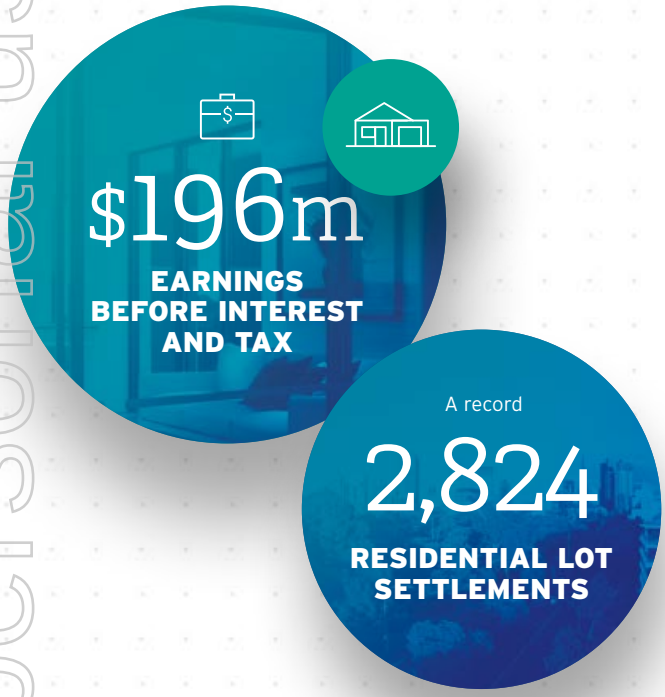
RESIDENTIAL

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

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

For the year ended 30 June 2016, the Residential division delivered earnings before interest and tax of $196m, while delivering a return on invested capital of 12.4 per cent.



Mirvac's focus on delivering high-quality, innovative masterplanned communities and apartments ensured a strong result in FY16. Highlights across the residential business for the year ended 30 June 2016 included:

- settled a record 2,824 residential lots and achieved strong residential gross margins of over 24 per cent, driven by outperformance in masterplanned community projects in Sydney and Melbourne and apartment projects in Sydney;
- secured residential pre-sales of $2.9bn[1], providing a high level of visibility in FY17 and beyond;
- secured approximately 1,900 new residential lots, including:
  - **Ascot Green, Brisbane, QLD:** entered into a project delivery agreement with Brisbane Racing Club to develop the estimated $992m residential precinct. Mirvac intends to deliver over 1,000 apartments and will work closely with Brisbane Racing Club on an exciting retail village;
  - **Marrickville, Sydney, NSW:** entered into a project delivery agreement with Marrickville Council to redevelop the old Marrickville Hospital in Sydney's inner-west. Mirvac intends to deliver around 220 apartments, a library and community hub, as well as 1,200 square metres of open space; and
  - **Piara Waters, Perth, WA:** the site offers an urban infill opportunity in an area abundant with existing infrastructure, amenity and demand for vacant space. Mirvac intends to deliver approximately 400 masterplanned community lots.
- entered into a joint venture partnership with Ping An Real Estate, a subsidiary of the Ping An Insurance Group of China, for two residential projects in Sydney, NSW. These include The Finery in Waterloo and St Leonards Square in St Leonards, demonstrating Mirvac's ongoing focus on attracting third party capital to grow its business; and
- released over 3,900 lots with successful launches across masterplanned communities and apartments, including:

Masterplanned Communities:

- **Brighton Lakes NSW:** achieved strong sales with 95 per cent of released lots pre-sold;
- **Gledswood Hills NSW:** achieved strong sales, with 83 per cent of released lots pre-sold;
- **Harcrest VIC:** achieved strong sales with 100 per cent of Stages 7, 9 and 10 pre-sold;

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

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> **Woodlea VIC:** achieved strong sales with 95 per cent of released lots pre-sold; and

> **Tullamore VIC:** achieved strong sales with 76 per cent of released lots pre-sold.

Apartments:

> **Harold Park, Sydney NSW:** released the final stage of the last precinct, with 61 per cent of released lots pre-sold;

> **Stage 2, Hope Street, South Brisbane QLD:** achieved strong sales, with 96 per cent of released lots pre-sold;

> **The Finery, Waterloo NSW:** achieved solid sales with 89 per cent of released lots pre-sold;

> **St Leonards Square, Sydney NSW:** achieved strong sales with 90 per cent of released lots pre-sold; and

> **The Eastbourne, Melbourne VIC:** successful launch with 55 per cent of released lots pre-sold.

MARKET OUTLOOK[1]

Conditions in the Australian residential market remain mixed nationally, varying from state to state and within states. Indications of buyer activity, such as auction clearance rates and price levels, suggest conditions have moderated in Sydney and Melbourne from very high levels, but remain solid; and while lending criteria has tightened, a low interest rate environment is expected to support continued demand. In Brisbane, affordability is favourable and future supply risks appear to be reducing given a decrease in approvals and construction finance for lower tier developers. Conditions in Perth remain challenging, as the transition away from mining continues.

RISKS

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

House with No Bills

The House with No Bills was launched at Jack Road, Cheltenham, VIC in May 2016. The house was designed to reduce its reliance on electricity to the point that it will not generate any electricity bills. Methods to achieve this include increased roof insulation and the installation of solar PV panels, LED lighting, energy efficient appliances and smart metering and monitoring systems, which will assist homeowners in keeping track of where and how their energy is being used.

1. These future looking statements should be read in conjuntion with future releases for the ASX.

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MARRICKVILLE: Home to a New Kind of Community

One of the commitments in Mirvac's *This Changes Everything* sustainability strategy is to deliver a One Planet Living community. An initiative of sustainability action group, Bioregional, and its partners, One Planet Living seeks to make truly sustainable living a reality, using ecological footprinting and carbon footprinting as its headline indicators.

An important first step was taken this year with Mirvac selecting its residential project in Marrickville, Sydney NSW, as the site for a One Planet Living community and registering the project with BioRegional.

Located in Sydney's inner west, the Marrickville Community Hub will see a former hospital transformed into a closely connected urban community. In addition to approximately 200 apartments, the project will encompass extensive outdoor community areas which will offer comfortable green space for residents, along with the local community. As well as the residential component, the One Planet Living community will incorporate the new Marrickville Library and community facilities.

Features of the project that will help towards the One Planet Living rating include:

- sustainability initiatives such as energy efficient building design and services, water sensitive urban design, a focus on reducing waste and an aspiration to increase the biodiversity value of the site;
- bicycle racks and maintenance areas, electric vehicle charging and car share pods – all of which will encourage alternative transport methods;
- community and kitchen gardens and a focus on healthy indoor and outdoor spaces to enhance the health and wellbeing of residents;
- the adaptive re-use of heritage buildings and an urban design that aims to address the local streetscape, reflecting and enhancing the site's local character and history; and
- ongoing education programs for residents and the wider community on One Planet Living principles.

As part of the project, Mirvac is also working on a community plan and educational strategy to help residents live a sustainable lifestyle, as well as a local economy strategy to promote businesses and employment in the area.

There is no doubt Marrickville is an exciting step forward for Mirvac and for the inner west. The site in Marrickville will be a place that is uniquely designed around the human experience, and where community sits at the heart of every decision made.

1. Marrickville Community Hub (artist's impression).

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Keeping connected to our people and the communities that we serve.

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OUR PEOPLE

Mirvac's strong performance in FY16 reflects the quality, passion and commitment of its people.

During the financial year, the Group continued to focus on maintaining a diverse, skilled, high-performing and ultimately, engaged, workforce.

The three key areas of focus this year included investing in the growth of Mirvac's people, strengthening leadership across the business and mainstreaming flexibility at Mirvac.

INVESTING IN OUR PEOPLE

Mirvac is committed to supporting its people to be the best they can be through ongoing opportunities for growth and professional development. Employee development is essential to keep employees thriving, skilled and engaged, and this was a major focus for the business in FY16. Opportunities to do this come from a range of sources: from the quality of projects undertaken at Mirvac; formal learning programs offered through the Mirvac Learning Academy; and ongoing coaching from leaders and subject matter experts.

THE MIRVAC LEARNING ACADEMY

While learning has always been provided for employees, a central platform – the Mirvac Learning Academy – was introduced in FY16, giving employees easy access to a range of training and career development options. In addition to technical skills, the Mirvac Learning Academy covers leadership and interpersonal skills like communication, time management, influencing and presentation.

LEADING EDGE

Leadership has been another key area for the Group this financial year.

Mirvac has developed and launched three core leadership programs geared towards leaders at different stages of their careers. Over 200 employees completed one of these leadership programs in FY16, which were available through the Mirvac Learning Academy.

Senior executives also participated in an INSEAD Masterclass focused on fostering High Performance Leadership.

EMBEDDING FLEXIBILITY AT MIRVAC

Following the launch of a refreshed Diversity & Inclusion strategy last year, Mirvac spent FY16 delivering on key initiatives from the strategy. Gender equity continued to be a strong focus area for the Group; however, there was also a focus on a number of other enablers, such as 'mainstreaming flexibility', to help foster a diverse and inclusive culture.

The Equilibrium Man Challenge, a Workplace Gender Equality Agency initiative that Mirvac participated in last year, successfully shifted the dialogue around flexibility at Mirvac from being something for 'working mothers' to being something for 'everyone'. Approximately 15 per cent of Mirvac's employees have a formal flexible arrangement and over 45 per cent of employees have an informal flexible arrangement, whereby they are able to change traditional hours or place of work to balance personal commitments.

Mirvac's progress in building a diverse and inclusive environment was recognised by the property industry in June, when it won the inaugural Diversity Award at the Property Council of Australia's Innovation & Excellence Awards. Mirvac also received the 'Employer of Choice for Gender Equality' citation from the Workplace Gender Equality Agency for the second year in a row.

To ensure gender diversity remains at the forefront, targets have been set for gender representation at Board and management levels, and there is a requirement for 50:50 representation in recruitment shortlists for senior roles. Mirvac also reports on gender diversity strength in talent and succession planning.

The focus for the Group moving forward is on productivity and outcomes, rather than hours spent at a desk, and ensuring employees are provided with the tools they need to have greater choice in how, when and where they work.

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MIRVAC CONSTRUCTION

Building Balance Program

Flexibility in construction is an industry-wide issue. To increase workplace flexibility for those in its construction teams, Mirvac launched the Building Balance initiative this year, which aims to challenge the attitude and behaviours embedded in the construction industry and to rethink the way processes and procedures are undertaken.

The program is far reaching and looks at how construction teams can utilise the tools, technology and resources available to help streamline processes and improve efficiency.

One of the more immediate actions was the launch of 'My Simple Thing' in April, which asked construction employees to think of a simple change they can incorporate into their work lives to improve their work-life quality. Site-based teams are empowered to develop an action plan where team members support each other's personal goals, while ensuring project milestones are achieved.

MIRVAC'S WORKFORCE AT A GLANCE

over 1,420
TOTAL NUMBER OF EMPLOYEES

EMPLOYEES BY LOCATION

16 weeks
PAID PARENTAL LEAVE

60 : 40
GENDER SPLIT

86% 100%
PARENTAL LEAVE RETURN RATE

50 : 50
BOARD REPRESENTATION

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Transforming the Way We Work

The Transforming the Way We Work (or TW3) program was launched in 2015 and has involved streamlining company processes, encouraging flexible work practices and utilising technology to ensure employees can work more efficiently.

To help the Sydney head office prepare for its move to a more flexible working environment at 200 George Street, a level of office space was remodelled as a pilot workspace, designed for flexibility and bringing different people from across the business together.

In order to facilitate a new way of working, it was also critical that all employees were provided with the tools and, in particular, the technology that enables more agile, collaborative and flexible work practices.

As part of this, over 1,200 laptops were deployed across the Group, and various digital technologies were introduced to allow for better connection and collaboration between employees online, while also reducing the reliance on paper.

To support the behavioural change underway as the Group continues to transform the way it works, Mirvac implemented a Flexibility Charter in FY16, which sets out the way people leaders and employees can adopt flexibility into their work lives, and outlines the behaviours expected in a new work environment. Behavioural training in how to work in a flexible environment was also provided to people leaders and employees.

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HEALTH & SAFETY

Creating a safe and healthy workplace for our people.

Mirvac has an excellent track record in safety and remains unwavering in its commitment to ensuring the safety of its people and customers. This year, the business took the opportunity to look at Health, Safety and Environment (HSE) in broader terms, assess the approach to date and develop a clear plan for the future.

A number of important initiatives continued to be rolled out during FY16, including training on alcohol and other drugs to raise awareness about the factors that underpin drug and alcohol misuse, from stress to social influences. Workshops took place between October and December 2015, with over 80 per cent of employees taking part. The Group also enhanced its hazard reporting system, making it easier for employees to use, and throughout the year numerous due diligence training sessions were conducted, ensuring a consistent level of HSE knowledge across senior and middle management.

As with previous years, Mirvac has continued to perform well on the compliance front, with 99 per cent compliance on the License to Operate module, and a 93 per cent safety engagement score in our Employee Engagement Survey.

Putting the H into HSE

In March 2016, Mirvac embarked on a journey to develop a new HSE strategy. This involved a significant amount of research, including internal and external interviews with key stakeholders and a benchmarking study looking to global leaders in HSE. The HSE team is now in the process of developing a new strategy, to be launched in FY17.

A key area for this strategy is to "put the H into HSE", with an increased focus on health and wellbeing, while simplifying processes and utilising technology to streamline the HSE management system.

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Making Safety our Business

The *Work Safe, Stay Safe* initiative launched last year has resonated well with Mirvac's employees, and the Group continued to embed this in the employee induction process as well as its HSE initiatives in Construction.

As construction sites involve high-risk activities, Mirvac also developed a new tool to make communication on sites easier for its construction employees. Mirvac Risk Assessment Cards (MRACs) visually depict what risks look like and what controls can be put in place to mitigate them. The MRACs were delivered to 850 construction workers across the country, and recipients included service providers as well as on-site teams. To continue to make communication even easier, the MRACs are now being translated into a smartphone app which is currently being piloted at Green Square and Brighton Lakes in Sydney, NSW.

Designing Out Our Risk (DOOR) is another program that enables the Group to manage risk early and effectively through all stages of development. Key personnel have been trained in DOOR to ensure there is someone championing the program in each part of the business.

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INNOVATION

Launched in 2014, Mirvac's Hatch program has enabled the Group to weave innovation into the fabric of the business.

Rather than work as a separate entity, Hatch is made up of a number of Innovation Champions from all parts of the business. Together, these Champions are responsible for sharing innovative thinking and methodology with their peers, in addition to working together towards a set of greater innovation goals. Mirvac defined eight Hatch missions to focus on last year, with a group of Champions assigned to each one.

In FY16, Mirvac recruited a third set of Innovation Champions, meaning a greater pool of resources to work the Hatch missions. In addition to this, around 30 members of Mirvac's senior management team completed innovation training in late 2015.

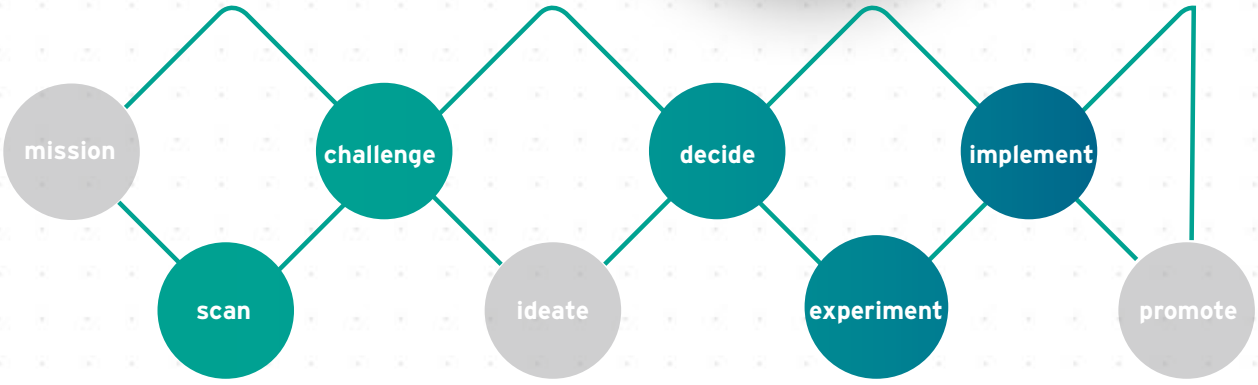
As Hatch thinking comes to life across the business, there is perceptible and exciting change in the innovation journey, as theory starts to turn into action. After kicking off with the initial 'scanning' phase, Mirvac has spent 2016 focusing on the ideation and experimentation phases of the Hatch process.

The next goal for Hatch: to build an external network through an open innovation platform, and to continue promoting Hatch as a broadly accepted, customer-centric ideology embedded into everything Mirvac does.

A ROUND OF APPLAUSE

Mirvac's focus on innovation hasn't gone unnoticed. At the 2015 BRW Most Innovative Companies Awards, Hatch won the Best Innovation Program, and Mirvac was ranked as the third Most Innovative Company in Australia. As well as its commitment to innovation through Hatch, Mirvac's submission included the work it has done on the CSR Velocity Panels, as well as the Group's *Work Safe, Stay Safe* initiative.

Innovation process[1]



1. Source: Inventium

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SUSTAINABILITY

Mirvac launched its plan for a sustainable future in 2014 with *This Changes Everything*.

The plan comprises four interconnected areas of focus: Reimagining Resources, Shaping the Future of Place, Enriching Communities and Smarter Thinking. Under each area is a long-term mission, supported by several more immediate commitments.

This year, Mirvac achieved its key commitment to deliver a smart building by 2018, with both 200 George Street in Sydney and 699 Bourke Street in Melbourne. The Group has also set several new commitments around affordability and access, biodiversity, transport, supplier governance and resilience.

SOCIAL RETURN ON INVESTMENT

Mirvac, together with KPMG, has created a Social Return on Investment Framework to measure the social impacts of new residential communities. Known as 'The Value of Community', the initiative demonstrates real value for residents and the wider community across the areas of improved safety, sense of community, active living and sense of place.

MIRVAC ENERGY

During the year, Mirvac launched Mirvac Energy, a company that will invest in solar systems for Mirvac's own assets, earning an income stream by selling energy, with two pilot projects at One Darling Island, Sydney and Orion Springfield Central, Brisbane totalling 1.1MW.

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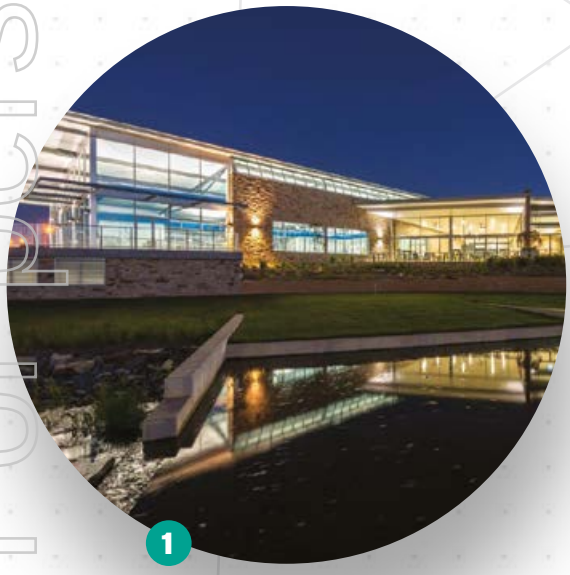
OTHER KEY ACHIEVEMENTS IN FY16 INCLUDED:

- registered Marrickville in Sydney, NSW for One Planet Living certification together with Marrickville Council (see page 27 for more details);
- launched the Nudge by Mirvac sustainability film festival (see page 38 for more detail);
- delivered the first net zero carbon home at Osprey Waters, WA;
- launched Mirvac's 'profit for purpose' café at the Group's new HQ, 200 George Street, Sydney NSW, in partnership with the YWCA. All profits from the café will go towards YWCA's programs and services, aimed at supporting victims of domestic violence as well as homelessness for disadvantaged women and their families;
- Googong Township received a 5 Star Green Star Communities rating – the first project in New South Wales to be awarded this rating by the Green Building Council of Australia; and
- achieved a 6 Star Green Star Performance rating for 275 Kent Street, Sydney NSW and 23 Furzer Street, Phillip ACT, demonstrating that existing buildings can achieve a Green Star World Leadership level of performance.



1. Googong Township, Googong NSW.
2. Song Café, 200 George Street, Sydney NSW.

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COMMUNITY

Mirvac is committed to supporting the communities in which it operates, by engaging with those who live, work and play in the places it creates.

Under the umbrella of *This Changes Everything*, Mirvac has implemented a number of initiatives aimed at fostering meaningful connections with the wider community, such as charity work and educating people on sustainability through the powerful medium of film.

CONNECTING WITH OUR CHARITY PARTNER, THE SMITH FAMILY

With a mission to support disadvantaged children through education, The Smith Family is a national charity partner Mirvac is proud to support.

Throughout FY16, Mirvac's partnership was activated through a range of initiatives that were rolled out across all parts of the business. Some of the key initiatives that Mirvac and The Smith Family worked together on included:

Learning for Life

As part of The Smith Family's *Learning for Life* scholarship program, Mirvac began sponsoring tertiary students in a number of locations.

Raising Christmas Spirits

Christmas is a tough time for many, so Mirvac ran a series of special fundraising activities, including a seasonal online program, 'Simply Giving', which allowed Mirvac employees to select toys via a website and donate them to those in need. Mirvac also ran a book and toy drive (with personal deliveries from Mirvac's CEO & Managing Director, Susan Lloyd-Hurwitz), and raised $4,600 through a gift-wrapping service at Broadway Sydney, with funds going directly to The Smith Family's learning support programs for disadvantaged children.

Caring for Community

This year, Mirvac provided focused support to four communities across the country: Alexandria Park, NSW; Brimbank, VIC; Brisbane, QLD; and Midland, WA. Support included Community Day activities such as art and writing competitions for students.

Tech tactics

In preparation for the relocation of Mirvac's Sydney office to its new HQ, the Group's technology team donated over 200 computers worth $25,000. The computers were packaged up and provided at a low cost to families in need, with the funds raised invested back into Smith Family's programs for disadvantaged children.

Giving in Kind

Recycled clothing collection bins proved to be a great way to raise awareness and funds for The Smith Family, with bins placed in three of Mirvac's shopping centres, giving tenants the chance to donate surplus stock. The collection were also installed at Mirvac's head office in Sydney and at Summer Festival locations in New South Wales and the Australian Capital Territory.

Office Matters

Mirvac's offices played a role in supporting The Smith Family, raising well over $8,000 through workplace giving, flower sales, a winter coat drive and a winter warmer lunch. In Brisbane, The Smith Family has taken residence at Mirvac's 340 Adelaide Street office asset with Mirvac contributing to their rent, allowing them to direct these funds to their education programs.

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MIRVAC'S

'Nudge' Film Festival Premieres Nationally

During FY16, Mirvac launched **Nudge by Mirvac**, the Group's very first sustainability film festival and a targeted initiative to help educate one million people by 2020. With over 100 entries from across student and open categories, the competition was a huge success.

Nudge by Mirvac was an initiative with major sponsor, Qantas, and the films were judged by a panel that included author, media personality and member of the NSW Climate Change Council, Adam Spencer; social entrepreneur and DoSomething founder Jon Dee; Cool Australia founder and CEO Jason Kimberley; Mirvac Group General Manager, Sustainability & HSE, Paul Edwards; and Qantas Group Manager for Carbon Strategy, Megan Flynn.

Budding film-makers were invited to 'Nudge a Neighbour to Change a Behaviour' by submitting a three-minute film on the theme 'Reimagining Resources'.

Lana Taylor, the 10-year-old winner of the Student individual category, produced the film 'Nature Heroes', which brilliantly depicted a superhero saving the world by switching to reusable shopping bags. The Student group category was won by students from Main Upper Arm Public School in Mullumbimby, New South Wales, who created a musical to raise awareness on the responsible use of energy and resources. The winning film in the Open category came from Sophie Matterson of Adelaide and Angus Kennedy from Sydney, who highlighted the issue of coastline pollution with their documentary 'Trash Tribe'.

While this was only the first year of **Nudge by Mirvac**, it's clear that the competition is a great means of engaging and educating people about sustainability. While a three-minute film might not seem like much, it has proven to be an incredible medium to spread the sustainability message and has demonstrated a real grassroots support for the environment and sustainable practices.

Overall, the competition reached more than 30,000 people nationwide through 17 film screenings, over 1,000 website visits and hundreds of YouTube views.

The winning films are available on the **Nudge by Mirvac** YouTube page:
youtube.com/c/nudgebymirvacaustralia

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BOARD OF DIRECTORS

John Mulcahy

Susan Lloyd-Hurwitz

Christine Bartlett

Peter Hawkins

James M. Millar AM

Samantha Mostyn

John Peters

Elana Rubin

DIRECTORS' EXPERIENCE AND AREAS OF SPECIAL RESPONSIBILITIES

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

John Mulcahy

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

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

John Mulcahy was appointed a Non-Executive Director of Mirvac in November 2009 and the Independent Non-Executive Chair in November 2013. John has more than 29 years of leadership experience in financial services and property investment. John is the former Managing Director and Chief Executive Officer of Suncorp-Metway Limited. Prior to joining Suncorp-Metway, John held a number of senior executive roles at Commonwealth Bank, including Group Executive, Investment and Insurance Services. He also held a number of senior roles during his 14 years at Lend Lease Corporation, including Chief Executive Officer, Lend Lease Property Investment and Chief Executive Officer, Civil and Civic.

John is currently a Non-Executive Director of ALS Limited (formerly Campbell Brothers Limited) (appointed February 2012), Deputy Chairman of GWA Group Limited (appointed November 2010) and Chairman of ORIX Australia Corporation Ltd (appointed March 2016). John is also a Director of The Shore Foundation Limited and the Great Barrier Reef Foundation and a former Director (and Chair from November 2010) of Coffey International Limited (from September 2009 to January 2016) and former Guardian of the Future Fund Board of Guardians (2006 until April 2015).

Susan Lloyd-Hurwitz

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

Susan Lloyd-Hurwitz was appointed Chief Executive Officer & Managing Director in August 2012 and a Director of Mirvac Board in November 2012. Prior to this appointment, Susan was Managing Director at LaSalle Investment Management. Susan has also held senior executive positions at MGPA, Macquarie Group and Lend Lease Corporation, working in Australia, the USA and Europe.

Susan has been involved in the real estate industry for over 27 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 also President of INSEAD Australasian Council, a Director of the Green Building Council of Australia, and a member of the NSW Public Service Commission Advisory Board.

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

Christine Bartlett

BSc, MAICD - Independent Non-Executive

Member of the Audit, Risk & Compliance Committee

Christine Bartlett was appointed a Non-Executive Director of Mirvac in December 2014. She is currently a Non-Executive Director of GBST Holdings Ltd (appointed June 2015 and appointed Deputy Chair in January 2016), Sigma Pharmaceuticals Limited (appointed March 2016) and Chairman of The Smith Family. She is also an external Director to the Board of Clayton Utz (appointed January 2016). Christine is a member of the UNSW Australian School of Business Advisory Council and the Australian Institute of Company Directors. Previously, she has been a Director of PropertyLook and National Nominees Limited and Deputy Chairman of the Australian Custodial Services Association.

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

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

Peter Hawkins

BCA (Hons), FAICD, SFFin, FAIM, ACA (NZ) - Independent Non-Executive

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

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

Peter was a member of ANZ's Group Leadership Team and sat on the boards of Esanda Limited, ING Australia Limited and ING (NZ) Limited, the funds management and life insurance joint ventures between ANZ and ING Group. He was previously Group Managing Director, Personal Financial Services, as well as holding a number of other senior positions during his career with ANZ. Peter was also a Director of BHP (NZ) Steel Limited from 1990 to 1991 and Visa Inc. from 2008 to 2011.

Peter is currently a Non-Executive Director of Westpac Banking Corporation (appointed December 2008), MG Responsible Entity Limited, the responsible entity for MG Unit Trust (appointed April 2015 and listed in July 2015), Murray Goulburn Co-operative Co. Limited, Clayton Utz and Liberty Financial Pty Ltd, and a former Non-Executive Director of Treasury Corporation of Victoria.

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BOARD OF DIRECTORS (CONTINUED)

James M. Millar AM

BCom, FCA, FAICD - Independent Non-Executive

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

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

James commenced his career in the Insolvency & Reconstruction practice at EY, conducting some of the largest corporate workouts of the early 1990s. He has qualifications in both business and accounting.

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

James serves a number of charities where he is a Trustee of the Australian Cancer Research Foundation and the Vincent Fairfax Family Foundation. He is a former Chair of Fantastic Holdings Limited (from May 2012 until June 2014) and The Smith Family (until April 2016), and a former Director of Helloworld Limited (from September 2010 until January 2016).

Samantha Mostyn

BA, LLB - Independent Non-Executive

Member of the Human Resources Committee

Samantha Mostyn was appointed a Non-Executive Director of Mirvac in March 2015. Samantha is a Non-Executive Director and corporate advisor, and is currently a Non-Executive Director of Virgin Australia Holdings Limited (appointed September 2010), Transurban Holdings Limited (appointed December 2010) and Cover-More Group Limited (appointed December 2013). She is also a Director (and Chair since November 2015) on an Australian APRA regulated Citibank Subsidiary Board. She serves as the President of the Australian Council for International Development and is Chair of Carriageworks. She is also involved in an advisory capacity in a number of sustainability, climate change, diversity and philanthropic organisations.

Previously, Samantha has served as a Director of the Sydney Theatre Company, a Commissioner with the Australian Football League (AFL), the National Sustainability Council, and the National Mental Health Commission, and over many years held senior executive positions at IAG, Optus and Cable & Wireless Plc.

John Peters

BArch, AdvDipBCM, ARAIA, GAICD - Independent Non-Executive

Member of the Human Resources Committee

John Peters was appointed a Non-Executive Director of Mirvac in November 2011.

John brings to the Board over 40 years' experience in architectural design, project management, property development and property management.

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

Prior to this, John was with Lend Lease Corporation for 14 years, where he was Queensland Manager Lend Lease Development, and Director, Lend Lease Commercial.

John is a Non-Executive Director of Argyle Community Housing Ltd.

Elana Rubin

BA (Hons), MA, FFin, FAICD, FAIM - Independent Non-Executive

Member of the Audit, Risk & Compliance Committee
Member of the Nomination Committee

Elana Rubin was appointed a Non-Executive Director of Mirvac in November 2010 and has extensive experience in property and financial services. Elana is a Director of Touchcorp Limited (appointed January 2015), Transurban Queensland, Victorian Funds Management Corporation and LaunchVic. She is also a member of several advisory Boards in property, infrastructure and governance.

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

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

COMPANY SECRETARY

Sean Ward

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

Sean Ward was appointed Company Secretary on 23 August 2013. Sean joined Mirvac as Group Company Secretary in April 2013 and has more than 16 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 recently completed his MBA with the Australian Graduate School of Management.

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DIRECTORS' REPORT

The Directors of Mirvac Limited present their report, together with the consolidated financial statements of Mirvac Group (Mirvac or Group) for the year ended 30 June 2016. 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 at the date of this report, together with information on their qualifications and experience are set out on pages 40 to 41.

REMUNERATION REPORT

The Remuneration report as required under section 300A (1) of the *Corporations Act 2001* is set out on pages 45 to 64 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 2016 is detailed below:

	Board		Audit, Risk & Compliance Committee		Human Resources Committee		Nomination Committee	
Director	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended	Held[1]	Attended
John Mulcahy	13	13	6	6	6	6	3	3
Susan Lloyd-Hurwitz	13	13	-	-	-	-	-	-
Christine Bartlett	13	13	6	6	-	-	-	-
Peter Hawkins	13	13	6	6	6	6	3	3
Samantha Mostyn	13	12	-	-	6	6	-	-
James M. Millar AM	13	12	6	5	-	-	3	2
John Peters	13	13	-	-	6	6	-	-
Elana Rubin	12	12	6	6	-	-	3	3

1. Indicates the number of meetings held during the period, excluding meetings not attended due to a potential conflict of interest.

OTHER DIRECTORSHIPS

Details of all directorships of other listed companies held by each Director in the three years immediately before 30 June 2016 are as follows:

Director	Company	Date appointed	Date ceased
John Mulcahy	ALS Limited (formerly Campbell Brothers Limited)	February 2012	Current
	Coffey International Limited	September 2009	January 2016
	GWA Group Limited	November 2010	Current
Susan Lloyd-Hurwitz	Nil		
Christine Bartlett	GBST Holdings Ltd	June 2015	Current
	Sigma Pharmaceuticals Limited	March 2016	Current
Peter Hawkins	Westpac Banking Corporation	December 2008	Current
	MG Responsible Entity Limited[1]	April 2015	Current
James M. Millar AM	Helloworld Limited (formerly Jetset Travelworld Limited)	September 2010	January 2016
	Fairfax Media Limited	July 2012	Current
	Fantastic Holdings Limited	May 2012	June 2014
	Macquarie Media Limited	April 2015	Current
	Slater and Gordon Limited	December 2015	Current
Samantha Mostyn	Cover-More Group Limited	December 2013	Current
	Transurban Holdings Limited	December 2010	Current
	Virgin Australia Holdings Limited	September 2010	Current
John Peters	Nil		
Elana Rubin	Touchcorp Limited	January 2015	Current

1. Peter Hawkins is a Director of MG Responsible Entity Limited, the responsible entity of MG Unit Trust which was listed on the ASX on 3 July 2015.

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REVIEW OF OPERATIONS

A review of the operations of the Group during the financial year and the results of those operations are detailed in the Operating and financial review on pages 10 to 27.

NET CURRENT ASSET DEFICIENCY

As at 30 June 2016, the Group was in a net current liability position of $107m. This includes $604m of MTN and USPP due to mature in September 2016 and November 2016. The Group has at 30 June 2016 available liquidity of $1,187m consisting of cash and undrawn committed non-current bank facilities. Accordingly, the Directors expect that the Group will have ability to meet all financial obligations as and when they fall due.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Details of the state of affairs of the Group are disclosed on pages 10 to 27. Other than those matters disclosed, there were no significant changes to the state of affairs during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE YEAR

As announced on 29 October 2015, the Group has acquired a 49.9 per cent interest in East Village, Zetland NSW for $155m. The acquisition was made by unit acquisition in the Joynton North Property Trust and is equity accounted. This transaction was completed on 1 July 2016. Also completed on 1 July 2016, was the acquisition of 274 Victoria Road, Rydalmere NSW for $48m and a 50 per cent interest in 80 Bay St Glebe, NSW for $11m.

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

ENVIRONMENTAL REGULATIONS

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

More information on Mirvac's sustainability strategy, actions and performance for the year ended 30 June 2016 can be found in our Sustainability report available in October 2016 on Mirvac's website at: **www.mirvac.com/Sustainability/Sustainability-Reports**.

CORPORATE GOVERNANCE STATEMENT

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

During the year ended 30 June 2016, 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 2016 and associated policies[1] can be found on Mirvac's website at: **www.mirvac.com/about/corporate-governance.**

TAX GOVERNANCE STATEMENT

Mirvac has adopted the Board of Taxation's Tax Transparency Code (TTC) at 30 June 2016. As part of the TTC, Mirvac has published a Tax Governance Statement (TGS) which details Mirvac's corporate structure and tax corporate governance systems. Mirvac's TGS can be found on Mirvac's website at: **www.mirvac.com/about/corporate-governance.**

RISKS

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

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

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

For the year ended 30 June 2016, the Group continued to review both internal and external risks which have the potential to affect the Group's targeted financial outcomes and to implement strategies to minimise their impact. Further information on the material risks identified for each of the sectors is outlined in the Operating and financial review on pages 10 to 27. At a Group level, Mirvac faces certain risks to achieving its financial outcomes; these risks are the types of risks typical for an Australian property group. These may include debt refinancing and compliance with debt covenants, compliance with health, safety and environment regulations, as well as broader economic conditions.

FRAUD, BRIBERY AND CORRUPTION

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

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

1. Excluding the Fraud, Bribery and Corruption Policy and the Political Donations Policy. A summary of these policies is contained in the Code of Conduct which is available on our website at: www.mirvac.com/about/corporate-governance.

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DIRECTORS' REPORT (CONTINUED)

NON-AUDIT SERVICES

From time to time, Mirvac may engage its external auditor, PricewaterhouseCoopers, to perform services additional to their statutory audit duties. Details of the amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services provided during the year ended 30 June 2016 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 65 and forms part of the Directors' report.

ROUNDING OF AMOUNTS

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

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

Susan Lloyd-Hurwitz
Director

Sydney
16 August 2016

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Remuneration Report

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1 INTRODUCTION

The Directors of Mirvac are pleased to present securityholders with the 2016 remuneration report. This report outlines Mirvac's approach to remuneration for its executives and, in particular, the link between Mirvac's strategy and its remuneration framework and the link between performance and reward.

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

- incentives based on financial measures that reflect core value drivers and non-financial strategic objectives that reflect key initiatives and goals critical to organisational transformation and success;
- consideration of business and operational risk through the design of performance objectives, clawbacks and the exercise of Board discretion;
- incentives that align the interests of executives to securityholders;
- vesting periods for deferred incentives that reflect the time horizons over which Mirvac invests, while providing appropriate stretch and incentive for executives; and,
- best-practice governance.

Mirvac's remuneration framework is an integral component of the overall People Strategy. More on our People Strategy and how this supports Mirvac's performance can be found in the Our People section, page 29.

Mirvac delivered excellent performance against key financial measures and key non-financial strategic objectives in the 2016 financial year. This report outlines how Mirvac's performance has driven the remuneration outcomes for senior executives.

2 WHO IS COVERED BY THIS REPORT

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

For the year ended 30 June 2016, the KMP were:

KMP	Position	Term as KMP
Non-Executive KMP		
John Mulcahy	Chair	Full Year
Christine Bartlett	Director	Full Year
Peter Hawkins	Director	Full Year
James M. Millar AM	Director	Full Year
Samantha Mostyn	Director	Full Year
John Peters	Director	Full Year
Elana Rubin	Director	Full Year
Executive KMP		
Susan Lloyd-Hurwitz	CEO/MD	Full Year
John Carfi	Head of Residential	Full Year
Brett Draffen	Chief Investment Officer	Full Year
Shane Gannon	Chief Financial Officer	Full Year
Campbell Hanan[1]	Head of Office & Industrial	Part Year
Susan MacDonald	Head of Retail	Full Year
Former Executive KMP		
Andrew Butler[2]	Group Executive, Office	Prior Year Only
David Rolls[3]	Head of Cities & Urban Renewal	Part Year

1. Campbell Hanan commenced his role on 1 March 2016. His employment with Mirvac commenced on 9 February 2016 and he was on unpaid leave until 1 March 2016.
2. Andrew Butler ceased as Executive KMP 30 June 2015.
3. David Rolls ceased employment 18 March 2016.

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 2016		
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 stapled securityholder value over the short and long term. **Short term:** Mirvac has delivered strong performance in terms of operating earnings, ROIC and delivery of non-financial strategic objectives, which has resulted in above target performance on our balanced scorecard and a corresponding higher-than-usual payout of short-term incentives (STI). **Long term:** The three-year performance period for the FY14 long- term incentives (LTI) completed on 30 June 2016. Forty-seven per cent of the award vested, reflecting mixed results with very strong ROIC performance over the three-year performance period, but below median relative TSR performance. The Mirvac Board is committed to ensuring executives' remuneration links to the achievement of sustainable value for securityholders and therefore will continue to use ROIC and TSR for the FY17 LTI award.	Section 4 Page 49
2 What changes have been made to the remuneration structure in FY16?	The only change to our approach to remuneration in FY16 was a change in how the Board determines STI pool funding. In previous years, funding was based on operating earnings and ROIC (each with 35 per cent weighting) and 30 per cent weighting on non-financial objectives. For FY16, the Board strengthened the alignment between financial performance and STI pool funding by calculating the pool based on operating earnings and ROIC (both with 50 per cent weighting), with discretion to moderate the outcome taking into consideration achievement of non-financial strategic initiatives. The LTI broadly remained unchanged in FY16; however, the threshold performance level for the ROIC performance hurdle increased from 7.5 per cent to 8 per cent, and the stretch from 9 per cent to 10 per cent.	Section 6 Page 50
3 Are any changes planned for FY17?	No, there are no significant changes planned for FY17. 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 50
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 50
5 What proportion of remuneration is 'at risk'?	The majority of Executive KMP's remuneration is based on performance, with more than 50 per cent at risk.	Section 5 Page 50
6 Are there any clawback provisions for incentives?	Yes, if there is a material financial misstatement, any unvested LTI or deferred STI awards can be clawed back.	Section 6 Page 52 & 53
7 What is Mirvac's minimum securityholding requirement?	The CEO/MD must maintain a minimum securityholding of 100 per cent of fixed remuneration. Other Executives must hold 50 per cent of their fixed remuneration. Non-Executive Directors must hold 25,000 securities.	Section 12 Page 60 Section 16 Page 64

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3 KEY QUESTIONS (CONTINUED)

Key questions	Mirvac approach	Further info
Short term incentives (STI)		
8 Are any STI payments deferred?	Yes, 25 per cent of STIs for Executive KMP are awarded as rights over Mirvac securities, half of which vest in one year and half in two years. If the Executive resigns before the vesting period ends, the rights do not vest and are forfeited.	Section 5 Page 50 Section 6 Page 51
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 51
Long term incentives (LTI)		
10 What are the performance measures for the LTI?	50 per cent subject to relative TSR, and 50 per cent subject to ROIC.	Section 6 Page 52
11 Does the LTI have re-testing?	No, there is no re-testing.	Section 6 Page 53
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 52
13 Is the size of LTI grants increased in light of performance conditions?	No, there is no adjustment to reflect the performance conditions.	Section 6 Page 53
14 Can LTI participants hedge their unvested LTI?	No, this is prohibited.	Section 6 Page 53
15 Does Mirvac buy securities or issue new securities for share-based awards?	For deferred STI awards, securities are purchased on-market. For LTI awards, the Board has discretion to issue new securities or buy securities on-market.	Section 6 Page 53
16 Does Mirvac issue share options?	No, Mirvac uses performance rights for the deferred STI and LTI awards.	
Executive 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 62

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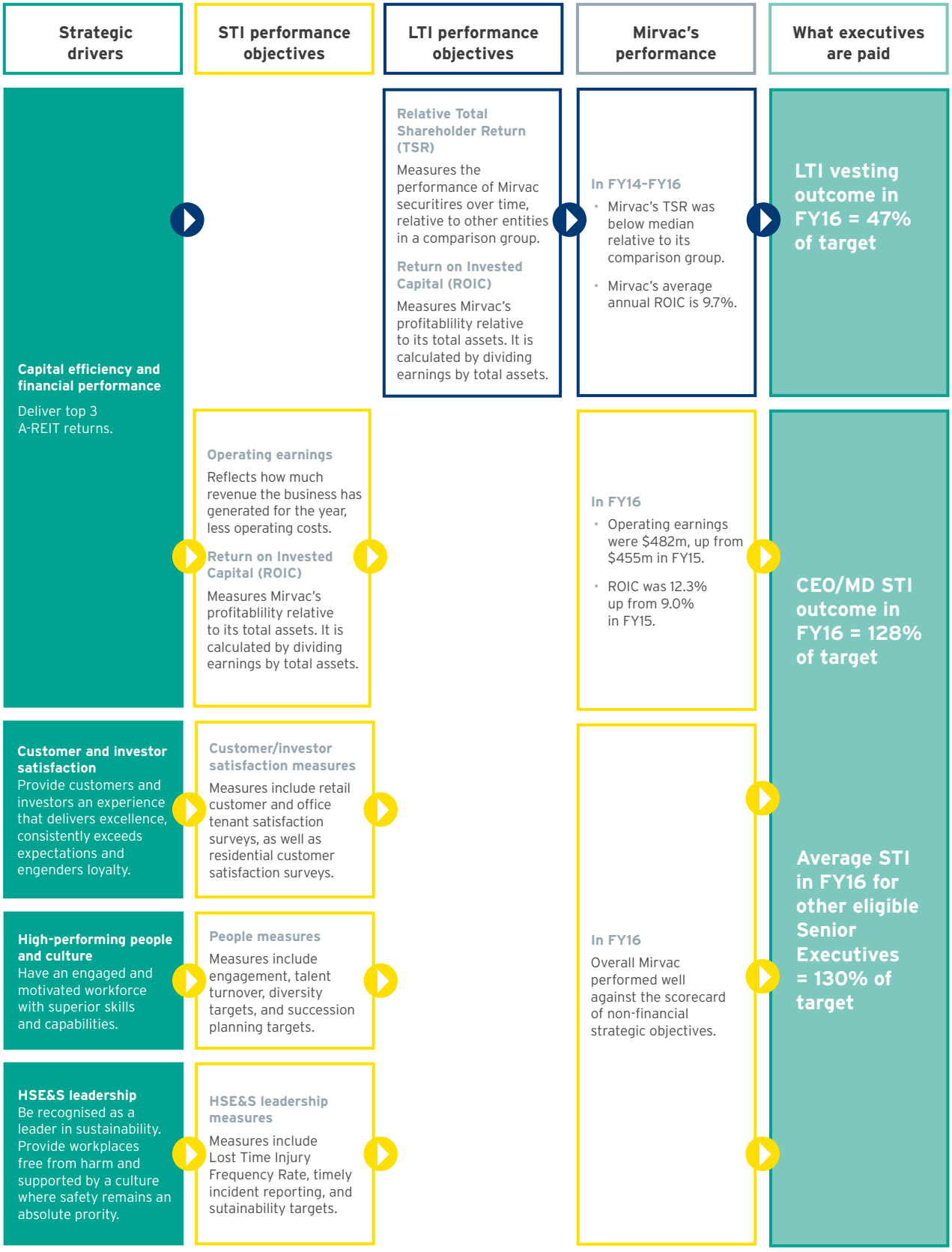
4 REMUNERATION STRATEGY AND THE LINK TO BUSINESS STRATEGY

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

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

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



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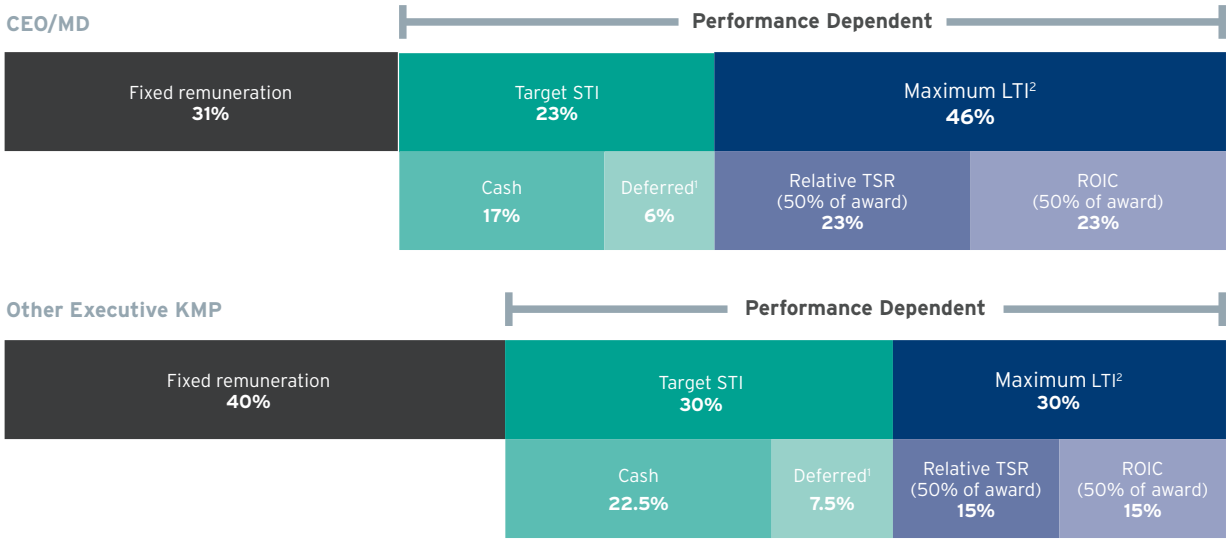
5 EXECUTIVE KMP REMUNERATION MIX AT MIRVAC

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

Executive remuneration at Mirvac is:

- performance based: more than 60 per cent of total remuneration is at risk;
- equity focused: 52 per cent of the CEO/MD's total remuneration is paid in equity and about one third of other Executive KMP total remuneration is paid in equity;
- encouraging an ownership mindset: as a minimum securityholding, the CEO/MD is required to hold 100 per cent of fixed remuneration as Mirvac securities, and all other Executive KMP are required to hold 50 per cent of their fixed remuneration as Mirvac securities; and
- multi-year focused: 50 per cent of STI deferral is subject to a one-year deferral and the remaining 50 per cent to a two-year deferral. 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 at Mirvac.



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

6 HOW REMUNERATION IS STRUCTURED

MARKET POSITIONING OF FIXED AND TOTAL REMUNERATION

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

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

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

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

When determining the relevant market for each role, Mirvac considers the companies from which it sources talent, and to whom it could potentially lose talent. From time to time, the Board engages its independent remuneration advisor to provide remuneration benchmarking data as input into setting remuneration for Executive KMP. Refer to section 15, page 62.

For business roles:

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

For corporate roles:

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

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6 HOW REMUNERATION IS STRUCTURED (CONTINUED)

STI: HOW DOES IT WORK?

Purpose

Motivate and reward employees for contributing to the delivery of annual business performance.

Eligibility

All permanent Mirvac employees employed on the award date are eligible to participate in the STI plan.

Target, minimum and maximum STI opportunity

A target STI is set for each individual, which will be earned if Group and individual performance is on target. Actual STI awards can range from zero to double the target opportunity, depending on Group and individual performance, but is capped at a maximum of 200 per cent of target.

Group STI scorecard/pool funding

Group operating earnings must be at least 90 per cent of target before any STI payments are made. The STI pool funding is calculated based on operating earnings and ROIC (both with 50 per cent weighting) and moderated by the Board based on achievement of non-financial strategic objectives. The targets for the individual non-financial strategic objectives are not disclosed as some are commercially sensitive. The objectives are quantitative in nature and are set in line with the short and medium-term strategic objectives.

Category	Measure	Rationale for using	Measurement
Financial measures	Operating earnings	Reflects the underlying performance of Mirvac's core business operations and represents a key driver of securityholder value.	For both financial performance objectives 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.
Non-financial strategic objectives	Strategic priorities	Ensures management deliver on core initiatives relating to Group strategy and operating model.	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 non-financial strategic objectives.
	Customer and investor satisfaction	Represents how well Mirvac is meeting the expectations of key external stakeholders.	
	High-performing people and culture	There is a strong correlation between high levels of employee engagement and a positive culture with securityholder returns.	
	Innovative culture	A culture of innovation will drive long-term securityholder returns.	
	HSE&S leadership	Mirvac is committed to providing a safe workplace for all of its employees and to ensuring its activities do not have an adverse impact on the environment.	

Individual performance objectives

Each Executive KMP agrees an individual scorecard of performance objectives at the start of the year against which their performance will be assessed. Individual performance objectives are set based on the specific responsibilities of each role.

Deferral

For Executive KMP:

- 75 per cent is paid as cash ; and
- 25 per cent of any STI award is deferred into performance rights over Mirvac securities (granted on the same date as the cash payment is made). The rights vest in two tranches: 50 per cent after one year and 50 per cent after two years. If the deferred rights vest, entitlements may be satisfied by the purchase of existing securities on-market. Executives are expected to retain the resulting securities they receive until they satisfy the minimum securityholding guidelines.

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6 HOW REMUNERATION IS STRUCTURED (CONTINUED)

STI: HOW DOES IT WORK? (CONTINUED)

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, or total and permanent disablement or death.
Clawback policy	Mirvac has in place a clawback policy for Executive KMP (and other Executives capable of influencing the results of the Group). The policy gives the Board the ability to clawback incentives in the event of a material financial misstatement. The clawback provisions apply to unvested STI and LTI awards received after the introduction of the policy in February 2013.
Hedging	Consistent with the *Corporations Act 2001*, participants are prohibited from hedging their unvested performance rights.

LTI: HOW DOES IT WORK?

Purpose	The purpose of LTI at Mirvac is to: • assist in attracting and retaining the required executive talent; • focus executive attention on driving sustainable long-term growth; and • align the interests of executives with those of securityholders.
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 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 opportunities during FY16 were 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 FY16 grant has a performance period commencing 1 July 2015 and ending 30 June 2018.
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 FY16:

Relative TSR (50% 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, being the constituents of the A-REIT Index, Lendlease Group and Aveo Group.

ROIC (50% of the LTI allocation)

ROIC is used because it is aligned to Mirvac's strategic drivers, in particular financial performance and capital efficiency.

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

In FY16, the threshold and stretch performance levels for ROIC were increased, to reflect Mirvac's expectations for returns through the cycle, and over the longer-term.

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6 HOW REMUNERATION IS STRUCTURED (CONTINUED)

LTI: HOW DOES IT WORK? (CONTINUED)

Vesting schedule (FY16 grant)

	Relative TSR		ROIC	
Performance Level	Relative TSR (percentile)	Percentage of TSR-tested rights to vest	Average annual ROIC (%)	Percentage of ROIC-tested rights to vest
<Threshold	<50th	Nil	<8%	Nil
Threshold	50th	50	8%	50
Threshold to Maximum	>50th to 75th	Pro-rata between 50 and 100	>8% to 10%	Pro-rata between 50 and 100
Maximum	75th and above	100	10%	100

Vesting/ delivery

The performance rights will automatically exercise if and when the performance conditions are achieved. If the performance rights vest, entitlements will be satisfied by either an allotment of new securities to participants or by the purchase of existing securities on-market. Any performance rights that do not vest at the end of the performance period will lapse. There is no re-testing.

Executive KMP will be expected to retain the resulting securities until they satisfy the minimum securityholding guidelines.

Termination/ forfeiture

Resignation or dismissal: all unvested performance rights are forfeited.

Retirement, redundancy, agreed transfer to an investment partner, total and permanent disablement or death: the HRC determines the number of rights which will lapse or are retained, subject to both the original performance period and hurdles.

Change of control event: the Board, in its absolute discretion, determines the number of performance rights that vest, if any, taking into account the performance from the date of grant to the event.

Clawback policy

Mirvac has in place a clawback policy for Executive KMP (and other Executives capable of influencing the results of the Group). The policy gives the Board the ability to claw back incentives in the event of a material financial misstatement. The clawback provisions apply to unvested STI and LTI awards received after the introduction of the policy in February 2013.

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 five 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.

LEGACY REMUNERATION ARRANGEMENTS

Mirvac's LTI plans have changed over time to align with market practice, while continuing to support Mirvac's business strategy. The Employee Incentive Scheme (EIS) is a legacy plan now closed to new awards/participants. The EIS provided loans to executives to purchase Mirvac stapled securities. The plan will be run down until all loans under it are extinguished. Any costs relating to this legacy plan were fully expensed and disclosed in previous reporting periods. Additional details are available in prior years' Annual Reports.

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7 BUSINESS AND EXECUTIVE REMUNERATION OUTCOMES

HOW THE GROUP'S PERFORMANCE HAS TRANSLATED INTO STI AWARDS

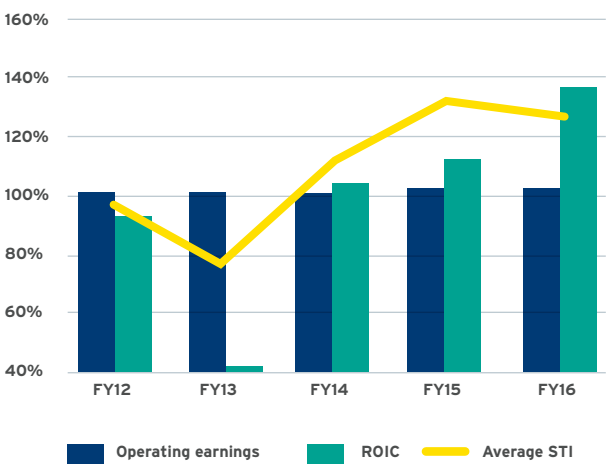
Performance was strong across the Group in FY16, with both operating earnings and ROIC significantly higher than those for FY15 and outperforming targets set by the Board. The Group's STI scorecard of 125 per cent (of a potential 150 per cent) reflects the strong financial results.

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

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

This graph on the right shows how the average STI outcome for all employees has been closely tied to performance on these two measures since FY12. Financial performance in each case is expressed as a percentage of the business target set for the year, while the STI outcome represents the average STI award to participants that year as a percentage of target.

Financial performance vs average STI outcome



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

Gateway achieved (over 90% of target earnings achieved)

ROIC (50%) + Operating earnings (50%) + Non-financial strategic objectives

HRC approved a Group STI score of 125% of target (from a maximum potential pool of 150% of target)
FY16 cash STI pool – $27.4 million (5.7% of Mirvac's operating earnings)

Fixed remuneration × Individual STI target × Group STI score (0-150%) × 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:

- half of the LTI is subject to a relative TSR performance measure; and
- the remaining half is subject to ROIC (for grants made from FY14 onwards).

The three years to 30 June 2016 saw mixed performance levels. The Group exceeded the threshold for ROIC, resulting in vesting of 94 per cent of the ROIC component of the FY14 award. In contrast, the Group's TSR was below median of the comparator group, and therefore did not meet the threshold for vesting. As a result, the portion of the FY14 award that related to relative TSR will not vest and will lapse (as there is no re-testing).

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7 BUSINESS AND EXECUTIVE REMUNERATION OUTCOMES (CONTINUED)

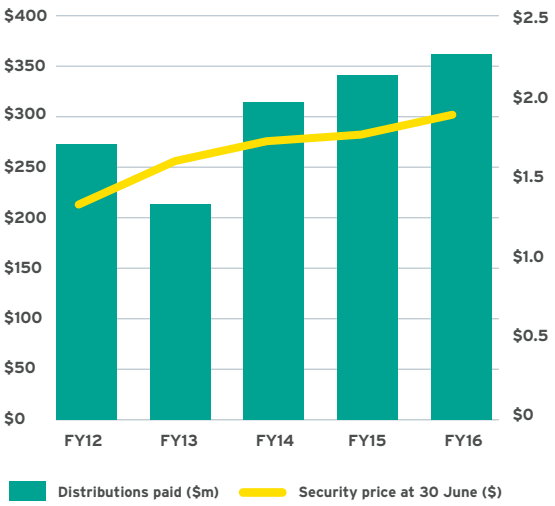
The diagram below sets out the Group's performance and the resulting LTI outcomes for the Executive KMP.

FY14 LTI GRANTS TO ELIGIBLE PARTICIPANTS AND RELATIVE TSR AND ROIC PERFORMANCE HURDLES ARE SET

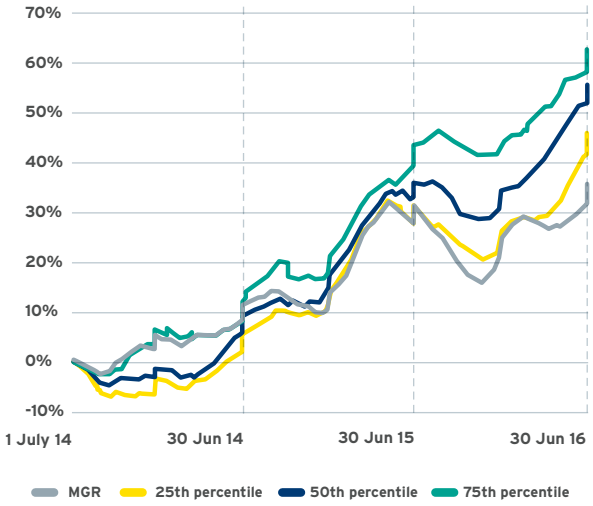
30 JUNE 2016: THREE-YEAR PERFORMANCE PERIOD ENDS
FOR THE FY14 GRANTS AND PERFORMANCE IS MEASURED FOR RELATIVE TSR AND ROIC

RELATIVE TSR

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



Mirvac TSR (1 July 2013 to 30 June 2016)



Mirvac's TSR was below the median of the comparator group, and therefore did not meet the threshold for vesting.

NONE OF THE PERFORMANCE RIGHTS LINKED TO THE TSR MEASURE VESTED

+

ROIC

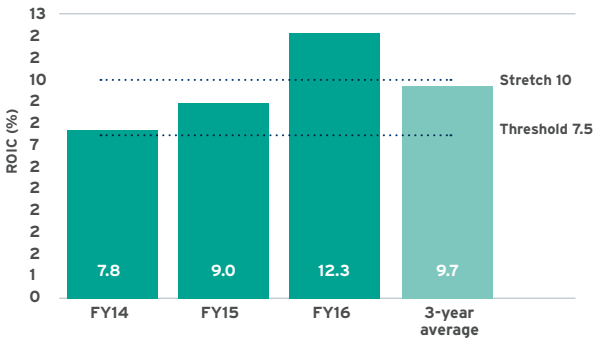
ROIC PERFORMANCE

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

- FY14 exceeded the threshold;
- FY15 exceeded the threshold; and
- FY16 exceeded the threshold.

Mirvac's average annual ROIC over the three-year performance period was 9.7%, resulting in the stretch target being exceeded.

Mirvac's ROIC performance over the three years



94% OF THE PERFORMANCE RIGHTS LINKED TO THE ROIC MEASURE VESTED

=

47% VESTING OF THE TOTAL FY14 LTI AWARD

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Executive KMP vesting outcomes for the past three years

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

Grant year	Performance hurdle	Performance period	Performance period ended	Vested %
FY12	Relative TSR and ROE	3 years	30 June 2014	77.0
FY13	Relative TSR and ROE	3 years	30 June 2015	36.5
FY14	Relative TSR and ROIC	3 years	30 June 2016	47.0

Past financial performance

The table below provides summary information on the Group's earnings and stapled securityholders' wealth for the five years to 30 June 2016:

	FY16	FY15	FY14	FY13	FY12
Profit attributable to the stapled securityholders of Mirvac ($m)	1,033	610	447	140	416
Operating profit ($m)	482	455	438	378	366
Distributions paid ($m)	355	336	326	226	280
Security price at 30 June ($)	2.02	1.85	1.79	1.61	1.28
Operating earnings per stapled security (EPS) – diluted (cents)	13.0	12.3	11.9	10.9	10.7
Statutory EPS – basic (cents)	27.9	16.5	12.2	4.1	12.2

8 SUMMARY OF FY16 REMUNERATION

Strong financial performance and sound capital management are reflected in above-target STI payouts for Executive KMP in FY16. The performance period for the FY14 LTI award ended on 30 June 2016. Vesting of 47 per cent reflects the mixed results with strong ROIC performance over the three-year period, but below median TSR performance.

Fixed and total target remuneration	There were no increases to the fixed remuneration or total target remuneration for any Executive KMP during FY16.
CEO/MD remuneration	The CEO/MD's fixed remuneration was not increased in FY16. Actual remuneration received (section 9, page 57) increased as a result of: • 2 tranches of deferred STI vesting in FY16 compared to 1 tranche in FY15; and • 47 per cent of LTI vesting in FY16 compared to 36.5 per cent in FY15. The CEO/MD's FY16 STI was above target, reflecting strong Group and Individual performance, however as explained below, the STI outcome was lower than in FY15 partly due to a change in STI pool funding.
STI	Strong results across all operating metrics resulted in an above target STI pool of 125 per cent, down from 131 per cent in FY15. In FY16 there was a change in approach to calculating the STI pool to better align financial outcomes with pool funding. In previous years, funding was based on operating earnings and ROIC (each with 30 per cent weighting) and 30 per cent weighting on non-financial objectives. For FY16, the Board strengthened the alignment between financial performance and STI pool funding by calculating the pool based on operating earnings and ROIC (both with 50 per cent weighting) with discretion to moderate the outcome taking into consideration achievement of non-financial strategic objectives. The STI pool in FY16 was driven by: • operating earnings increasing to $482m from $455m; • ROIC performance improving to 12.3 per cent from 9.0 per cent; and • strong performance against the scorecard of the non-financial strategic objectives.

LTI	Vesting of LTI grants is dependent on achieving target on ROIC and relative TSR over a three-year period. This year's vesting was impacted by below-target relative TSR performance. This resulted in none of the awards relating to the TSR hurdle vesting. ROIC performance was above threshold but below maximum, resulting in 94 per cent of the awards subject to the ROIC hurdle vesting. As a result, 47 per cent of overall LTI awards vested.
Non-Executive Director fees	No changes

9 ACTUAL REMUNERATION RECEIVED IN FY16

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 LTI value based on the value of awards that vested in respect of performance period ended 30 June 2016.

In the table below:

- **Cash STI:** the cash portion of STI payments to be made in September 2016 in recognition of performance during FY16;
- **Deferred STI:** the value of the two-year deferred STI from FY14 and the one-year deferred STI from FY15 multiplied by the share price on 30 June 2016; and
- **LTI:** the value of performance rights whose performance period ended 30 June 2016 (being the number of performance rights that vested multiplied by the share price on 30 June 2016, being the last day of the performance period).

ACTUAL REMUNERATION RECEIVED IN FY16

	Year	Fixed remuneration $	Cash STI $	Deferred STI $	LTI $	Other[1] $	Total $
Executive KMP							
Susan Lloyd-Hurwitz	**2016**	**1,500,000**	**1,077,288**	**499,819**	**1,396,093**	**25,535**	**4,498,735**
	2015	1,500,000	1,381,641	212,926	767,963	24,046	3,886,576
John Carfi	**2016**	**700,000**	**481,976**	**93,150**	**58,788**	**11,750**	**1,345,664**
	2015	700,000	481,425	-	21,051	11,353	1,213,829
Brett Draffen	**2016**	**950,000**	**735,101**	**310,345**	**327,705**	**20,094**	**2,343,245**
	2015	950,000	933,375	118,829	331,872	15,368	2,349,444
Shane Gannon	**2016**	**900,000**	**697,601**	**210,193**	**212,064**	**14,707**	**2,034,565**
	2015	900,000	707,400	67,149	-	234,685	1,909,234
Campbell Hanan[2]	**2016**	**266,667**	**547,601**	**-**	**-**	**4,345**	**818,613**
Susan MacDonald[3]	**2016**	**700,000**	**481,976**	**93,150**	**195,465**	**10,918**	**1,481,509**
	2015	700,000	481,425	-	379,836	11,353	1,572,614
Former Executive KMP							
Andrew Butler[4]	2015	700,000	550,200	76,313	337	10,977	1,337,827
David Rolls[5]	**2016**	**502,804**	**-**	**93,150**	**258,758**	**664,994**	**1,519,706**
	2015	700,000	481,425	-	-	11,353	1,192,778

1. Includes long service leave accrued during the year. In the case of David Rolls, Other reflects termination benefits in accordance with his service agreement.
2. Campbell Hanan commenced his role on 1 March 2016. His employment with Mirvac commenced on 9 February 2016 and he was on unpaid leave until 1 March 2016.
3. Susan MacDonald elected to purchase additional leave, the amount shown above reflects her Fixed Remuneration before deducting the purchased leave.
4. Andrew Butler ceased being Executive KMP on 30 June 2015.
5. David Rolls ceased employment with Mirvac on 18 March 2016. The expense shown for security-based payments has been accelerated up to the date of termination.

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9 ACTUAL REMUNERATION RECEIVED IN FY16 (CONTINUED)

EXECUTIVE KMP STI AWARDS IN FY16

The following table shows the actual STI outcomes for each of the Executive KMP for FY16.

Executive KMP	STI target % of	STI max % of fixed remuneration	Actual STI % max	STI forfeited % max	Actual STI (total) $
Susan Lloyd-Hurwitz	75	150	64	36	1,436,384
John Carfi	70	140	66	34	642,634
Brett Draffen	80	160	64	36	980,134
Shane Gannon	80	160	65	35	930,134
Campbell Hanan[1]	70	140	65	35	730,134
Susan MacDonald	70	140	66	34	642,634

1. Campbell Hanan's target bonus opportunity was based on 12 months employment. The amounts shown above represent his actual STI relative to his FY16 target opportunity.

10 TOTAL REMUNERATION IN FY16

The following table shows the total remuneration for members of the Executive KMP for FY16 and FY15, including FY15 remuneration details for individuals who are no longer Executive KMP but were included in the FY15 remuneration report. These disclosures are calculated in accordance with the accounting standards and accordingly differ from the information presented in the Actual remuneration received in FY16 table in section 9.

		Short-term benefits				Post-employment	Security-based payments		Other long-term benefits			
	Year	Cash salary and fees[1] $	Cash STI[2] $	Non-cash benefits[3] $	Other short-term benefits[4] $	Super contributions $	Value of rights[5] $	Deferred STI $	Long service leave ('LSL')[6] $	Termination benefits $	Total remuneration $	Performance related remuneration % of total remuneration
Executive KMP												
Susan Lloyd-Hurwitz	**2016**	**1,443,189**	**1,077,288**	**38,922**	**-**	**19,308**	**1,545,795**	**382,676**	**24,116**	**-**	**4,531,294**	**66%**
	2015	1,442,910	1,381,641	38,307	10,467	18,783	606,853	244,262	24,046	-	3,767,269	59%
Other Executive KMP												
John Carfi	**2016**	**680,692**	**481,976**	**382**	**-**	**19,308**	**236,571**	**127,427**	**11,368**	**-**	**1,557,724**	**54%**
	2015	681,217	481,425	-	-	18,783	107,622	66,865	11,353	-	1,367,265	48%
Brett Draffen	**2016**	**921,670**	**735,101**	**13,724**	**-**	**19,308**	**467,566**	**252,553**	**15,392**	**-**	**2,425,314**	**60%**
	2015	922,195	933,375	9,022	-	18,783	171,934	158,860	15,368	-	2,229,537	57%
Shane Gannon	**2016**	**880,692**	**697,601**	**-**	**-**	**19,308**	**384,814**	**204,519**	**14,707**	**-**	**2,201,641**	**58%**
	2015	881,217	707,400	-	220,000	18,783	177,879	114,765	14,685	-	2,134,729	47%
Campbell Hanan[7]	**2016**	**257,013**	**547,601**	**-**	**-**	**9,654**	**-**	**76,056**	**4,345**	**-**	**894,669**	**70%**
Susan MacDonald[8]	**2016**	**653,769**	**481,976**	**-**	**-**	**19,308**	**227,635**	**127,427**	**10,918**	**-**	**1,521,033**	**55%**
	2015	681,217	481,425	-	-	18,783	162,456	66,865	11,353	-	1,422,099	50%
Former Executive KMP												
Andrew Butler[9]	2015	640,210	550,200	41,006	-	18,783	99,648	95,185	10,977		1,456,009	51%
David Rolls[10]	**2016**	**488,323**	**-**	**-**	**-**	**14,481**	**352,098**	**77,471**	**-**	**664,994**	**1,597,367**	**27%**
	2015	681,217	481,425	-	-	18,783	121,016	66,865	11,353		1,380,659	48%

1. Cash salary and fees includes accrued annual leave.
2. STI payments relate to cash portion of STI awards accrued for the relevant year.
3. Non-cash benefits include salary-sacrificed benefits and related FBT where applicable.
4. Prior year comparatives for other short-term benefits include relocation expenses for the CEO/MD and payments to the CFO as part compensation for the STI and LTI entitlements he forfeited on resigning from his previous employer.
5. Valuation of rights is conducted by an independent advisor.
6. Long service leave relates to amounts accrued during the year.
7. Campbell Hanan commenced his role on 1 March 2016. His employment with Mirvac commenced on 9 February 2016 and he was on unpaid leave until 1 March 2016.
8. Susan MacDonald elected to purchase additional leave, the amount shown above reflects the accounting expense relating to her Cash salary and is therefore net of any purchased leave amounts. There was no change to her fixed remuneration.
9. Andrew Butler ceased being Executive KMP on 30 June 2015.
10. David Rolls ceased employment with Mirvac on 18 March 2016. In accordance with accounting standards, the expense shown for security-based payments has been accelerated up to the date of termination.

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11 LTI GRANTS IN FY16

The table below shows LTI grants made during FY16, subject to performance conditions over the three-year performance period ending 30 June 2018. Accounting standards require the estimated valuation of the grants recognised over the performance period. The minimum value of the grant is nil if the performance conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

	LTI max as a % of fixed remuneration	Performance measure	Number of performance rights granted	Fair value per performance right $	Maximum total value of grant[1] $
Executive					
Susan Lloyd-Hurwitz		Relative TSR	735,250	0.75	551,438
		ROIC	735,250	0.81	595,553
Total	**150**		**1,470,500**		**1,146,991**
John Carfi		Relative TSR	205,882	0.75	154,412
		ROIC	205,882	0.81	166,764
Total	**90**		**411,764**		**321,176**
Brett Draffen		Relative TSR	279,412	0.75	209,559
		ROIC	279,411	0.81	226,323
Total	**90**		**558,823**		**435,882**
Shane Gannon		Relative TSR	264,706	0.75	198,530
		ROIC	264,705	0.81	214,411
Total	**90**		**529,411**		**412,941**
Susan MacDonald		Relative TSR	114,379	0.75	85,784
		ROIC	114,379	0.81	92,647
Total	**50**		**228,758**		**178,431**
Former Executive					
David Rolls		Relative TSR	114,379	0.75	85,784
		ROIC	114,379	0.81	92,647
Total	**50**		**228,758**		**178,431**

1. The value of performance rights reflects the fair value at the time of grant. For the LTI grants subject to ROIC performance, 50 per cent vesting is assumed in the above valuation.

Key inputs used in valuing performance rights granted during FY16 were as follows:

Grant date	7 December 2015	Exercise price	$nil
Performance hurdles	Relative TSR and ROIC	Expected life	2.6 years
Performance period start	1 July 2015	Volatility	19%
Performance period end	30 June 2018	Risk-free interest rate (per annum)	2.13%
Security price at grant date	$1.87	Dividend/distribution yield (per annum)	5.5%

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

12 EQUITY INSTRUMENT DISCLOSURES RELATING TO KMP

SECURITYHOLDINGS

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

Executive KMP have five years to build up their securityholding to the expected level. As at 30 June 2016, the number of ordinary securities in Mirvac held during the year by Executive KMP, including their personally-related parties, is set out below:

	Balance 1 July 2015[1]	Changes[2]	Balance 30 June 2016	Value 30 June 2016 $	Minimum securityholding guideline $	Date securityholding to be attained
Susan Lloyd-Hurwitz	54,456	530,209	584,665	1,181,023	1,500,000	Nov 2017
John Carfi	248,036	11,083	259,119	523,420	350,000	Jul 2019
Brett Draffen	954,718	164,486	1,119,204	2,260,792	475,000	Jul 2017
Shane Gannon	-	36,297	36,297	73,320	450,000	Dec 2018
Campbell Hanan	-	-	-	-	400,000	Feb 2021
Susan MacDonald	114,399	205,316	319,715	645,824	350,000	Jul 2019

1. Opening balance includes any Mirvac securities acquired by the Executive KMP on vesting of the LTI award where the period ended on 30 June 2015.
2. Changes include additions/disposals resulting from first or final disclosure of a KMP and vesting of performance rights where the performance period ended on 30 June 2016.

OPTIONS

No options (i.e. a right to acquire a security upon payment of an exercise price) were granted, as remuneration during FY16 and no unvested or unexercised options are held by Executive KMP as of 30 June 2016.

PERFORMANCE RIGHTS HELD DURING THE YEAR

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

		LTI		Deferred STI		
	Balance 1 July 2015[1]	Rights issued	Rights relating to performance period ending 30 June 2016	Rights issued	Rights vested/ fortfeited	Balance 30 June 2016
Susan Lloyd-Hurwitz	3,161,689	1,470,500	(1,470,500)	264,682	(115,095)	3,311,276
John Carfi	471,012	411,764	(61,922)	92,227	-	913,081
Brett Draffen	1,028,829	558,823	(345,171)	178,807	(64,232)	1,357,056
Shane Gannon	821,935	529,411	(223,367)	135,517	(36,297)	1,227,199
Campbell Hanan	-	-	-	-	-	-
Susan MacDonald	433,154	228,758	(205,882)	92,227	-	548,257

1. Opening balance excludes any performance rights where the performance period ended on 30 June 2015.

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12 EQUITY INSTRUMENT DISCLOSURES RELATING TO KMP (CONTINUED)

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

						Vested			Lapsed		
	Plan	Grant date	Number of rights granted	Value at granted date[1] $	Vesting date	Number of rights	% of total grant	Value of rights[1] $	Number of rights	% of total grant	Value of rights[1] $
Susan Lloyd-Hurwitz	LTI	10 Dec 13	1,470,500	1,106,551	30 Jun 16	691,135	47%	520,079	779,365	53%	586,472
	STI	19 Sep 14	115,095	188,756	19 Sep 15	115,095	100%	188,756	-	0%	-
	STI	19 Sep 14	115,094	178,396	19 Sep 16	-		-	-		-
	LTI	17 Dec 14	1,461,000	1,015,395	30 Jun 17	-		-	-		-
	STI	18 Sep 15	132,341	213,069	18 Sep 16	-		-	-		-
	STI	18 Sep 15	132,341	201,158	18 Sep 17	-		-	-		-
	LTI	7 Dec 15	1,470,500	1,143,314	30 Jun 18	-		-	-		-
Total			**4,896,871**	**4,046,639**		**806,230**		**708,835**	**779,365**		**586,472**
John Carfi	LTI	10 Dec 13	61,922	46,596	30 Jun 16	29,103	47%	21,900	32,819	53%	24,696
	LTI	17 Dec 14	409,090	284,318	30 Jun 17	-		-	-		-
	STI	18 Sep 15	46,114	74,244	18 Sep 16	-		-	-		-
	STI	18 Sep 15	46,113	70,092	18 Sep 17	-		-	-		-
	LTI	7 Dec 15	411,764	320,147	30 Jun 18	-		-	-		-
Total			**975,003**	**795,397**		**29,103**		**21,900**	**32,819**		**24,696**
Brett Draffen	LTI	10 Dec 13	345,171	259,741	30 Jun 16	162,230	47%	122,078	182,941	53%	137,663
	STI	19 Sep 14	64,232	105,340	19 Sep 15	64,232	100%	105,340	-	0%	-
	STI	19 Sep 14	64,232	99,560	19 Sep 16	-		-	-		-
	LTI	17 Dec 14	555,194	385,860	30 Jun 17	-		-	-		-
	STI	18 Sep 15	89,404	143,940	18 Sep 16	-		-	-		-
	STI	18 Sep 15	89,403	135,893	18 Sep 17	-		-	-		-
	LTI	7 Dec 15	558,823	434,485	30 Jun 18	-		-	-		-
Total			**1,766,459**	**1,564,819**		**226,462**		**227,418**	**182,941**		**137,663**
Shane Gannon	LTI	10 Dec 13	223,367	168,084	30 Jun 16	104,982	47%	78,999	118,385	53%	89,085
	STI	19 Sep 14	36,297	59,527	19 Sep 15	36,297	100%	59,527	-	0%	-
	STI	19 Sep 14	36,297	56,260	19 Sep 16	-		-	-		-
	LTI	17 Dec 14	525,974	365,552	30 Jun 17	-		-	-		-
	STI	18 Sep 15	67,759	109,092	18 Sep 16	-		-	-		-
	STI	18 Sep 15	67,758	102,992	18 Sep 17	-		-	-		-
	LTI	7 Dec 15	529,411	411,617	30 Jun 18	-		-	-		-
Total			**1,486,863**	**1,273,124**		**141,279**		**138,526**	**118,385**		**89,085**
Susan MacDonald	LTI	10 Dec 13	205,882	154,926	30 Jun 16	96,764	47%	72,815	109,118	53%	82,111
	LTI	17 Dec 14	227,272	157,954	30 Jun 17	-		-	-		-
	STI	18 Sep 15	46,114	74,244	18 Sep 16	-		-	-		-
	STI	18 Sep 15	46,113	70,092	18 Sep 17	-		-	-		-
	LTI	7 Dec 15	228,758	177,859	30 Jun 18	-		-	-		-
Total			**754,139**	**635,075**		**96,764**		**72,815**	**109,118**		**82,111**

1. The value of performance rights reflects the fair value at the time of grant. For the LTI grants subject to ROIC performance, 50 per cent vesting is assumed in the above valuation.

13 OTHER TRANSACTIONS WITH KMP

There are a number of transactions between KMP and the Group. The terms and conditions of these transactions are considered to be no more favourable than in similar transactions on an arm's length basis. On occasions, Directors and other KMP may purchase goods and services from Mirvac. These purchases are on terms and conditions available to Mirvac employees generally. As set out in the Directors' report, a number of the Directors of Mirvac are also Directors of other companies. On occasions, the Group may purchase goods and services from or supply goods and services to these entities. These transactions are undertaken on normal commercial terms and conditions and the Director or other KMP does not directly influence these transactions.

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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 service 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 FY16. Campbell Hanan commenced his role on 1 March 2016. His employment with Mirvac commenced on 9 February 2016 and he was on unpaid leave until 1 March 2016. Campbell joined on similar terms and conditions to those of other Executive KMP in respect of notice and termination.

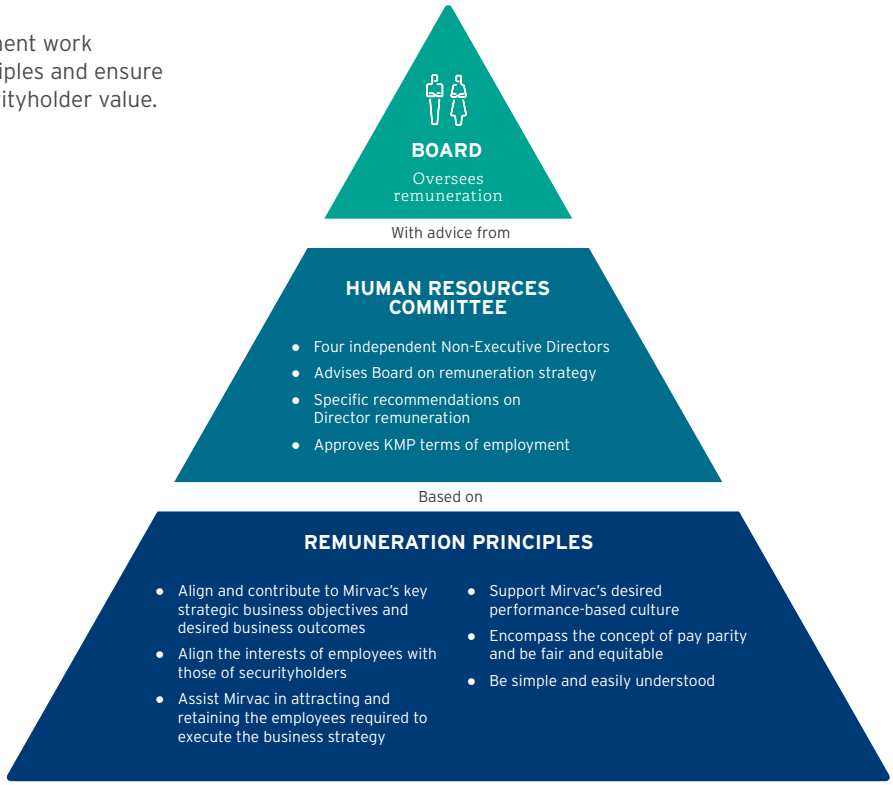
The key terms of the service agreements for the CEO/MD and other Executive KMP members are summarised below:

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

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

15 GOVERNANCE AND HOW REMUNERATION DECISIONS ARE MADE

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



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

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

During the year ended 30 June 2016, Ernst & Young provided the HRC with:

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

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

16 NON-EXECUTIVE DIRECTORS' REMUNERATION

APPROACH TO NON-EXECUTIVE DIRECTOR FEES

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

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

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

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

The schedule of fees for Non-Executive Directors during FY16 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[1]	480,000
Mirvac Limited and Mirvac Funds Limited Board member	185,000
ARCC and HRC Chair[2]	30,000
Committee member[3]	18,000
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 $
Non-Executive Directors				
John Mulcahy	**2016**	**460,692**	**19,308**	**480,000**
	2015	461,217	18,783	480,000
Christine Bartlett	**2016**	**185,388**	**17,612**	**203,000**
	2015	108,143	10,274	118,417
Peter Hawkins	**2016**	**213,692**	**19,308**	**233,000**
	2015	214,217	18,783	233,000
James M. Millar AM	**2016**	**213,692**	**19,308**	**233,000**
	2015	213,792	18,783	232,575
Samantha Mostyn	**2016**	**185,388**	**17,612**	**203,000**
	2015	61,796	5,871	67,667
John Peters	**2016**	**171,324**	**31,676**	**203,000**
	2015	170,868	32,132	203,000
Elana Rubin[2]	**2016**	**185,388**	**17,612**	**203,000**
	2015	252,396	18,271	270,667
Total	**2016**	**1,615,564**	**142,436**	**1,758,000**
	2015	1,482,429	122,897	1,605,326

1. Relates to payments required under superannuation legislation.
2. Elana Rubin received an additional $18,000 in FY15 for her service on the Mirvac Capital Partners Limited and Mirvac Funds Management Limited Boards.

MINIMUM SECURITYHOLDING FOR NON-EXECUTIVE DIRECTORS AND ACTUAL SECURITYHOLDING

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

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16 NON-EXECUTIVE DIRECTORS' REMUNERATION (CONTINUED)

MINIMUM SECURITYHOLDING FOR NON-EXECUTIVE DIRECTORS AND ACTUAL SECURITYHOLDING (CONTINUED)

	Balance 1 July 2015	Changes	Balance 30 June 2016	Minimum securityholding guideline	Date securityholding to be attained
John Mulcahy	25,000	-	25,000	25,000	Jul 2014
Christine Bartlett	25,000	-	25,000	25,000	Dec 2016
Peter Hawkins	596,117	-	596,117	25,000	Jul 2014
James M. Millar AM	40,714	-	40,714	25,000	Jul 2014
Samantha Mostyn	15,000	-	15,000	25,000	Mar 2017
John Peters	30,000	-	30,000	25,000	Jul 2014
Elana Rubin	34,343	-	34,343	25,000	Jul 2014

17 ADDITIONAL REQUIRED DISCLOSURES

OTHER BENEFITS

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

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

LOANS TO DIRECTORS AND OTHER KMP

Details of loans made to Directors and Executive KMP (including loans granted under legacy LTI plans), including their personally-related parties, are set out below. The loans below are attributable to the legacy EIS plan, which provided loans to executives to purchase Mirvac stapled securities. This plan is closed to new awards/participants.

Individuals with loans above $100,000 during the year:	Balance 1 July 2015 $	Balance 30 June 2016 $	Highest indebtedness during the year $
John Carfi	173,401	170,404	173,401
Brett Draffen	244,953	-	244,953

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

TERMS USED IN THIS REMUNERATION REPORT

Term	Meaning
Adjusted earnings	Statutory profit/loss after tax excluding: income tax expense and benefits; interest expense; bank and inter-company interest income; fair value of derivatives and exchange differences (FX); and changes in reserves (not including FX reserve).
A-REIT	S&P/ASX 200 Australian Real Estate Investment Trust Index.
Clawback	Mirvac's clawback policy gives the HRC the ability to claw back incentives in the event of a material financial misstatement. The clawback provisions apply to unvested STI and LTI awards received after the introduction of the policy in February 2013.
Executive KMP	The KMP that are also part of the Executive Leadership Team (the CEO/MD, CFO and heads of business units who are part of the Executive Leadership Team).
Executives	Members of Mirvac's Executive Leadership Team (including the Executive KMP and other Executives).
KMP	Key Management Personnel are those people with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.
Operating assets	Closing total assets excluding: cash and cash equivalents; tax assets; derivative financial assets; inter-company assets (i.e. inter-company receivables and inter-company loans); shares in subsidiaries; and deferred land payable.
Performance right	A right to a Mirvac security at the end of a performance period, subject to the satisfaction of performance measures.
ROIC	Adjusted earnings of a financial year divided by average monthly operating assets for the financial year.
TSR	Total Shareholder Return measures the percentage growth in a company's security price together with the value of dividends/distributions received during the period, assuming that all of those dividends/ distributions are re-invested into new securities.

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Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. 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.

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
16 August 2016

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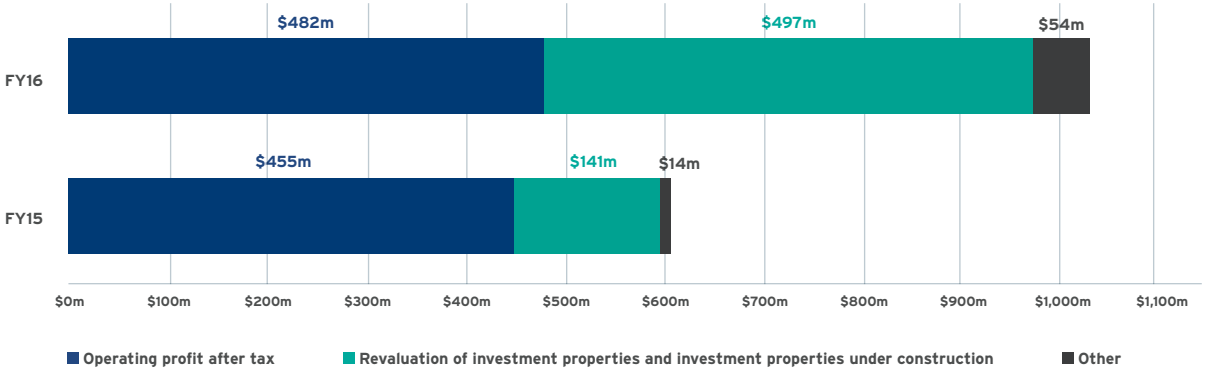
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $m	2015 $m
Revenue	B2	**2,321**	1,696
Other income			
Revaluation of investment properties and investment properties under construction	C2	**497**	141
Share of net profit of joint ventures	C4	**115**	67
Net gain on sale of assets	B2	**33**	60
Gain on financial instruments	B2	**86**	188
Total revenue and other income		**3,052**	2,152
Development expenses		**1,335**	785
Investment properties expenses and outgoings		**149**	143
Employee benefits and other expenses	B3	**174**	177
Selling and marketing expenses		**47**	46
Depreciation and amortisation expenses		**37**	30
Finance costs	B3	**137**	145
Loss on foreign exchange and financial instruments	B3	**96**	198
Business combination transaction costs		**2**	-
Profit before income tax		**1,075**	628
Income tax expense	B5	**(42)**	(18)
Profit for the year attributable to stapled securityholders		**1,033**	610
Other comprehensive income that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations, net of tax	E3	**(1)**	8
Other comprehensive income that will not be reclassified to profit or loss			
Revaluation of owner-occupied properties	E3	**41**	9
Other comprehensive income for the year		**40**	17
Total comprehensive income for the year attributable to stapled securityholders		**1,073**	627
Earnings per stapled security (EPS) attributable to stapled securityholders		**Cents**	Cents
Basic EPS	H2	**27.9**	16.5
Diluted EPS	H2	**27.9**	16.5

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

FY16 and FY15 profit for the year attributable to stapled securityholders



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $m	2015 $m
Current assets			
Cash and cash equivalents		**354**	60
Receivables	F1	**110**	73
Inventories	C5	**750**	774
Derivative financial assets	D3	**5**	-
Other financial assets	F2	**2**	11
Other assets		**25**	22
Total current assets		**1,246**	940
Non-current assets			
Receivables	F1	**56**	57
Inventories	C5	**848**	939
Investment properties	C2	**7,100**	6,751
Investments in joint ventures	C4	**824**	562
Derivative financial assets	D3	**228**	176
Other financial assets	F2	**152**	264
Property, plant and equipment	C3	**311**	262
Intangible assets	F3	**79**	39
Deferred tax assets	B5	**325**	413
Total non-current assets		**9,923**	9,463
Total assets		**11,169**	10,403
Current liabilities			
Payables	F4	**425**	352
Deferred revenue	B2	**106**	321
Borrowings	D2	**604**	-
Derivative financial liabilities	D3	**9**	12
Provisions	F5	**209**	202
Total current liabilities		**1,353**	887
Non-current liabilities			
Payables	F4	**82**	85
Deferred revenue	B2	**60**	29
Borrowings	D2	**2,211**	2,634
Derivative financial liabilities	D3	**102**	76
Deferred tax liabilities	B5	**169**	213
Provisions	F5	**12**	17
Total non-current liabilities		**2,636**	3,054
Total liabilities		**3,989**	3,941
Net assets		**7,180**	6,462
Equity			
Contributed equity	E2	**6,812**	6,804
Reserves	E3	**138**	95
Retained earnings		**230**	(437)
Total equity attributable to the stapled securityholders		**7,180**	6,462

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 2016

	Note	Attributable to stapled securityholders of Mirvac			
		Contributed equity $m	Reserves $m	Retained earnings $m	Total equity $m
Balance 30 June 2014		6,797	77	(698)	6,176
Profit for the year		-	-	610	610
Other comprehensive income for the year		-	17	-	17
Total comprehensive income for the year		-	17	610	627
Transactions with owners of the Group					
Security-based payments					
Expense recognised – EEP	E4	1	-	-	1
Expense recognised – LTI and STI	E4	-	5	-	5
LTI vested	E2/E4	4	(4)	-	-
Legacy schemes vested	E2	2	-	(1)	1
Distributions	E1	-	-	(348)	(348)
Total transactions with owners of the Group		7	1	(349)	(341)
Balance 30 June 2015		**6,804**	**95**	**(437)**	**6,462**
Profit for the year		-	-	1,033	1,033
Other comprehensive income for the year		-	40	-	40
Total comprehensive income for the year		**-**	**40**	**1,033**	**1,073**
Transactions with owners of the Group					
Security-based payments					
Expense recognised – EEP	E4	1	-	-	1
Expense recognised – LTI and STI	E4	-	9	-	9
LTI vested	E2/E4	4	(4)	-	-
STI vested	E4	-	(1)	-	(1)
Legacy schemes vested	E2	3	(1)	-	2
Distributions	E1	-	-	(366)	(366)
Total transactions with owners of the Group		**8**	**3**	**(366)**	**(355)**
Balance 30 June 2016		**6,812**	**138**	**230**	**7,180**

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $m	2015 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**2,215**	2,052
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,618)**	(1,555)
		597	497
Interest received		**23**	24
Distributions received from joint ventures		**41**	42
Interest paid		**(151)**	(150)
Tax paid		**(1)**	-
Net cash inflows from operating activities	H4	**509**	413
Cash flows from investing activities			
Payments for investment properties		**(751)**	(977)
Payments for property, plant and equipment		**(16)**	(13)
Proceeds from sale of investment properties and assets held for sale		**800**	1,072
Repayments of loans from unrelated parties		**44**	82
Contributions to joint ventures		**(28)**	(40)
Proceeds from joint ventures		**15**	12
Payments for other intangibles		**(38)**	-
Payments for investments		**(27)**	-
Proceeds from sale of investments		**-**	12
Net cash (outflows)/inflows from investing activities		**(1)**	148
Cash flows from financing activities			
Proceeds from borrowings		**2,761**	1,120
Repayments of borrowings		**(2,620)**	(1,383)
Distributions paid		**(355)**	(336)
Net cash outflows from financing activities		**(214)**	(599)
Net increase/(decrease) in cash and cash equivalents		**294**	(38)
Cash and cash equivalents at the beginning of the year		**60**	98
Cash and cash equivalents at the end of the year		**354**	60

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

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A BASIS OF PREPARATION

MIRVAC – STAPLED SECURITIES

A Mirvac 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).

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

BASIS OF PREPARATION

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

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

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

CRITCAL 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
Property, plant and equipment	C3
Investments in joint ventures	C4
Inventories	C5
Fair value measurement of financial instruments	D5
Security-based payments	E4
Intangible assets	F3

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NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The new and amended standards adopted by the Group for the year ended 30 June 2016 have not had a significant impact on the current period or any prior period and are not likely to have a significant impact on future periods.

NEW STANDARDS NOT YET ADOPTED

Certain new accounting standards have been published that are not mandatory for the year ended 30 June 2016 and have not been early adopted by the Group. The Group's assessment of the impact of these new standards is set out below:

- **AASB 9** ***Financial Instruments*** (effective for financial years commencing on or after 1 January 2018, with early adoption permitted)

  AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The Group does not expect a material impact to the Group's accounting for financial instruments. The Group has not yet decided when to adopt AASB 9;

- **AASB 15** ***Revenue from Contracts with Customers*** (effective for financial years commencing on or after 1 January 2018, with early adoption permitted)

  AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer. AASB 15 will not impact on investment properties rental revenue, as the revenue is accounted for under AASB 117 *Leases*. The new standard is unlikely to have a material impact on development and construction revenue as the performance obligation is delivering the completed product. The Group has not yet decided when to adopt AASB 15; and

- **AASB 16** ***Leases*** (effective for financial years commencing on or after 1 January 2019, with early adoption permitted if AASB 15 is also adopted)

  AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard will predominantly affect lessees, bringing all major leases on balance sheet. As the Group operates mainly as a lessor, the standard is not expected to impact the Group's accounting for leases significantly. The Group has not yet decided when to adopt AASB 16.

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B RESULTS FOR THE YEAR

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

B1 SEGMENT INFORMATION

Mirvac's segments have been realigned following the comprehensive revision of the Group's operating model, with an effective date of 1 July 2015. The new segments reflect the reporting to the Executive Leadership Team, who are the Group's chief operating decision makers. The new segments are Office & Industrial, Retail, Residential and Corporate & other.

Office & Industrial

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

Residential

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

Retail

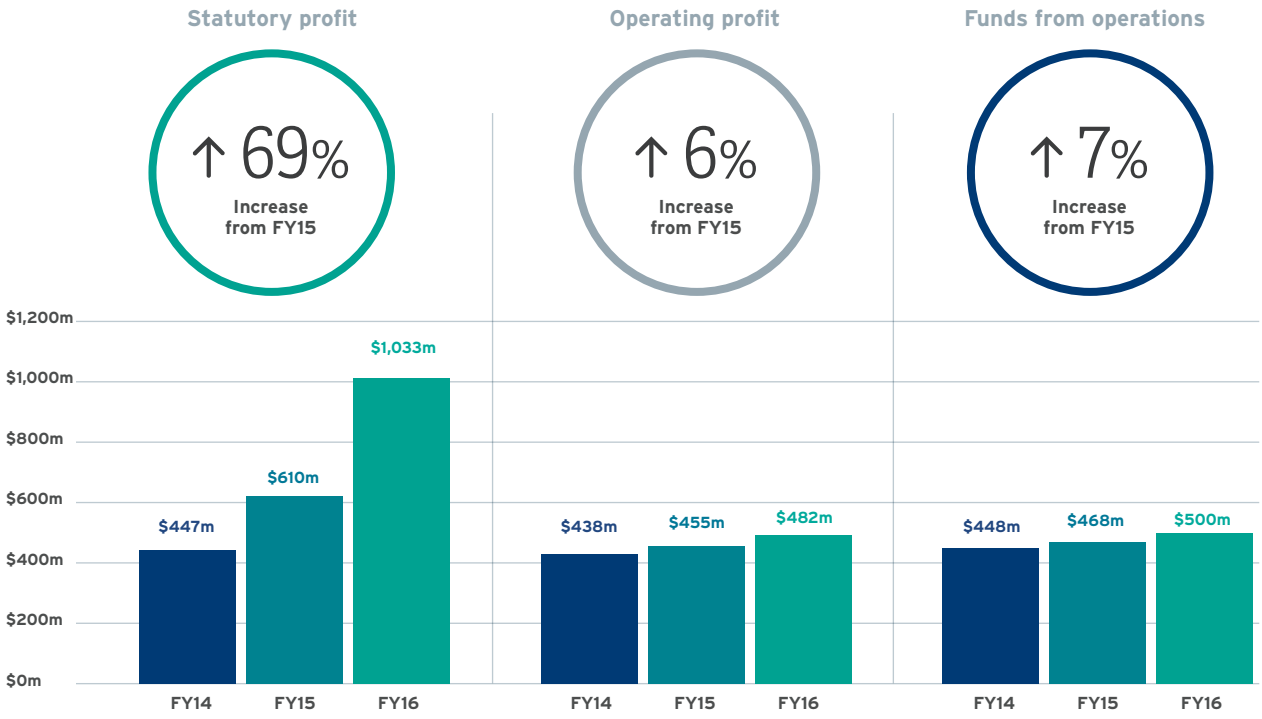
Manages the Retail property portfolio, including shopping centres, to produce rental income. This segment also develops shopping centres and manages joint ventures and properties for third party investors and owners.

Corporate & other

This segment 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 C4).

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

Three-year performance review



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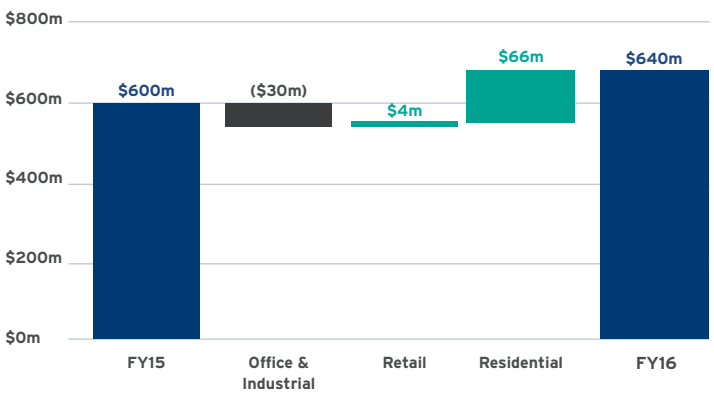
B1 SEGMENT INFORMATION (CONTINUED)

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

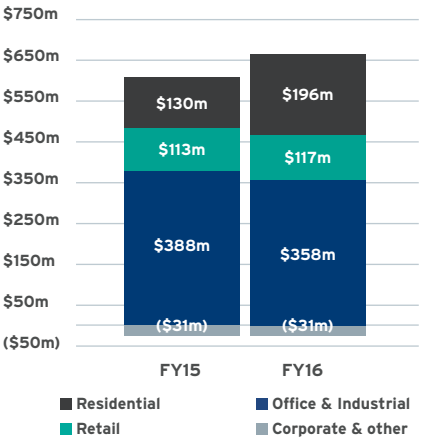
2016 Key profit metrics	Office & Industrial $m	Retail $m	Residential $m	Corporate & other $m	Total $m
Property net operating income (NOI)	331	125	-	16	**472**
Development EBIT	33	-	209	-	**242**
Asset and funds management EBIT	9	3	-	1	**13**
Management and administration expenses	(15)	(11)	(13)	(48)	**(87)**
Earnings before interest and taxes (EBIT)[1]	**358**	**117**	**196**	**(31)**	**640**
Development interest costs[2]	(3)	-	(61)	-	**(64)**
Other net interest costs[3]	-	-	-	(58)	**(58)**
Income tax expense	-	-	-	(36)	**(36)**
Operating profit after tax	**355**	**117**	**135**	**(125)**	**482**
Include security-based payments expense	-	-	-	(10)	**(10)**
Exclude amortisation of incentives	19	9	-	-	**28**
Funds from operations	**374**	**126**	**135**	**(135)**	**500**

1. EBIT includes share of net profit of joint ventures.
2. Includes cost of goods sold interest of $3m in Office & Industrial and $40m in Residential.
3. Includes interest revenue of $15m.

Operating EBIT: FY15 to FY16



EBIT by Segment



2016 Revenue by function	Office & Industrial $m	Retail $m	Residential $m	Corporate & other $m	Total $m
Property rental revenue[1]	393	211	-	-	**604**
Development revenue[2]	558	5	1,091	-	**1,654**
Asset and funds management revenue[3]	7	6	-	4	**17**
Other revenue	5	6	11	15	**37**
Total operating revenue	**963**	**228**	**1,102**	**19**	**2,312**
Share of net profit of joint ventures	21	-	17	16	**54**
Other income	**21**	**-**	**17**	**16**	**54**
Total operating revenue and other income	**984**	**228**	**1,119**	**35**	**2,366**
Non-operating items	463	129	-	94	**686**
Total statutory revenue and other income	**1,447**	**357**	**1,119**	**129**	**3,052**

1. Excludes straight-lining of lease revenue of $9m in Office & Industrial.
2. Includes management fees.
3. Property management revenue incurred on the Group's investment properties of $7m in Office & Industrial and $5m in Retail has been eliminated.

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B1 SEGMENT INFORMATION (CONTINUED)

2016 Other information	Office & Industrial $m	Retail $m	Residential $m	Corporate & other $m	**Total $m**
Segment assets and liabilities					
Assets					
Investment properties[1]	4,721	2,663	-	-	**7,384**
Inventories	121	2	1,475	-	**1,598**
Indirect investments[2]	564	6	280	177	**1,027**
Other assets	22	30	25	1,083	**1,160**
Total assets	**5,428**	**2,701**	**1,780**	**1,260**	**11,169**
Total liabilities	**278**	**68**	**326**	**3,317**	**3,989**
Net assets	**5,150**	**2,633**	**1,454**	**(2,057)**	**7,180**
Other segment information					
Share of net profit of joint ventures	74	-	18	23	**115**
Depreciation and amortisation expenses	20	10	2	5	**37**
Acquisitions of investments and PPE	506	404	106	16	**1,032**

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

The comparative information has been restated to reflect the new segment structure for consistency.

2015 (restated) Key profit metrics	Office & Industrial $m	Retail $m	Residential $m	Corporate & other $m	Total $m
Property net operating income (NOI)	350	125	-	15	490
Development EBIT	52	-	142	-	194
Asset and funds management EBIT	1	2	-	1	4
Management and administration expenses	(15)	(14)	(12)	(47)	(88)
Earnings before interest and taxes[1]	388	113	130	(31)	600
Development interest costs[2]	(4)	-	(69)	-	(73)
Other net interest costs[3]	-	-	-	(54)	(54)
Income tax expense	-	-	-	(18)	(18)
Operating profit after tax	384	113	61	(103)	455
Include security-based payments expense	-	-	-	(6)	(6)
Exclude amortisation of incentives	12	7	-	-	19
Funds from operations	396	120	61	(109)	468

1. EBIT includes share of net profit of joint ventures.
2. Includes cost of goods sold interest of $1m in Office & Industrial and $45m in Residential.
3. Includes interest revenue of $18m.

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B1 SEGMENT INFORMATION (CONTINUED)

2015 (restated) Revenue by function	Office & Industrial $m	Retail $m	Residential $m	Corporate & other $m	Total $m
Property rental revenue[1]	405	208	-	-	613
Development revenue[2]	82	-	943	-	1,025
Asset and funds management revenue[3]	3	5	-	1	9
Other revenue	10	3	17	13	43
Total operating revenue	500	216	960	14	1,690
Share of net profit of joint ventures	19	-	4	15	38
Net gain on sale of assets	44	-	-	-	44
Other income	63	-	4	15	82
Total operating revenue and other income	563	216	964	29	1,772
Non-operating items	118	45	-	217	380
Total statutory revenue and other income	681	261	964	246	2,152

1. Excludes straight-lining of lease revenue of $5m in Office & Industrial.
2. Includes management fees.
3. Property management revenue incurred on the Group's investment properties of $7m in Office & Industrial and $6m in Retail has been eliminated.

2015 (restated) Other information	Office & Industrial $m	Retail $m	Residential $m	Corporate & other $m	Total $m
Segment assets and liabilities					
Assets					
Investment properties[1]	4,824	2,171	-	-	6,995
Inventories	355	-	1,358	-	1,713
Indirect investments[2]	322	-	122	163	607
Other assets	50	11	52	975	1,088
Total assets	5,551	2,182	1,532	1,138	10,403
Total liabilities	397	46	320	3,178	3,941
Net assets	5,154	2,136	1,212	(2,040)	6,462
Other segment information					
Share of net profit of joint ventures	30	-	5	33	68
Depreciation and amortisation expenses	19	7	2	3	31
Acquisitions of investments and PPE	620	406	4	12	1,042

1. Includes investment properties under construction and owner-occupied properties.
2. Includes carrying value of investments in joint ventures and loans to related parties.

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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:

	Office & Industrial $m	Retail $m	Residential $m	Corporate & other $m	**2016 $m**	2015 $m
Profit for the year attributable to stapled securityholders	**796**	**243**	**135**	**(141)**	**1,033**	610
Exclude specific non-cash items						
Revaluation of investment properties and investment properties under construction	(374)	(123)	-	-	**(497)**	(141)
Net loss on foreign exchange movements and financial instruments	6	-	-	4	**10**	10
Security-based payments expense[1]	-	-	-	10	**10**	6
Depreciation of owner-occupied properties[2]	5	2	-	-	**7**	6
Straight-lining of lease revenue[3]	(9)	-	-	-	**(9)**	(5)
Amortisation of lease fitout incentives[2]	9	1	-	-	**10**	9
Share of net profit of joint ventures relating to movement of non-cash items[4]	(53)	-	-	(8)	**(61)**	(30)
Exclude significant items						
Net gain on sale of non-aligned assets[5]	(27)	(6)	-	-	**(33)**	(16)
Restructuring costs[1]	-	-	-	4	**4**	7
Business combination transaction costs	2	-	-	-	**2**	-
Tax effect						
Tax effect of non-cash and significant items[6]	-	-	-	6	**6**	(1)
Operating profit after tax	**355**	**117**	**135**	**(125)**	**482**	455

1. Included within Management and administration expenses.
2. Included within Depreciation and amortisation expenses.
3. Included within Revenue.
4. Included within Share of net profit of joint ventures.
5. Included within Net gain on sale of assets.
6. Included within Income tax expense.

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B2 REVENUE

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

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

Development revenue

During construction, development projects are capitalised as inventories, refer to note C5. Revenue is recognised upon settlement of the development projects. Other revenue from development projects, such as project management fees, is recognised as services are performed.

Deferred revenue

Some development contracts on commercial projects are funded by a third party, generally known as fund through projects. Payments for these projects are received during construction. As revenue is only recognised on settlements, payments received are recognised as deferred revenue until settlement. Although deferred revenue is classified as a liability in the consolidated SoFP, on settlement it will be recognised in the consolidated SoCI and not be repaid in cash. At 30 June 2016, the Group held $166m of deferred revenue which mainly related to the Green Square, Sydney and Riverside Quay, Melbourne projects (2015: $350m mainly related to Old Treasury Building, Perth and 200 George Street, Sydney projects).

Property rental revenue

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

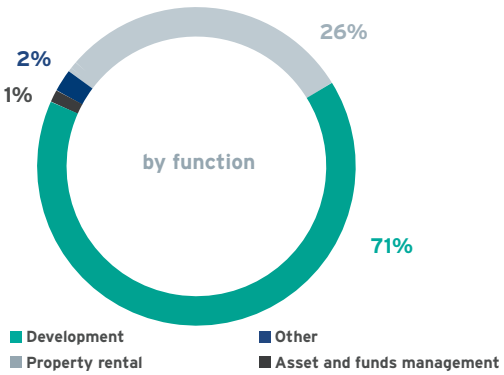
Asset and funds management revenue

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

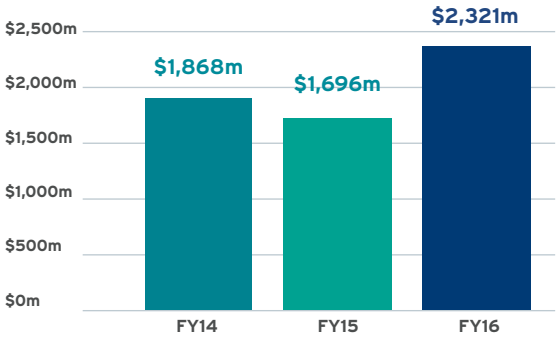
	2016 $m	2015 $m
Revenue		
Development revenue	**1,654**	1,022
Property rental revenue[1]	**613**	618
Asset and funds management revenue	**17**	13
Interest revenue	**15**	18
Other revenue	**22**	25
Total revenue	**2,321**	1,696

1. Includes straight-lining of lease revenue of $9m (2015: $5m).

FY16 Revenue



Revenue FY14 to FY16



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	2016 $m	2015 $m
Net gain on sale of assets		
Net gain on sale of financial instruments	-	44
Net gain on sale of investments in joint ventures	-	10
Net gain on sale of investment properties	33	6
Total net gain on sale of assets	33	60
Gain on financial instruments		
Gain on cross currency derivatives	86	188
Total gain on financial instruments	86	188

B3 EXPENSES

DEVELOPMENT EXPENSES

Development expenses are recognised when the related revenue is recognised.

INVESTMENT PROPERTIES EXPENSES AND OUTGOINGS

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

	2016 $m	2015 $m
Profit before income tax includes the following specific expenses		
Employee benefits expenses	125	121
Other expenses	49	56
Total employee benefits and other expenses	174	177
Finance costs		
Interest paid/payable (net of inventory provision release)	140	137
Interest capitalised[1]	(49)	(40)
Interest previously capitalised and now expensed (net of inventory provision release)[2]	43	46
Borrowing costs amortised	3	2
Total finance costs	137	145
Loss on foreign exchange and financial instruments		
Foreign exchange loss on borrowings	39	182
Loss on interest rate derivatives	51	16
Loss on financial instruments	6	-
Total loss on foreign exchange and financial instruments	96	198

1. Relates to Residential $38m (2015: $32m) and commercial projects $11m (2015: $8m).
2. Relates to Residential $40m (2015: $45m) and commercial projects $3m (2015: $1m).

B4 EVENTS OCCURRING AFTER THE END OF THE YEAR

As announced on 29 October 2015, the Group has acquired a 49.9 per cent interest in East Village, Zetland NSW for $155m. The acquisition was made by unit acquisition in the Joynton North Property Trust and is equity accounted. This transaction was completed on 1 July 2016. Also completed on 1 July 2016, was the acquisition of 274 Victoria Road, Rydalmere NSW for $48m and a 50 per cent interest in 80 Bay Street Glebe, NSW for $11m.

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.

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B5 INCOME TAX

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

ACCOUNTING FOR INCOME TAX

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

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

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

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

TAX CONSOLIDATION LEGISLATION

Mirvac Limited and its wholly owned Australian controlled entities are in a tax consolidated group. The entities in the tax consolidated group have entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Mirvac Limited.

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

INCOME TAX ANALYSIS

Reconciliation to effective tax rate	2016 $m	2015 $m
Profit before income tax	**1,075**	628
Add: Group elimination entries not subject to corporate taxation[1]	**41**	9
Less: MPT profit not subject to taxation	**(977)**	(581)
Profit which is subject to taxation	**139**	56
Income tax expense calculated at 30 per cent	**42**	17
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Other non-deductible/non-assessable items	**3**	2
	45	19
Over-provision in prior years	**(3)**	(1)
Income tax expense[2]	**42**	18
Effective tax rate[3]	**30%**	32%

1. Group eliminations not subject to corporate tax generally relate to MPT profit restatements required for consolidated group reporting purposes.
2. The income tax expense represents both current and deferred tax.
3. Effective tax rate is calculated as the income tax expense divided by the profit which is subject to taxation.

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B5 INCOME TAX (CONTINUED)

Reconciliation of income tax expense to tax paid	2016 $m	2015 $m
Current tax	**1**	-
Deferred tax	**41**	18
Total income tax expense	**42**	18
Temporary differences		
Unearned progress billings	**(71)**	68
Inventories	**65**	(64)
Unrealised derivative financial instrument revaluations	**(11)**	(53)
Unrealised foreign currency translation revaluations	**12**	52
Other temporary differences	**(7)**	(13)
Transfer from tax losses	**(29)**	(7)
Tax paid[1]	**1**	1

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

Unrecognised tax losses	2016 $m	2015 $m
Unused tax losses which have not been recognised as deferred tax assets due to uncertainty of utilisation	**625**	621
Potential tax benefit at 30 per cent	**188**	186

Movement in deferred tax	Balance 1 July 2014 $m	Recognised in profit or loss $m	Recognised in other comprehensive income $m	Acquisition/ disposal of controlled entity $m	Recognised in provisions $m	Balance 30 June 2015 $m	Recognised in profit or loss $m	Recognised on acquisition $m	Balance 30 June 2016 $m
Unearned gains and losses with joint ventures	22	(11)	-	-	-	11	(1)	-	**10**
Accruals	34	(3)	-	-	-	31	(5)	-	**26**
Employee provisions and accruals	7	-	-	-	-	7	-	-	**7**
Deferred revenue	55	68	-	2	-	125	(71)	-	**54**
Derivative financial instruments	34	(7)	-	-	-	27	6	-	**33**
Impairment of loans to unrelated parties	7	(3)	-	-	-	4	-	-	**4**
PPE	1	1	-	-	-	2	-	-	**2**
Tax losses	192	(7)	-	-	-	185	(29)	-	**156**
Foreign exchange translation losses	-	22	(1)	-	-	21	12	-	**33**
Deferred tax assets	352	60	(1)	2	-	413	(88)	-	**325**
Investments in joint ventures	(17)	4	-	-	9	(4)	(1)	-	**(5)**
Inventories	(86)	(64)	-	(3)	2	(151)	65	-	**(86)**
Derivative financial instruments	(9)	(46)	-	-	-	(55)	(17)	-	**(72)**
Foreign exchange translation gains	(30)	30	-	-	-	-	-	-	**-**
Other	(1)	(2)	-	-	-	(3)	-	(3)	**(6)**
Deferred tax liabilities	(143)	(78)	-	(3)	11	(213)	47	(3)	**(169)**
Net deferred tax assets	209	(18)	(1)	(1)	11	200	(41)	(3)	**156**

Deferred tax assets expected to be recovered after more than 12 months are $295m (2015: $413m).

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C PROPERTY AND DEVELOPMENT ASSETS

This section includes investment properties, owner-occupied properties, investments in joint ventures and inventories. It represents the core assets of the business and drives the value of the Group.

C1 PROPERTY PORTFOLIO

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

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.

Owner-occupied properties

Owner-occupied properties are held, partly or fully, for Mirvac's use and are classified as property, plant and equipment.

Owner-occupied properties are held at fair value with revaluation gains classified as other comprehensive income and held in the asset revaluation reserve in equity. Refer to note E3 for further details.

Investments in joint venture (JV)

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

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

The JV hold investment property at fair value and Mirvac recognises its share of the JV's profit or loss as other income. For further details on accounting for JV, refer to note C4.

Judgement in fair value estimation

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

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

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

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

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

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

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

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

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

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Judgement in fair value estimation (continued)

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

Note C2 explains the key inputs and sensitivity to changes.

Lease incentives

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

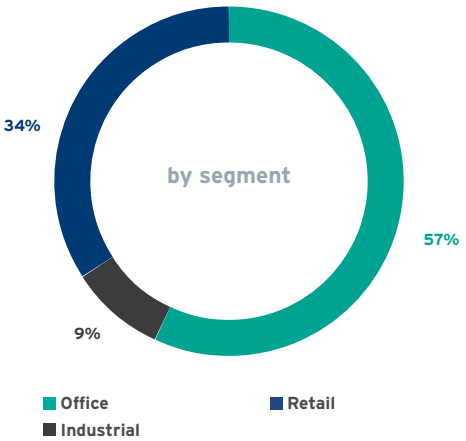
BREAKDOWN OF MIRVAC'S PROPERTY PORTFOLIO BY SECTOR

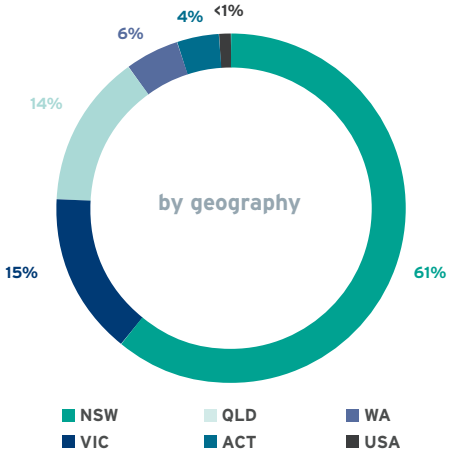
					2016				2015
	Note	Office $m	Industrial $m	Retail $m	**Total $m**	Office $m	Industrial $m	Retail $m	Total $m
Investment properties		3,681	695	2,543	**6,919**	3,829	661	2,072	6,562
Investment properties under construction		99	34	48	**181**	157	-	32	189
Total investment properties	C2	3,780	729	2,591	**7,100**	3,986	661	2,104	6,751
Owner-occupied properties	C3	212	-	72	**284**	177	-	67	244
Investment in joint ventures[1]	C4	410	-	-	**410**	322	-	-	322
Total property portfolio		4,402	729	2,663	**7,794**	4,485	661	2,171	7,317

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

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

FY16 Property Portfolio





Office

- $4,402m in Office assets
- 28 investment grade assets[1]
- 9.2% net valuation uplift[2]
- Weighted average capitalisation rate of 6.23%[3]

Industrial

- $729m in Industrial assets
- 16 investment grade assets[4]
- 6.6% net valuation uplift[4]
- Weighted average capitalisation rate of 6.56%[5]

Retail

- $2,663m in Retail assets
- 15 investment grade assets[6]
- 5.4% net valuation uplift[6]
- Weighted average capitalisation rate of 6.10%[5]

1. Includes investment properties under construction but excludes 55 Coonara Avenue, West Pennant Hills NSW.
2. Includes 8 Chifley Square, Sydney NSW and Treasury Building, 28 Barrack Street, Perth WA.
3. Excludes investment properties under construction and 55 Coonara Avenue, West Pennant Hills NSW.
4. Includes investment properties under construction.
5. Excludes investment properties under construction.
6. Includes investment properties under construction and owner-occupied properties.

REVALUATION OF PROPERTY PORTFOLIO

FY16 Net revaluation gain ($580m)

FY15 Net revaluation gain ($160m)

Office Industrial Retail

1. Represents Mirvac's share of the JV's revaluation gain which is included within the share of net profits 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 other income. The fair value movements are non-cash and do not affect the Group's distributable income.

				2016	2015
	Office $m	Industrial $m	Retail $m	**Total $m**	Total $m
Balance 1 July	3,986	661	2,104	**6,751**	6,016
Expenditure capitalised	232	16	130	**378**	328
Acquisitions	112	32	274	**418**	686
Disposals	(743)	-	(31)	**(774)**	(401)
Net revaluation gains from fair value adjustments	326	48	123	**497**	141
Exchange differences on translation of foreign operations	-	2	-	**2**	8
Transfer (to)/from inventories	(106)	(29)	-	**(135)**	4
Amortisation of lease fitout incentives, leasing costs and rent incentives	(27)	(1)	(9)	**(37)**	(31)
Balance 30 June	3,780	729	2,591	**7,100**	6,751

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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 DCF and capitalisation rate valuation methods both 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 %
2016						
Office[1]	3,780	325 - 1,590	0.00 - 3.75	5.38 - 9.50	5.75 - 10.00	7.13 - 9.50
Industrial	729	52 - 225	2.50 - 3.50	5.50 - 7.75	6.00 - 8.00	7.50 - 8.25
Retail[1]	2,591	225 - 1,524	3.00 - 4.40	5.25 - 8.00	5.50 - 8.00	7.75 - 9.50
2015						
Office[1]	3,986	205 - 1,003	0.00 - 4.10	6.00 - 9.50	6.25 - 10.00	8.00 - 12.00
Industrial	661	15 - 345	2.33 - 3.30	6.00 - 9.50	6.25 - 9.75	8.00 - 9.75
Retail[1]	2,104	221 - 1,071	3.00 - 4.43	6.00 - 8.00	6.25 - 8.00	8.50 - 9.50

1. Includes owner-occupied properties.

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

C3 PROPERTY, PLANT AND EQUIPMENT

Mirvac uses part of 60 Margaret Street, Sydney as a head office and part as investment property. For accounting purposes, it is regarded as owner-occupied property and classified as property, plant and equipment (PPE).

The owner-occupied property is held at fair value but, unlike investment properties, revaluation gains are classified as other comprehensive income and held in the asset revaluation reserve in equity.

DEPRECIATION

PPE is depreciated straight-line over its estimated useful life as follows:

- owner-occupied properties 40 years;
- plant and equipment 3-15 years; and
- land indefinite.

Valuation of PPE

Owner-occupied properties are measured at fair value as explained in note C1. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the owner-occupied properties and the net amount is revalued to fair value. The original cost of owner-occupied properties is $218m (2015: $213m).

Other PPE is measured at cost less accumulated depreciation and impairment losses.

All PPE is considered for impairment when relevant and no PPE (2015: $nil) is considered impaired.

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	2016			2015		
	Owner-occupied properties $m	Plant and equipment $m	**Total $m**	Owner-occupied properties $m	Plant and equipment $m	Total $m
Balance 1 July	244	18	**262**	238	10	248
Revaluation gains	47	-	**47**	12	-	12
Additions	-	16	**16**	-	13	13
Depreciation	(7)	(7)	**(14)**	(6)	(5)	(11)
Balance 30 June	284	27	**311**	244	18	262
Cost or fair value	284	45	**329**	244	42	286
Accumulated depreciation	-	(18)	**(18)**	-	(24)	(24)
Balance 30 June	284	27	**311**	244	18	262

C4 INVESTMENTS IN JOINT VENTURES

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

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

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

Judgement in testing for impairment of investments in JV

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

At 30 June 2016, none of the investments in JV is considered to be impaired (2015: none).

	2016 $m	2015 $m
Consolidated SoFP		
Investments in JV	**824**	562
Total investments in JV	**824**	562
Consolidated SoCI		
Share of net profit of JV	**115**	67
Total share of net profit of JV	**115**	67

All JV are established or incorporated in Australia. The table below provides summarised financial information for those JV that are material to the Group. The Group does not have any associates.

The information below 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.

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C4 INVESTMENTS IN JOINT VENTURES (CONTINUED)

	Mirvac 8 Chifley Trust[1]		Mirvac (Old Treasury) Trust[1]		Tucker Box Hotel Group		Other joint ventures			Total
	2016 $m	2015 $m	**2016 $m**	2015 $m	**2016 $m**	2015 $m	**2016 $m**	2015 $m	**2016 $m**	2015 $m
Principal activities	Investment property		Investment property		Hotel investment		Various			
Summarised SoFP										
Cash and cash equivalents	**-**	3	**6**	66	**3**	1	**43**	70	**52**	140
Other current assets	**2**	-	**1**	-	**7**	7	**401**	175	**411**	182
Total current assets	**2**	3	**7**	66	**10**	8	**444**	245	**463**	322
Total non-current assets	**412**	379	**409**	264	**507**	473	**403**	479	**1,731**	1,595
Borrowings	**-**	-	**-**	-	**-**	-	**-**	64	**-**	64
Other current liabilities	**3**	3	**7**	(2)	**11**	10	**145**	144	**166**	155
Total current liabilities	**3**	3	**7**	(2)	**11**	10	**145**	208	**166**	219
Borrowings	**-**	-	**-**	-	**170**	154	**63**	51	**233**	205
Other non-current liabilities	**-**	-	**-**	191	**1**	1	**16**	67	**17**	259
Total non-current liabilities	**-**	-	**-**	191	**171**	155	**79**	118	**250**	464
Net assets	**411**	379	**409**	141	**335**	316	**623**	398	**1,778**	1,234
Group's share of net assets in %	**50**	50	**50**	50	**50**	50				
Group's share of net assets in $	**206**	190	**204**	71	**168**	158	**300**	178	**878**	597
Carrying amount in Group's SoFP[2]	**189**	173	**198**	65	**167**	158	**270**	166	**824**	562

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 investment.
2. Included in the 2016 carrying amount of other joint ventures is the partnership with Ping An Real Estate which was entered into during the year. This joint venture partnership includes $66m in the Mirvac SLS Development Trust (St Leonards) and $23m in Mirvac Ping An Waterloo Development Trust (Waterloo).

	Mirvac 8 Chifley Trust		Mirvac (Old Treasury) Trust		Tucker Box Hotel Group		Other joint ventures			Total
	2016 $m	2015 $m	**2016 $m**	2015 $m	**2016 $m**	2015 $m	**2016 $m**	2015 $m	**2016 $m**	2015 $m
Summarised SoCI										
Revenue	**60**	58	**95**	4	**56**	74	**280**	160	**491**	296
EBITDA	**23**	22	**16**	-	**39**	37	**53**	16	**131**	75
Interest income	**-**	-	**1**	3	**-**	-	**1**	4	**2**	7
Interest expense	**-**	-	**-**	-	**7**	8	**16**	14	**23**	22
Income tax expense/(benefit)	**-**	-	**-**	-	**-**	-	**4**	(1)	**4**	(1)
Profit after tax	**55**	54	**91**	4	**47**	64	**35**	6	**228**	128
Non-operating items	**(32)**	(32)	**(74)**	(1)	**(15)**	(35)	**(1)**	1	**(122)**	(67)
Operating profit after tax	**23**	22	**17**	3	**32**	29	**34**	7	**106**	61
Profit after tax	**55**	54	**91**	4	**47**	64	**35**	6	**228**	128
Other comprehensive income	**-**	-	**-**	-	**-**	-	**-**	(21)	**-**	(21)
Total comprehensive income	**55**	54	**91**	4	**47**	64	**35**	(15)	**228**	107
Distributions received/receivable by Group from JV	**12**	11	**8**	2	**14**	13	**1**	16	**35**	42

CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2016, the Group's share of its JV's capital commitments which have been approved but not yet provided for was $nil (2015: $nil).

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C5 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 (2015: $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.

Interest

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

	2016		2015	
	Current $m	**Non-current $m**	Current $m	Non-Current $m
Residential apartments				
Acquisition costs	**113**	**153**	108	252
Development costs	**361**	**260**	213	219
Interest capitalised during development	**32**	**48**	26	59
NRV write-downs provision	**-**	**(64)**	(12)	(65)
Total residential apartments	**506**	**397**	335	465
Residential masterplanned communities				
Acquisition costs	**67**	**318**	76	405
Development costs	**115**	**74**	29	53
Interest capitalised during development	**23**	**42**	16	53
NRV write-downs provision	**(25)**	**(43)**	(17)	(63)
Total residential masterplanned communities	**180**	**391**	104	448
Residential	**686**	**788**	439	913
Office & Industrial				
Acquisition costs	**3**	**33**	35	3
Development costs	**60**	**26**	301	21
Interest capitalised during development	**1**	**1**	4	2
NRV write-downs provision	**(2)**	**-**	(5)	-
Total Office & Industrial	**62**	**60**	335	26
Retail				
Interest capitalised during development	**2**	**-**	-	-
Total Retail	**2**	**-**	-	-
Total inventories	**750**	**848**	774	939

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Residential

- 2,824 lots settled during the year
- 12.4% ROIC

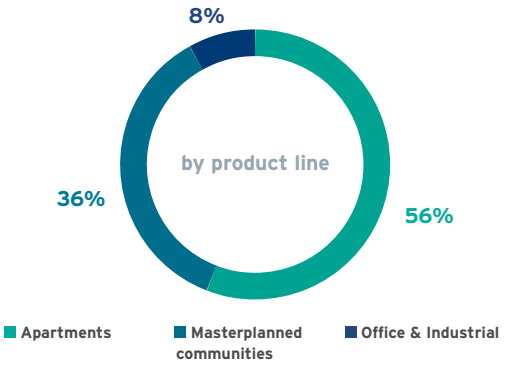
Office & Industrial

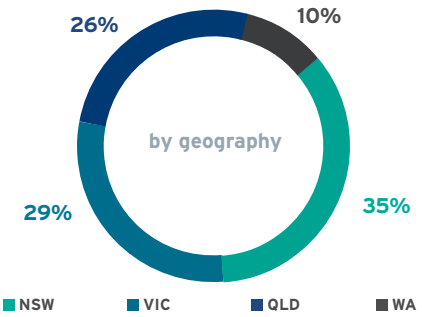
- Practical completion achieved for Treasury Building, Perth and 200 George Street, Sydney
- 10 Office & Industrial active developments
- 23.0% ROIC

Retail

- Key Retail active developments: Broadway Shopping Centre, Greenwood Shopping Centre and Tramsheds Harold Park Retail

FY16 Inventories





Inventory movement for the year	2016 $m	2015 $m
Balance 1 July	**1,713**	1,457
Costs incurred	**1,110**	1,080
Settlements	**(1,388)**	(842)
Provision release	**28**	22
Transfer to investment properties	**135**	(4)
Balance 30 June	**1,598**	1,713

C6 COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

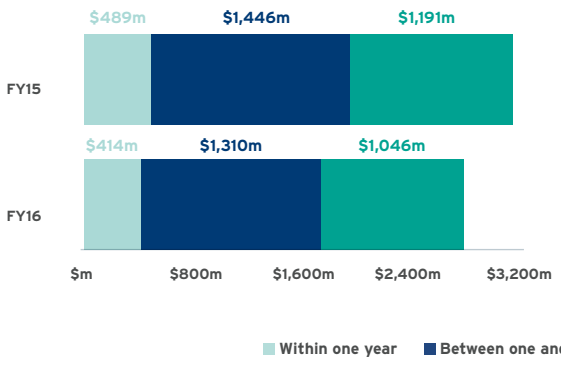
At 30 June 2016, capital commitments on Mirvac's existing property portfolio were $225m (2015: $81m). There are no properties pledged as security by the Group (2015: nil).

LEASE COMMITMENTS

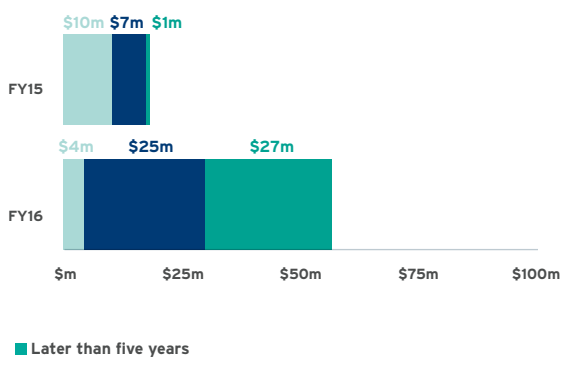
Property rental revenue is accounted for as operating leases. The revenue and expenses are recognised in the consolidated SoCI on a straight-line basis over the lease term. Payments for operating leases are made net of any lease incentives.

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

Future operating lease receipts as a lessor



Future operating lease payments as a lessee



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

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D CAPITAL STRUCTURE AND RISKS

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

D1 CAPITAL MANAGEMENT

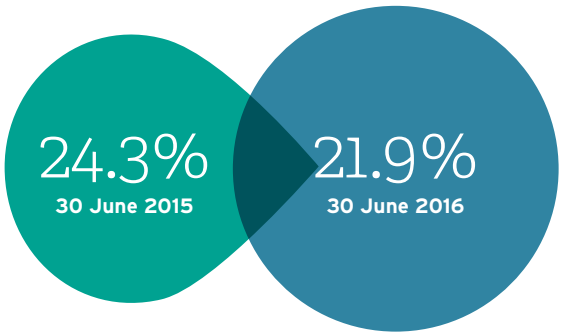
Mirvac has a capital management framework, approved and monitored by the Board. The framework aims to address the market, credit and liquidity risks while also meeting the Group's strategic objectives.

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

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

At 30 June 2016, the Group was in compliance with all regulatory and debt covenant ratios.

Gearing ratio

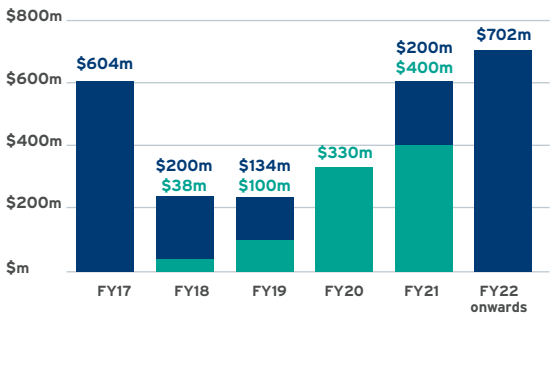


D2 BORROWINGS AND LIQUIDITY

The Group takes out borrowings at both fixed and floating interest rates and also uses interest rate swaps to reduce the interest rate risk as discussed in note D3.

The Group also increased its bank loan facilities from $1,400m to $1,700m during the year to provide additional liquidity. At 30 June 2016, the Group has $833m of committed undrawn bank facilities available with no debt maturities until FY17.

Drawn debt maturities as at 30 June 2016



Drawn debt sources as at 30 June 2016

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest rate method.

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	2016				2015			
	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 borrowings								
Bank loans	**-**	**867**	**867**	**867**	-	920	920	920
Bonds	**604**	**1,344**	**1,948**	**2,090**	-	1,714	1,714	1,813
Total unsecured borrowings	**604**	**2,211**	**2,815**	**2,957**	-	2,634	2,634	2,733
Undrawn bank facilities	**-**	**-**	**833**	**-**	-	-	480	-

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

	2016						2015					
		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	867	-	-	-	-	**867**	920	-	-	-	-	920
Bonds	1,080	235	200	200	125	**1,840**	954	-	235	400	125	1,714
Interest rate swaps	(1,300)	-	100	500	700	**-**	(1,100)	100	-	400	600	-
Total	647	235	300	700	825	**2,707**	774	100	235	800	725	2,634

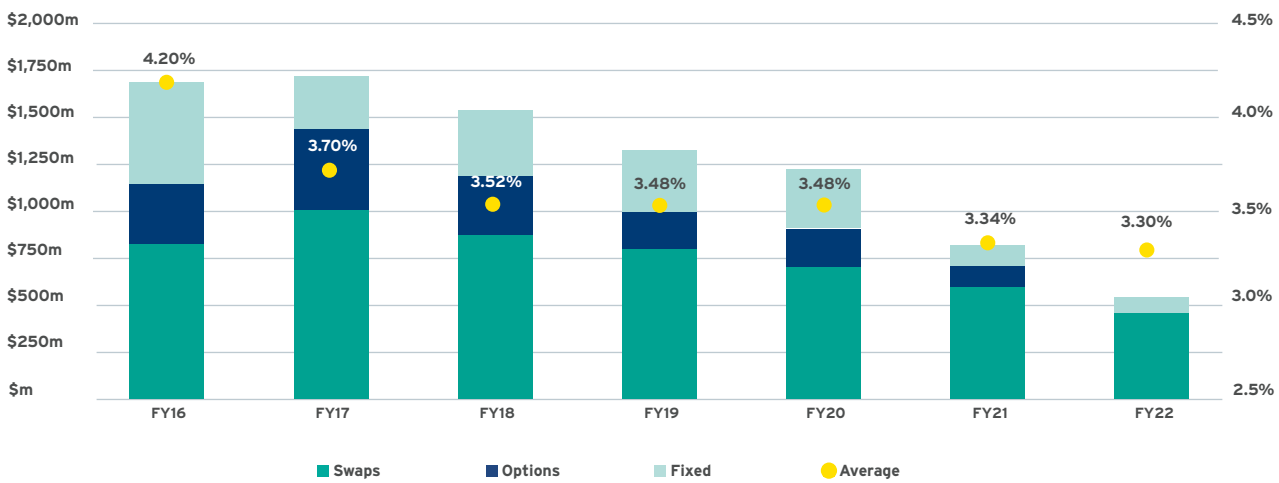
The fair value of the bank loans is considered to approximate their carrying amount. The fair value of the bonds is calculated as the expected future cash flows discounted by the relevant current market rates.

D3 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Hedging profile



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D3 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	2016		2015	
	Asset $m	**Liability $m**	Asset $m	Liability $m
Current				
Interest rate swaps	**-**	**9**	-	12
Cross currency interest rate swaps	**5**	**-**	-	-
Total current derivative financial instruments	**5**	**9**	-	12
Non-current				
Interest rate swaps	**5**	**80**	17	36
Cross currency interest rate swaps	**223**	**22**	159	40
Total non-current derivative financial instruments	**228**	**102**	176	76
Total derivative financial assets/liabilities	**233**	**111**	176	88

Although Mirvac uses derivative financial instruments to economically hedge its borrowings, they are not formally designated as hedges for accounting purposes. The fair value movements are recognised in profit or loss; if hedge accounting were applied, the fair value movements would be classified as other comprehensive income in the consolidated SoCI and held in a separate hedging reserve in equity. The net fair value loss for the year was $35m (2015: $172m).

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

D4 FINANCIAL RISK MANAGEMENT

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

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

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

Risk	Definition	Exposures arising from	Management of exposures
Market risk – interest rate	The risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates.	• 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 a 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 US dollars • Receipts and payments which are denominated in other currencies	• Cross currency interest rate swaps to convert US dollar borrowings to Australian dollar exposures. • Foreign currency borrowings as a natural hedge for foreign operations.
Market risk – price	The risk that the fair value of other financial assets at fair value through profit or loss 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.

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Risk	Definition	Exposures arising from	Management of 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.

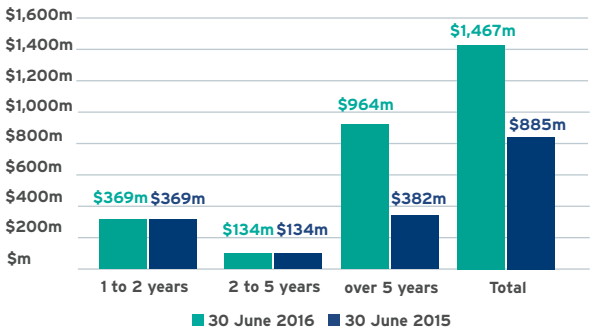
MARKET RISK

Foreign exchange risk

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

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

Notional amount and expiry of CCIRS



Sensitivity analysis – interest rate risk and foreign exchange risk

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

		2016		2015	
Total impact on profit after tax and equity		**50 bp ↑ $m**	**50 bp ↓ $m**	50 bp ↑ $m	50 bp ↓ $m
Sensitivity in:	**Changes in:**				
Interest rate risk[1]	Australian interest rates	**$29m increase**	**$34m decrease**	$19m increase	$21m decrease
Foreign exchange risk[2]	USD:AUD exchange rates	**$61m decrease**	**$59m increase**	$26m decrease	$24m increase

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

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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:

	2016					2015				
	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]	531	106	36	-	**673**	673	78	36	-	787
Unsecured bank loans	16	52	854	-	**922**	19	20	720	252	1,011
Bonds	692	264	485	951	**2,392**	69	660	440	808	1,977
Net settled derivatives										
Interest rate swaps – floating to fixed	21	23	33	11	**88**	17	16	17	(13)	37
Interest rate swaps – fixed to floating	(7)	(4)	-	-	**(11)**	(7)	(6)	(3)	-	(16)
Gross settled derivatives (cross currency swaps)										
Outflow	800	43	258	1,216	**2,317**	19	384	174	440	1,017
(Inflow)	(811)	(53)	(272)	(1,304)	**(2,440)**	(47)	(395)	(206)	(551)	(1,199)
	1,242	431	1,394	874	**3,941**	743	757	1,178	936	3,614

1. Includes deferred revenue.

D5 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

Mirvac holds no Level 1 financial instruments.

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

Derivative financial instruments

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

Other financial assets

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

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

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

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D5 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	Note	2016 Level 1 $m	2016 Level 2 $m	2016 Level 3 $m	**2016 Total $m**	2015 Level 1 $m	2015 Level 2 $m	2015 Level 3 $m	2015 Total $m
Financial assets carried at fair value									
Units in unlisted funds	F2	-	-	23	**23**	-	-	11	11
Other financial assets	F2	-	-	131	**131**	-	-	264	264
Derivative financial assets	D3	-	233	-	**233**	-	176	-	176
		-	233	154	**387**	-	176	275	451
Financial liabilities carried at fair value									
Derivative liabilities	D3	-	111	-	**111**	-	88	-	88
		-	111	-	**111**	-	88	-	88

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

	2016 Unlisted securities $m	**2016** Other financial assets $m	2015 Unlisted securities $m	2015 Other financial assets $m
Balance 1 July	11	264	12	131
Acquisitions[1]	27	-	-	185
Disposal[2]	-	-	-	(52)
Equity conversion	-	(95)	-	-
Losses recognised in loss on foreign exchange and financial instruments	(6)	-	(1)	-
Repayment[3]	-	(38)	-	-
Return of capital	(9)	-	-	-
Balance 30 June	**23**	**131**	11	264

1. Primarily relates to the acquisition of Leader Auta Trust of $21m (2015: Blackstone loan notes $169m and convertible notes from Mirvac (Old Treasury Trust) $16m).
2. 2015 relates to the disposal of Heritage Maintenance Annuity – Treasury Building Hotel.
3. Repayment of Blackstone loan notes.

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

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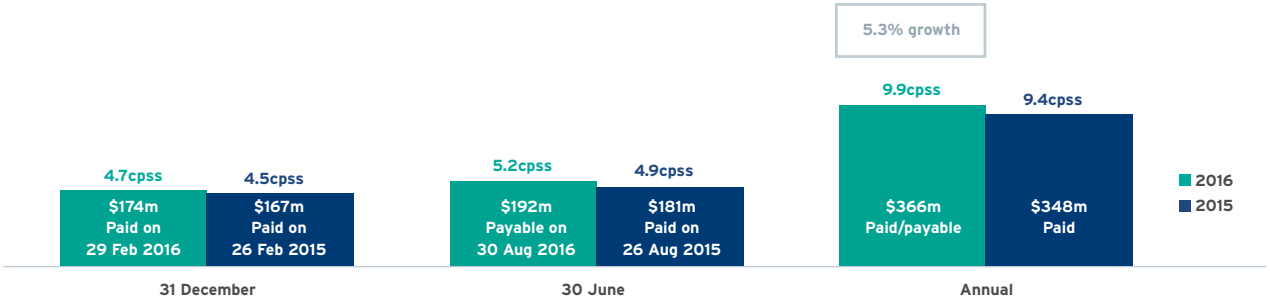
E EQUITY

This section includes distributions, stapled securityholders' equity and reserves. It represents how the Group raised equity from its stapled securityholders 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 years were unfranked. Franking credits available for future years, based on a tax rate of 30 per cent, total $22m (2015: $21m).

E2 CONTRIBUTED EQUITY

Mirvac's contributed equity includes ordinary shares in Mirvac Limited and ordinary units in MPT which are stapled together to form stapled securities and cannot be traded separately.

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

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

CONTRIBUTED EQUITY

	2016		2015	
	No. m	**$m**	No. m	$m
Mirvac Limited – ordinary shares issued	**3,699**	**2,073**	3,694	2,072
MPT – ordinary units issued	**3,699**	**4,739**	3,694	4,732
Total contributed equity		**6,812**		6,804

The total number of stapled securities issued as listed on the ASX at 30 June 2016 was 3,702m (2015: 3,697m) which includes 3m of stapled securities issued under the LTI plan and EIS (2015: 3m). Securities issued to employees under the Mirvac employee LTI plan and EIS are accounted for as options and are recognised in the security-based payments reserve, not in contributed equity. Refer to note E3 for further details.

MOVEMENTS IN PAID UP EQUITY

	2016		2015	
	No. securities m	**Securities $m**	No. securities m	Securities $m
Balance 1 July	**3,694**	**6,804**	3,689	6,797
Securities issued under EEP	**-**	**1**	-	1
LTI vested	**4**	**4**	5	4
Legacy schemes vested	**1**	**3**	-	2
Balance 30 June	**3,699**	**6,812**	3,694	6,804

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

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E3 RESERVES

ASSET REVALUATION RESERVE (ARR)

The ARR records revaluations of owner-occupied property. Refer to note C3 for details.

FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

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

SECURITY-BASED PAYMENTS (SBP) RESERVE

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

NON-CONTROLLING INTERESTS (NCI) RESERVE

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

	Note	ARR $m	FCTR $m	SBP reserve $m	NCI reserve $m	Capital reserve $m	**Total reserves $m**
Balance 1 July 2015		68	4	16	8	(1)	**95**
Revaluation of owner-occupied properties[1]	C3	41	-	-	-	-	**41**
Foreign currency translation differences	D4	-	(1)	-	-	-	**(1)**
Security-based payment movements	E4	-	-	3	-	-	**3**
Balance 30 June 2016		**109**	**3**	**19**	**8**	**(1)**	**138**
Balance 1 July 2014		59	(4)	15	8	(1)	77
Revaluation of owner-occupied properties[1]	C3	9	-	-	-	-	9
Foreign currency translation differences	D4	-	9	-	-	-	9
Security-based payment movements	E4	-	-	1	-	-	1
Deferred tax		-	(1)	-	-	-	(1)
Balance 30 June 2015		68	4	16	8	(1)	95

1. The $6m difference (2015: $3m) to the revaluation gain in note C3 is due to fitout and lease amortisation recognised directly in the consolidated SoCI.

E4 SECURITY-BASED PAYMENTS

Mirvac currently operates the following security-based payments (SBP) schemes:

- Employee Exemption Plan (EEP);
- Long Term Incentive Plan (LTI); and
- Short Term incentive (STI) awards.

The total of all securities issued under all employee security schemes is limited to five per cent of the issued securities of the stapled group in any five-year period.

EEP

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

LTI

The LTI provides senior executives with performance rights to reward executives based on the Group's performance, thus retaining executives and providing them with an interest in the Group's securities. The performance rights vest based on Mirvac's TSR and ROIC performance (ROE for the FY13 LTI award) over a three-year period.

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E4 SECURITY-BASED PAYMENTS (CONTINUED)

LEGACY LTI PLAN AND EIS

The superseded LTI plan operated from 2006 to 2007, providing eight-year interest-free loans to eligible employees and executives. The superseded EIS operated before 2006 and also provided interest-free loans but without an eight-year restriction. Both schemes had three-year vesting periods. If an employee resigns, they have to either repay the loan or forfeit the securities.

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 FY16 were issued on 22 March 2016 when the stapled security price was $1.87. At 30 June 2016, a total of 6.8m (2015: 6.2m) stapled securities have been issued to employees under the EEP.

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

RECONCILIATION OF RIGHTS OUTSTANDING UNDER SBP SCHEMES

	Balance 1 July	Issued	Vested	Forfeited	Balance 30 June
LTI	17,968,147	9,688,810	3,422,760	5,463,589	18,770,608
STI	720,515	1,034,268	360,258	-	1,394,525
Total rights FY16	**18,688,662**	**10,723,078**	**3,783,018**	**5,463,589**	**20,165,133**
Total rights FY15	16,979,800	11,571,940	3,572,835	6,290,243	18,688,662

The weighted average remaining contractual life at 30 June 2016 was 1.44 years (2015: 1.54 years).

SBP expense recognised within employee benefits expenses is as follows:

	2016 $m	2015 $m
LTI	**7**	4
STI	**2**	1
Total SBP expense taken to SBP reserve	**9**	5
EEP recognised directly in contributed equity	**1**	1
Total SBP expense	**10**	6

The movements in the SBP reserve are as follows:

	2016 $m	2015 $m
Balance 1 July	**16**	15
Total SBP expense taken to SBP reserve	**9**	5
LTI vested and taken to contributed equity	**(4)**	(4)
STI vested	**(1)**	-
Legacy schemes vested	**(1)**	-
Balance 30 June	**19**	16

Judgement in calculating fair value of SBP

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

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

Grant date	7 December 2015	Exercise price	$nil
Performance hurdles	Relative TSR and ROIC	Expected life	2.6 years
Performance period start	1 July 2015	Volatility	19%
Performance testing date	1 July 2018	Risk-free interest rate (per annum)	2.13%
Security price at grant date	$1.87	Distribution yield (per annum)	5.5%

F OPERATING ASSETS AND LIABILITIES

F1 RECEIVABLES

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

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

		2016			2015		
	Note	Gross $m	Provision for Impairment $m	**Net $m**	Gross $m	Provision for impairment $m	Net $m
Current receivables							
Trade receivables		33	-	**33**	24	-	24
Loans to related parties	H3	35	(4)	**31**	21	-	21
Loans to unrelated parties		25	(12)	**13**	21	(13)	8
Other receivables		33	-	**33**	23	(3)	20
Total current receivables		126	(16)	**110**	89	(16)	73
Non-current receivables							
Loans to related parties	H3	30	(22)	**8**	49	(25)	24
Other receivables		81	(33)	**48**	66	(33)	33
Total non-current receivables		111	(55)	**56**	115	(58)	57
Total receivables		237	(71)	**166**	204	(74)	130

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PROVISION FOR IMPAIRMENT

	2016 $m	2015 $m
Balance 1 July	**(74)**	(88)
Amounts utilised for write-down of receivables	**1**	16
Provision for impairment release/(recognised)	**2**	(2)
Balance 30 June	**(71)**	(74)

		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	111	76	3	2	-	45	237
Provision for impairment	(36)	-	-	-	-	(35)	(71)
Balance 30 June 2016	**75**	**76**	**3**	**2**	**-**	**10**	**166**
Total receivables	161	6	1	1	-	35	204
Provision for impairment	(39)	-	-	-	-	(35)	(74)
Balance 30 June 2015	122	6	1	1	-	-	130

The Group does not have any significant credit risk exposure to a single customer. The Group holds collateral over receivables of $211m (2015: $286m). 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.

F2 OTHER FINANCIAL ASSETS

UNITS IN UNLISTED FUNDS

The Group may hold units in unlisted funds which do not give Mirvac control, as explained in note G1, or significant influence, as explained in note C4. 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.

CONVERTIBLE NOTES

Convertible notes were issued by Mirvac (Old Treasury) Trust, a joint venture, to the Group to fund the joint venture's investment properties under construction. On 30 November 2015, these convertible notes were converted into equity and therefore, the Group's investment in the joint venture has increased by the value of the convertible notes held.

LOAN NOTES

Loan notes of $156m were issued as partial payment for the sale of non-aligned assets during FY15, with interest accrued on the notes. All capitalised interest was repaid in FY16, with partial repayment of the original principle also made during the year.

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.

	2016 $m	2015 $m
Current		
Units in unlisted fund	**2**	11
Total current other financial assets	**2**	11
Non-current		
Units in unlisted fund	**21**	-
Convertible notes issued by related parties	**-**	95
Loan notes issued by unrelated parties	**131**	169
Total non-current other financial assets	**152**	264

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F3 INTANGIBLE ASSETS

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

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

In February 2016, Mirvac paid a cash consideration of $37m to a subsidiary of Morgan Stanley to facilitate negotiation of agreements with a subsidiary of China Investment Corporation (CIC) to become the manager of Leader Auta Trust (LAT). The preliminary acquisition accounting reflects management rights with a fair value of $9m, a deferred tax liability of $3m and goodwill of $31m. The goodwill acquired is attributable to the profitability of the acquired business, as well as benefits derived from the acquired workforce and other intangible assets that cannot be separately recognised. The goodwill is not expected to be deductible for income tax.

The breakdown of intangible assets by operating segment is set out below. For comparability, the comparative information has been restated to reflect the new operating segment structure explained in note B1.

Carrying amounts	Balance 1 July 2014 $m	Balance 30 June 2015 $m	Additions $m	**Balance 30 June 2016 $m**
Goodwill				
Office & Industrial	31	31	31	**62**
Corporate	5	5	-	**5**
Total goodwill	36	36	31	**67**
Management rights				
Office & Industrial	-	-	9	**9**
Retail	3	3	-	**3**
Total management rights	3	3	9	**12**
Total intangible assets	39	39	40	**79**

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 purposes 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 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 fair value measurement.

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

For CGUs 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 five 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, CR, 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.

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Cash generating units	2016 Growth rate[1] % pa	2016 Pre-tax discount rate % pa	2015 Growth rate[1] % pa	2015 Pre-tax discount rate % pa
Goodwill				
Office & Industrial	-[2]	**7.5**	-[2]	8.5
Corporate	-[2]	**9.8**	-[2]	10.0
Management rights				
Retail	**3.0**	**13.0**	1.0	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 2016 (2015: 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.

F4 PAYABLES

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

	2016 $m	2015 $m
Current		
Trade payables	**87**	96
Accruals	**256**	202
Deferred payment for land	**5**	26
Annual leave accrual	**12**	12
Amounts due to related parties	**-**	1
Other payables	**65**	15
Total current payables	**425**	352
Non-current		
Deferred payment for land	**65**	56
Other payables	**17**	29
Total non-current payables	**82**	85
Total payables	**507**	437

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.

RESTRUCTURING

Restructuring provisions are recognised when a detailed plan has been developed and communicated to affected personnel.

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	Restructuring $m	Warranties $m	Other $m	Total $m
Balance 1 July 2015	12	181	5[1]	15	6	219
Additional provisions	1	366	4	-	-	371
Payments made/amounts utilised during the year	(1)	(355)	(9)	(4)	-	(369)
Balance 30 June 2016	**12**	**192**	**-**	**11**	**6**	**221**
Current	**9**	**192**	**-**	**8**	**-**	**209**
Non-current	**3**	**-**	**-**	**3**	**6**	**12**

1. Includes employee severance costs of $4m.

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 has an exposure to, and ability to, influence its variable returns from its involvement with the entity.

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

STRUCTURED ENTITIES

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

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

FUNDS AND TRUSTS

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

Mirvac Limited and certain wholly-owned entities (collectively the Closed Group) are parties to a Deed of Cross Guarantee (the Deed). 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.

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G1 GROUP STRUCTURE AND DEED OF CROSS GUARANTEE (CONTINUED)

Closed Group SoCI	2016 $m	2015 $m
Revenue	**2,115**	843
Other income		
Revaluation of investment properties and investment properties under construction	**10**	15
Share of net profit of joint ventures	**19**	7
Net gain on sale of assets	**-**	44
Gain on financial instruments	**86**	188
Total revenue and other income	**2,230**	1,097
Development expenses	**1,677**	586
Investment properties expenses and outgoings	**9**	7
Employee benefits and other expenses	**176**	181
Selling and marketing expenses	**46**	35
Depreciation and amortisation expenses	**7**	5
Finance costs	**132**	109
Net loss on foreign exchange and financial instruments	**90**	188
Business combination transaction costs	**2**	-
Profit/(loss) before income tax	**91**	(14)
Income tax expense	**(26)**	(18)
Profit/(loss) for the year	**65**	(32)

Closed Group SoFP	2016 $m	2015 $m
Current assets		
Cash and cash equivalents	**324**	18
Receivables	**135**	757
Inventories	**761**	651
Derivative financial assets	**5**	-
Other assets	**14**	14
Total Current Assets	**1,239**	1,440
Non-current assets		
Receivables	**1,044**	1,090
Inventories	**923**	652
Investment properties	**254**	138
Investments in joint ventures	**273**	169
Derivative financial assets	**228**	176
Other financial assets	**332**	308
Property, plant and equipment	**27**	17
Intangible assets	**42**	3
Deferred tax assets	**331**	399
Total non-current assets	**3,454**	2,952
Total assets	**4,693**	4,392
Current liabilities		
Payables	**573**	333
Deferred revenue	**121**	379
Borrowings	**604**	-
Derivative financial liabilities	**9**	13
Provisions	**17**	20
Total current liabilities	**1,324**	745

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Closed Group SoFP (continued)	2016 $m	2015 $m
Non-current liabilities		
Payables	**79**	60
Deferred revenue	**60**	37
Borrowings	**2,186**	2,634
Derivative financial liabilities	**102**	76
Deferred tax liabilities	**169**	201
Provisions	**11**	17
Total non-current liabilities	**2,607**	3,025
Total liabilities	**3,931**	3,770
Net assets	**762**	622
Equity		
Contributed equity	**2,074**	2,072
Reserves	**13**	13
Retained earnings	**(1,325)**	(1,463)
Total equity	**762**	622

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:

Investments in controlled entities and JV – carried at cost. The parent entity recognises income from JV when distributions become receivable, rather than recognising a share of net profit; and

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 inter-entity receivables or payables.

Parent entity	2016 $m	2015 $m
Current assets	**4,020**	4,209
Total assets	**4,356**	4,567
Current liabilities	**2,265**	2,479
Total liabilities	**2,265**	2,479
Equity		
Contributed equity	**2,073**	2,072
SBP reserve	**19**	15
Retained earnings	**(1)**	1
Total equity	**2,091**	2,088
Loss/(profit) for the year	**(2)**	2
Total comprehensive income for the year	**(2)**	2

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

At 30 June 2016, the Group did not provide any other guarantees (2015: $nil), have any contingent liabilities (2015: $nil), or any capital commitments (2015: $nil).

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H OTHER INFORMATION

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

H1 CONTINGENT LIABILITIES

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

	2016 $m	2015 $m
Bank guarantees and performance bonds granted in the normal course of business	**197**	127
Health and safety claims	**1**	1

The Group has no contingent liabilities relating to joint ventures (2015: $nil).

H2 EARNINGS PER STAPLED SECURITY

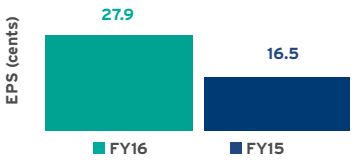
Basic earnings per stapled security (EPS) is calculated by dividing:

- 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.

	2016	2015
Profit attributable to stapled securityholders ($m) used to calculate basic and diluted EPS	**1,033**	610
WANOS used in calculating basic EPS (m)	**3,697**	3,693
WANOS used in calculating diluted EPS (m)	**3,700**	3,697

Basic and diluted EPS



H3 RELATED PARTIES

KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration report on pages 45 to 64 provides detailed disclosures of key management personnel compensation. The total expense is summarised below:

	2016 $'000	2015 $'000
Short-term employment benefits	**10,527**	12,694
Security-based payments	**4,033**	2,261
Post-employment benefits	**249**	254
Other long-term benefits	**81**	99
Total key management personnel compensation	**14,890**	15,308

There are no outstanding loans to directors or employees (2015: nil). During 2016, $11m of loans were repaid.

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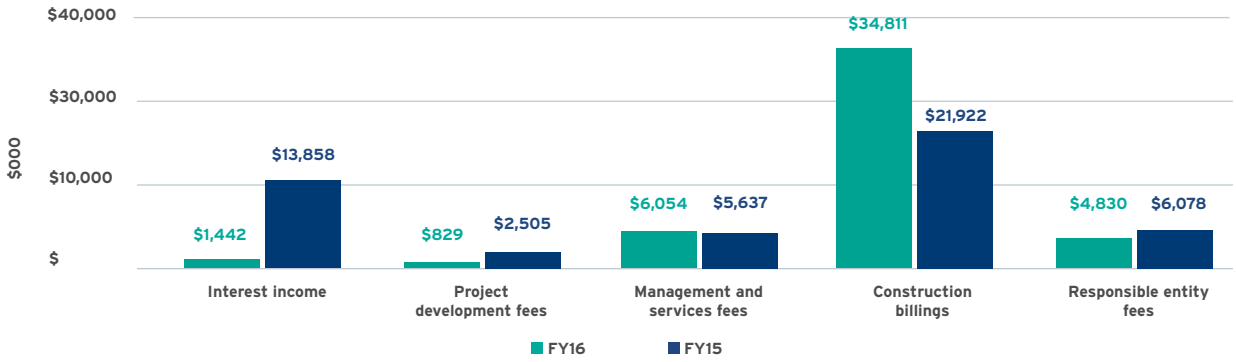
TRANSACTIONS WITH JV



	2016 $m	2015 $m
Loans due from JV		
Balance at 1 July	**45**	46
Loans advanced	**4**	9
Loan repayments received	**(11)**	(13)
Write-offs	**(1)**	-
Interest capitalised	**2**	3
Balance at 30 June	**39**	45

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

H4 RECONCILIATION OF PROFIT TO OPERATING CASH FLOW

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

	2016 $m	2015 $m
Profit for the year attributable to stapled securityholders	**1,033**	610
Net gain on financial instruments	**(29)**	(172)
Net loss on foreign exchange	**39**	182
Net gain on sale of investments	**-**	(10)
Net gain on sale of investment properties	**(33)**	(6)
Share of net profit of joint ventures	**(115)**	(67)
Joint venture distributions received	**41**	42
Revaluation of investment properties and investment properties under construction	**(497)**	(141)
Depreciation and amortisation expenses	**37**	30
Security-based payments expense	**10**	6
Change in operating assets and liabilities:		
Increase in receivables	**(40)**	(4)
Increase in inventories	**(37)**	(20)
Increase/(decrease) in payables	**68**	(50)
(Decrease)/increase in provisions for employee benefits	**(5)**	6
Decrease in tax effected balances	**41**	14
Increase in other assets/liabilities	**(4)**	(7)
Net cash inflows from operating activities	**509**	413

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H5 AUDITORS' REMUNERATION

	2016 $000	2015 $000
Audit services		
Audit and review of financial reports	**1,700**	1,793
Other assurance services	**504**	375
Other services		
Tax advice and compliance services	**182**	105
Advisory services	**31**	107
Total auditors' remuneration	**2,417**	2,380

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 C4 for further details.

	Book value		Capitalisation rate		Discount rate	
Office	**2016 $m**	2015 $m	**2016 %**	2015 %	**2016 %**	2015 %
1 Darling Island, Pyrmont NSW	**207**	196	**6.50**	6.75	**7.50**	8.25
1 Woolworths Way, Bella Vista NSW[1]	**-**	250	**-**	7.75	**-**	8.50
10-20 Bond Street, Sydney NSW (50% interest)	**240**	200	**5.75**	6.37	**7.25**	8.00
101-103 Miller Street, North Sydney NSW (50% interest)	**215**	209	**6.00**	6.38	**7.50**	8.25
16 Furzer Street, Phillip ACT[2]	**-**	68	**-**	7.75	**-**	8.75
189 Grey Street, Southbank QLD	**86**	83	**7.25**	7.63	**8.00**	8.50
200 George Street, Sydney NSW (50% interest)[2]	**371**	-	**5.38**	6.00	**7.13**	8.00
23 Furzer Street, Phillip ACT	**254**	252	**7.13**	7.25	**8.75**	8.50
275 Kent Street, Sydney NSW (50% interest)	**476**	436	**5.38**	6.00	**7.50**	8.50
3 Rider Boulevard, Rhodes NSW[1]	**-**	89	**-**	8.00	**-**	8.75
340 Adelaide Street, Brisbane QLD	**50**	55	**8.25**	8.75	**8.25**	8.75
367 Collins Street, Melbourne VIC	**262**	238	**6.37**	6.50	**7.50**	8.25
37 Pitt Street, Sydney NSW	**73**	68	**7.00**	8.00	**7.75**	8.75
380 St Kilda Road, Melbourne VIC	**159**	140	**6.75**	7.25	**7.50**	8.25
40 Miller Street, North Sydney NSW	**135**	114	**6.25**	6.75	**7.50**	8.50
472 Pacific Highway, St Leonards NSW[3]	**-**	63	**-**	-	**-**	-
477 Collins Street, Melbourne VIC	**78**	72	**7.00**	7.00	**8.00**	8.25
486 Pacific Highway, St Leonards NSW[3]	**-**	58	**-**	-	**-**	-
5 Rider Boulevard, Rhodes NSW[1]	**-**	134	**-**	7.75	**-**	8.75
51 Pitt Street, Sydney NSW	**26**	26	**7.00**	8.00	**7.50**	8.75
55 Coonara Avenue, West Pennant Hills NSW	**75**	70	**9.50**	9.50	**9.50**	9.75
6-8 Underwood Street, Sydney NSW	**10**	10	**7.25**	9.00	**7.75**	9.00
65 Pirrama Road, Pyrmont NSW	**132**	127	**6.50**	7.00	**7.50**	8.25
699 Bourke Street, Melbourne VIC (50% interest)	**82**	77	**5.88**	6.13	**7.50**	8.25
90 Collins Street, Melbourne VIC	**205**	185	**6.00**	6.50	**7.50**	8.25
Allendale Square, 77 St Georges Terrace, Perth WA	**214**	228	**7.25**	8.00	**8.00**	9.25

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I1 PROPERTY LISTING (CONTINUED)

Office	Book value 2016 $m	Book value 2015 $m	Capitalisation rate 2016 %	Capitalisation rate 2015 %	Discount rate 2016 %	Discount rate 2015 %
Australian Technology Park (Locomotive Sheds), Locomotive Street, Redfern NSW[4]	**82**	-	**7.50**	-	**8.25**	-
Como Centre, Cnr Toorak Road & Chapel Street, South Yarra VIC[1]	**-**	158	**-**	7.50-8.00	**-**	8.00-12.00
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	**34**	30	**7.00**	7.25	**8.75**	9.25
Riverside Quay, Southbank VIC	**215**	193	**6.75**	7.50	**7.75**	8.75
Total investment properties	**3,681**	3,829				
2 Riverside Quay, Southbank VIC (50% interest)	**55**	24	**5.87**	6.13	**7.50**	8.50
200 George Street, Sydney NSW (50% interest)[2]	**-**	133	**5.38**	6.00	**7.13**	8.00
664 Collins Street, Melbourne VIC (50% interest)[6]	**15**	-	**6.00**	-	**7.50**	-
Australian Technology Park (CBA), Locomotive Street, Redfern NSW (33.3% interest)[4]	**29**	-	**5.75**	-	**8.00**	-
Total investment properties under construction	**99**	157				
Total investment properties and investment properties under construction	**3,780**	3,986				
Owner-occupied properties						
60 Margaret Street, Sydney NSW	**212**	177	**6.00**	6.88	**7.50**	8.25
Investment in joint ventures						
8 Chifley Square, Sydney NSW (50% interest)	**206**	190	**5.38**	5.75	**7.13**	7.75
Treasury Building, 28 Barrack Street, Perth WA (50% interest)	**204**	132	**6.00**	-	**8.00**	-
Total Office	**4,402**	4,485				

Industrial	Book value 2016 $m	Book value 2015 $m	Capitalisation rate 2016 %	Capitalisation rate 2015 %	Discount rate 2016 %	Discount rate 2015 %
1-47 Percival Road, Smithfield NSW	**41**	36	**6.75**	7.50	**8.00**	8.75
1900-2060 Pratt Boulevard, Chicago Illinois USA	**52**	45	**7.00**	7.25	**8.25**	8.50
26-38 Harcourt Road, Altona North VIC[4]	**28**	-	**6.75**	-	**8.50**	-
271 Lane Cove Road, North Ryde NSW	**34**	32	**7.75**	8.25	**8.25**	9.00
34-39 Anzac Avenue, Smeaton Grange NSW	**25**	23	**7.50**	8.00	**8.25**	9.00
39 Britton Street, Smithfield NSW	**22**	21	**6.75**	7.25	**8.00**	8.75
39 Herbert Street, St Leonards NSW	**167**	153	**6.50**	6.75	**8.00**	8.75
47-67 Westgate Drive, Altona North VIC	**22**	19	**7.25**	9.50	**8.00**	9.75
8 Brabham Drive, Huntingwood NSW	**21**	20	**6.50**	7.00	**7.75**	8.75
Calibre, 60 Wallgrove Road, Eastern Creek NSW (50% interest)[5]	**-**	56	**-**	6.00-9.00	**-**	9.00-10.50
Hoxton Distribution Park, Hoxton Park NSW (50% interest)	**150**	132	**5.50**	6.00	**7.50**	8.00
Nexus Industry Park (Building 1), Lyn Parade, Prestons NSW	**23**	22	**7.00**	7.25	**8.00**	8.75
Nexus Industry Park (Building 2), Lyn Parade, Prestons NSW	**16**	15	**7.00**	7.25	**8.00**	8.75
Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW	**29**	26	**7.25**	7.50	**8.25**	8.75
Nexus Industry Park (Building 4), Lyn Parade, Prestons NSW	**43**	40	**6.75**	7.25	**8.00**	8.75
Nexus Industry Park (Building 5), Lyn Parade, Prestons NSW	**22**	21	**7.00**	7.25	**8.25**	8.75
Total investment properties	**695**	661				
Calibre, 60 Wallgrove Road, Eastern Creek NSW (50% interest)[5]	**34**	-	**6.75**	6.00-9.00	**8.00**	9.00-10.50
Total investment property under construction	**34**	-				
Total investment properties and investment properties under construction	**729**	661				
Total Industrial	**729**	661				

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I1 PROPERTY LISTING (CONTINUED)

Retail	Book value 2016 $m	Book value 2015 $m	Capitalisation rate 2016 %	Capitalisation rate 2015 %	Discount rate 2016 %	Discount rate 2015 %
1-3 Small Street, Ultimo NSW[4]	**28**	-	**6.25**	-	**8.25**	-
Birkenhead Point Outlet Centre, Drummoyne NSW	**342**	321	**6.00-8.00**	6.25-8.00	**8.00-9.50**	8.50-9.50
Broadway Shopping Centre, Broadway NSW (50% interest)[7]	**350**	292	**5.25**	6.00	**7.75**	8.75
Cherrybrook Village Shopping Centre, Cherrybrook NSW	**96**	91	**6.50**	7.00	**8.50**	8.75
Como Centre, Cnr Toorak Road & Chapel Street, South Yarra VIC[1]	**-**	21	**-**	7.50	**-**	8.50
Cooleman Court, Weston ACT	**56**	52	**7.00**	7.50	**8.50**	9.00
Greenwood Plaza, North Sydney NSW (50% interest)	**107**	94	**6.00**	6.25	**8.00**	8.75
Harbourside, Sydney NSW	**260**	262	**6.50**	6.50	**8.25**	9.00
Kawana Shoppingworld, Buddina QLD	**332**	322	**6.00**	6.25	**8.25**	8.75
Moonee Ponds Central, Moonee Ponds VIC	**72**	69	**6.50**	7.75	**8.00**	9.00
Orion Springfield Central, Springfield QLD	**323**	235	**6.00**	6.50	**8.00**	9.00
Rhodes Waterside, Rhodes NSW (50% interest)	**168**	149	**6.00**	6.25	**8.25**	8.50
St Marys Village Centre, St Marys NSW	**50**	48	**7.00**	7.25	**8.50**	9.00
Stanhope Village, Stanhope Gardens NSW	**129**	116	**6.25**	7.00	**8.25**	9.00
Toombul Shopping Centre, Nundah QLD[4,8]	**230**	-	**6.50**	-	**8.50**	-
Total investment properties	**2,543**	2,072				
Investment properties under construction						
Orion Springfield land, Springfield QLD[9]	**14**	22	**-**	-	**-**	-
Tramsheds Harold Park, Glebe NSW	**34**	10	**6.00**	6.75	**8.00**	8.75
Total investment properties under construction	**48**	32				
Total investment properties and investment properties under construction	**2,591**	2,104				
Owner-occupied properties						
Metcentre, Sydney NSW	**72**	67	**6.00**	6.50	**8.25**	8.75
Total Retail	**2,663**	2,171				

Propery Portfolio		
Total investment properties and investment properties under construction	**7,100**	6,751
Total owner-occupied properties	**284**	244
Total investments in joint ventures	**410**	322
Total property portfolio	**7,794**	7,317

1. Investment property disposed of during the year.
2. Investment property reached practical completion during the year and was reclassified from investment properties under construction.
3. Investment property transferred to inventories during the year.
4. Investment property acquired during the year.
5. During the year, 50 per cent transferred to inventories and the remaining 50 per cent reclassified as investment property under construction.
6. Transferred from inventories during the year.
7. Includes 52-60 Francis Street, Glebe NSW (50% interest).
8. Excludes adjacent site held as inventory.
9. Portion of site disposed during the year.

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12 CONTROLLED ENTITIES

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

MEMBER OF THE CLOSED GROUP

197 Salmon Street Pty Limited
A.C.N. 087 773 859 Pty Limited
A.C.N. 110 698 603 Pty Limited
A.C.N. 150 521 583 Pty Limited
A.C.N. 165 515 515 Pty Limited
CN Collins Pty Limited
Everleigh Commercial Holdings Pty Limited[1]
Fast Track Bromelton Pty Limited
Fyfe Road Pty Limited
Gainsborough Greens Pty Limited
Hexham Project Pty Limited
HIR Boardwalk Tavern Pty Limited
HIR Golf Club Pty Limited
HIR Golf Course Pty Limited
HIR Property Management Holdings Pty Limited
HIR Tavern Freehold Pty Limited
Hoxton Park Airport Limited
HPAL Holdings Pty Limited
Industrial Commercial Property Solutions (Constructions) Pty Limited
Industrial Commercial Property Solutions (Finance) Pty Limited
Industrial Commercial Property Solutions (Holdings) Pty Limited
Industrial Commercial Property Solutions (Queensland) Pty Limited
Industrial Commercial Property Solutions Pty Limited
JF ASIF Pty Limited
Magenta Shores Finance Pty Limited
Marrickville Projects Pty Ltd[1]
Mirvac (Beacon Cove) Pty Limited
Mirvac (Docklands) Pty Limited
Mirvac (Old Treasury Development Manager) Pty Limited
Mirvac (Old Treasury Hotel) Pty Limited
Mirvac (WA) Pty Limited
Mirvac (Walsh Bay) Pty Limited
Mirvac Aero Company Pty Limited
Mirvac Advisory Pty Limited
Mirvac AOP SPV Pty Limited
Mirvac Birkenhead Point Marina Pty Limited
Mirvac Capital Investments Pty Limited
Mirvac Capital Office Pty Limited
Mirvac Capital Partners Investment Management Pty Limited
Mirvac Capital Partners Limited[2]
Mirvac Capital Pty Limited
Mirvac Commercial Funding Pty Limited
Mirvac Commercial Sub SPV Pty Limited
Mirvac Constructions (Homes) Pty. Limited
Mirvac Constructions (QLD) Pty Limited
Mirvac Constructions (SA) Pty Limited
Mirvac Constructions (VIC) Pty Limited
Mirvac Constructions (WA) Pty Limited
Mirvac Constructions Pty Limited
Mirvac Design Pty Limited
Mirvac Developments Pty Limited
Mirvac Doncaster Pty Limited
Mirvac Elderslie Pty Limited
Mirvac Energy Pty Limited[3]
Mirvac ESAT Pty Limited
Mirvac Finance Limited
Mirvac Funds Limited[2]
Mirvac Funds Management Limited[2]
Mirvac George Street Holdings Pty Limited
Mirvac George Street Pty Limited
Mirvac Green Square Pty Limited
Mirvac Group Finance Limited
Mirvac Group Funding Limited
Mirvac Harbourtown Pty Limited
Mirvac Harold Park Pty Limited
Mirvac Holdings (WA) Pty Limited
Mirvac Holdings Limited
Mirvac Home Builders (VIC) Pty Limited
Mirvac Homes (NSW) Pty Limited
Mirvac Homes (QLD) Pty Limited
Mirvac Homes (SA) Pty Limited
Mirvac Homes (VIC) Pty Limited
Mirvac Homes (WA) Pty Limited
Mirvac Hotel Services Pty Limited
Mirvac ID (Bromelton) Pty Limited
Mirvac ID (Bromelton) Sponsor Pty Limited
Mirvac Industrial Developments Pty Limited
Mirvac International (Middle East) No. 2 Pty Limited
Mirvac International (Middle East) No. 3 Pty Limited
Mirvac International Investments Limited
Mirvac International No 3 Pty Limited
Mirvac JV's Pty Limited
Mirvac Kent Street Holdings Pty Limited
Mirvac Mandurah Pty Limited

I2 CONTROLLED ENTITIES (CONTINUED)

MEMBER OF THE CLOSED GROUP (CONTINUED)

Mirvac National Developments Pty Limited	Mirvac Services Pty Limited
Mirvac Newcastle Pty Limited	Mirvac South Australia Pty Limited
Mirvac Old Treasury Holdings Pty Limited	Mirvac Spare Pty Limited
Mirvac Pacific Pty Limited	Mirvac Spring Farm Limited
Mirvac Parking Pty. Limited	Mirvac SPV 1 Pty Limited
Mirvac Parklea Pty Limited	Mirvac Trademarks Pty Limited
Mirvac Precinct 2 Pty Limited	Mirvac Treasury Limited
Mirvac Procurement Pty Limited	Mirvac Treasury No. 3 Limited
Mirvac Projects (Retail and Commercial) Pty Ltd	Mirvac Victoria Pty Limited
Mirvac Projects Dalley Street Pty Limited	Mirvac Wholesale Funds Management Limited
Mirvac Projects George Street Pty Limited	Mirvac Wholesale Industrial Developments Limited
Mirvac Projects No. 2 Pty. Limited	Mirvac Woolloomooloo Pty Limited
Mirvac Projects Pty Limited	MRV Hillsdale Pty Limited
Mirvac Properties Pty Limited	MWID (Brendale) Pty Limited
Mirvac Property Advisory Services Pty. Limited	MWID (Mackay) Pty Limited
Mirvac Property Services Pty Limited	Newington Homes Pty Limited
Mirvac Queensland Pty Limited	Oakstand No.15 Hercules Street Pty Limited
Mirvac Real Estate Debt Funds Pty Limited	Planned Retirement Living Pty Limited
Mirvac Real Estate Pty Limited	Spring Farm Finance Pty Limited
Mirvac REIT Management Limited[2]	Springfield Development Company Pty Limited
Mirvac Residential Projects Pty Ltd[1]	SPV Magenta Pty Limited
Mirvac Retail Head SPV Pty Limited	TMT Finance Pty Limited
Mirvac Retail Sub SPV Pty Limited	Tucker Box Management Pty Limited
Mirvac Rockbank Pty Limited	

1. This entity was established/incorporated during the year ended 30 June 2016.
2. This entity is party to the Deed of Cross Guarantee as disclosed in note G1; however, the entity is still required to lodge separate financial statements.
3. Previously registered as Mirvac Waterloo Pty Limited.

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12 CONTROLLED ENTITIES (CONTINUED)

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

107 Mount Street Head Trust	Mirvac Nike Holding Pty Ltd[2]
107 Mount Street Sub Trust	Mirvac Pennant Hills Residential Trust[2]
Banksia Unit Trust	Mirvac Ping An Residential Developments Pty Ltd[2,5]
Domaine Investments Management Pty Limited[1]	Mirvac Precinct Trust[2]
Eveleigh Commercial Pty Ltd[2]	Mirvac Projects Dalley Street Trust
Eveleigh Precinct Pty Ltd[2]	Mirvac Projects George Street Trust
Ford Mirvac Unit Trust	Mirvac Projects Norwest Trust
Magenta Shores Unit Trust	Mirvac Projects Norwest No. 2 Trust
Magenta Unit Trust	Mirvac Projects Trust
MFM US Real Estate Inc[3]	Mirvac St Leonards Pty Limited
MGR US Real Estate Inc[3]	Mirvac St Leonards Trust
Mirvac (Old Treasury) Pty Limited[1]	Mirvac SLS Development Pty Ltd[1,2]
Mirvac 8 Chifley Pty Limited[1]	MWID (Brendale) Unit Trust
Mirvac Blue Trust	Pigface Unit Trust
Mirvac Chifley Holdings Pty Limited	Rovno Pty. Limited
Mirvac Green Trust	Suntrack Holdings Pty Limited
Mirvac Harold Park Trust	Suntrack Property Trust
Mirvac Industrial No. 2 Sub Trust[4]	Taree Shopping Centre Pty Limited
Mirvac Locomotive Trust[2]	

1. The Group holds 50 per cent of this entity.
2. This entity was incorporated/established during the year ended 30 June 2016.
3. This entity was incorporated in the USA.
4. This entity was transferred from MPT on 16 May 2016.
5. The Group holds 99 per cent of this entity.

INTERESTS IN CONTROLLED ENTITIES OF MPT

10-20 Bond Street Trust	Meridian Investment Trust No. 2
1900-2000 Pratt Inc.[1]	Meridian Investment Trust No. 3
197 Salmon Street Trust	Meridian Investment Trust No. 4
275 Kent Street Holding Trust	Meridian Investment Trust No. 5
367 Collins Street Trust	Meridian Investment Trust No. 6
367 Collins Street No. 2 Trust	Mirvac 90 Collins Street Trust
380 St Kilda Road Trust[2]	Mirvac Allendale Square Trust
477 Collins Street No. 1 Trust	Mirvac Altona Trust No. 1[3]
477 Collins Street No. 2 Trust	Mirvac Altona Trust No. 2[3]
Australian Office Partnership Trust	Mirvac Bay Street Trust[3]
Chifley Holding Trust	Mirvac Bourke Street No.1 Sub-Trust
Eveleigh Commercial Holdings Pty Limited	Mirvac Bourke Street No.2 Sub-Trust
Eveleigh Trust[3]	Mirvac Broadway Sub-Trust
Eveleigh Trust 1 [3,4]	Mirvac Capital Partners 1 Trust
Eveleigh Trust 2[3,4]	Mirvac Collins Street Trust No.1 Sub-Trust
Eveleigh Trust 3[3,5]	Mirvac Collins Street Trust No.2 Sub-Trust
George Street Holding Trust	Mirvac Commercial Trust[4]
James Fielding Trust	Mirvac Commercial No.3 Sub Trust
JF Infrastructure - Sustainable Equity Fund	Mirvac Funds Finance Pty Limited
JFIF Victorian Trust	Mirvac Funds Loan Note Pty Limited
JFM Hotel Trust	Mirvac Glasshouse Sub-Trust
Meridian Investment Trust No. 1	Mirvac Group Funding No.2 Pty Limited

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INTERESTS IN CONTROLLED ENTITIES OF MPT (CONTINUED)

Mirvac Group Funding No.3 Pty Limited[6]	Mirvac Retail Sub-Trust No. 3
Mirvac Harbourside Sub Trust	Mirvac Retail Sub-Trust No. 4
Mirvac Industrial Fund	Mirvac Rhodes Sub-Trust
Mirvac Industrial No. 1 Sub Trust	Mirvac Rydalmere Trust No. 1[3]
Mirvac Industrial No. 2 Sub Trust[7]	Mirvac Rydalmere Trust No. 2[3]
Mirvac Pitt Street Trust	Mirvac Smail Street Trust[3]
Mirvac Property Trust No.3	Mirvac Toombul Trust No. 1[3]
Mirvac Property Trust No.4	Mirvac Toombul Trust No. 2[3]
Mirvac Property Trust No.5	Nike Holding Trust[3]
Mirvac Property Trust No.6	Old Treasury Holding Trust
Mirvac Property Trust No.7	Pennant Hills Office Trust
Mirvac Real Estate Investment Trust	Springfield Regional Shopping Centre Trust
Mirvac Retail Head Trust	The George Street Trust
Mirvac Retail Sub-Trust No. 1	The Mulgrave Trust
Mirvac Retail Sub-Trust No. 2	

1. This entity was incorporated in the USA.
2. One unit on issue held by Mirvac Limited as custodian for MPT.
3. This entity was established during the year ended 30 June 2016.
4. On 2 October 2015, 100 per cent of the units in these trusts were sold to an external party.
5. This entity was deregistered/wound up during the year ended 30 June 2016.
6. Previously registered as Mirvac Group Funding No.2 Limited.
7. On 16 May 2016, 100 per cent of the units in this trust were transferred to Mirvac Projects Pty Limited.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and the notes set out on pages 66 to 114 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 2016 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

16 August 2016

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INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Mirvac Limited

Report on the financial report

We have audited the accompanying financial report of Mirvac Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Mirvac Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In the basis of preparation note, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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Auditor's opinion

In our opinion:

(a) the financial report of Mirvac Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in the basis of preparation note.

Report on the Remuneration Report

We have audited the remuneration report included in pages 45 - 64 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Mirvac Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Jane Reilly
Partner

Sydney
16 August 2016

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SECURITYHOLDER INFORMATION

MANAGING YOUR SECURITYHOLDING

Securityholders with queries concerning their holding, distribution payments or other related matters should contact Mirvac's registry, Link Market Services Limited, as follows:

- Mirvac information line (toll free within Australia): +61 1800 356 444; or
- Website: **www.linkmarketservices.com.au**

When contacting the registry, please quote your current address details together with your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored or CHESS statements. The most efficient way to access your securityholding details is online at **www.linkmarketservices.com.au**. You will need your SRN or your HIN (this reference number is recorded in statements that you receive about your holding in Mirvac) when you log-in online.

You can do the following online at **www.linkmarketservices.com.au**:

- elect to receive important communications by email;
- choose to have your distribution payments paid directly into your bank account;
- provide your tax file number (TFN) or Australian Business Number (ABN); and
- lodge your votes for securityholder meetings.

Managing your securityholding online is speedier, cost-effective and environmentally friendly. If it is easier for you to update your securityholding information by post, you can download the forms from **www.linkmarketservices.com.au** or by contacting the Mirvac information line (toll free within Australia) on +61 1800 356 444 to request the appropriate forms to be sent out to you.

The information set out below was prepared at 29 July 2016 and applies to Mirvac's stapled securities (ASX code: MGR). As at 29 July 2016, there were 3,701,691,507 stapled securities on issue.

SUBSTANTIAL SECURITYHOLDERS

As disclosed in substantial holding notices lodged with the ASX at 29 July 2016:

Name	Date of change	Number of stapled securities	Percentage of issued equity %[1]
The Vanguard Group, Inc	08/03/2016	313,809,010	8.48
BlackRock Group	01/12/2015	234,081,290	6.32
AMP Limited and its related bodies corporate	04/05/2016	227,541,856	6.15
CBRE Clarion Securities LLC	19/04/2016	186,962,505	5.05
Commonwealth Bank of Australia Group	15/07/2015	185,022,971	5.00

1. Percentage of issued equity held as at the date notice provided.

RANGE OF SECURITYHOLDERS

Range	Number of securityholders	Number of stapled securities
1 to 1,000	6,580	3,101,067
1,001 to 5,000	11,094	30,379,188
5,001 to 10,000	5,834	42,527,508
10,001 to 100,000	7,017	165,699,838
100,001 and over	291	3,459,983,906
Total number of securityholders	**30,816**	**3,701,691,507**

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SECURITYHOLDER INFORMATION (CONTINUED)

20 LARGEST SECURITYHOLDERS

Name	Number of stapled securities	Percentage of issued equity %
HSBC Custody Nominees (Australia) Limited	1,354,944,301	36.60
JP Morgan Nominees Australia Limited	772,948,173	20.88
National Nominees Limited	513,357,155	13.87
Citicorp Nominees Pty Limited	295,851,200	7.99
BNP Paribas Noms Pty Ltd <DRP>	178,942,824	4.83
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	65,521,606	1.77
AMP Life Limited	63,589,861	1.72
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	24,278,443	0.66
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	19,884,913	0.54
BNP Paribas Noms (NZ) Ltd <DRP>	13,223,117	0.36
RBC Investor Services Australia Nominees Pty Limited <PISelect>	10,245,806	0.28
HSBC Custody Nominees (Australia) Limited – GSCO ECA	8,780,546	0.24
Bond Street Custodians Limited <ENH Property Securities A/C>	8,775,696	0.24
Argo Investments Limited	6,000,551	0.16
National Nominees Limited <N A/C>	5,608,326	0.15
HSBC Custody Nominees (Australia) Limited	5,211,541	0.14
Share Direct Nominees	4,774,526	0.13
Avanteos Investments Limited <Encircle IMA N/C>	4,645,138	0.12
Yalaba Pty Ltd <The Yalaba A/C>	4,331,876	0.12
HSBC Custody Nominees (Australia) Limited <Euroclear Bank SA NV A/C>	3,442,616	0.09
Total for 20 largest securityholders	**3,364,358,215**	**90.89**
Total other securityholders	**337,333,292**	**9.11**
Total stapled securities on issue	**3,701,691,507**	**100.00**

Number of securityholders holding less than a marketable parcel (being 228 securities at the closing market price of $2.20 on 29 July 2016): 1,855.

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.

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DIRECTORY

REGISTERED OFFICE/PRINCIPAL OFFICE

Mirvac Group (comprising Mirvac Limited ABN 92 003 280 699 and Mirvac Funds Limited ABN 70 002 561 640, AFSL 233 121 as responsible entity of MPT ARSN 086 780 645)

Level 28
200 George Street
Sydney NSW 2000

Telephone +61 2 9080 8000
Facsimile +61 2 9080 8111

www.mirvac.com

SECURITIES EXCHANGE LISTING

Mirvac is listed on the Australian Securities Exchange (ASX code: MGR).

DIRECTORS

John Mulcahy (Chair)

Susan Lloyd-Hurwitz (CEO/MD)

Christine Bartlett

Peter Hawkins

Samantha Mostyn

James M. Millar AM

John Peters

Elana Rubin

COMPANY SECRETARY

Sean Ward

STAPLED SECURITY REGISTRY

Link Market Services Limited

1A Homebush Bay Drive
Rhodes NSW 2138
Telephone +61 1800 356 444

SECURITYHOLDER ENQUIRIES

Telephone +61 1800 356 444

Correspondence should be sent to:

Mirvac Group
C/- Link Market Services Limited
Locked Bag 14
Sydney South NSW 1235

Further investor information can be located in the Investor Centre tab on Mirvac's website at www.mirvac.com.

AUDITOR

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

ANNUAL GENERAL/GENERAL MEETING

Mirvac Group's 2016 AGM will be held at 10.00am (Australian Eastern Daylight Time) on Thursday, 17 November 2016 at the Swissotel Sydney, 68 Market Street, Sydney NSW 2000

UPCOMING EVENTS

25 October:	First Quarter Operational Update
17 November:	2016 Annual General and General Meetings
30 December:	FY17 Half Year Distribution - Ex-distribution date
31 December:	FY17 Half Year Distribution - Record Date

GLOSSARY

1H17	Half year ending 31 December 2016
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
AGM	Annual General and General Meeting
ANZ	Australia & New Zealand Banking Group Limited
ARCC	Audit, Risk & Compliance Committee
A-REIT	Australian Real Estate Investment Trust
ARR	Asset revaluation reserve
ARSN	Australian Registered Scheme Number
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BRW	Business Review Weekly
CCIR	Cross-currency interest rate
CEO	Chief Executive Officer
CEO/MD	Chief Executive Officer/Managing Director
CFO	Chief Financial Officer
CGU	Cash generating unit
CHESS	Clearing House Electronic Subregister System
CPSS	Cents per stapled security
DCF	Discounted cash flow
DOOR	Designing Out Our Risk
DRP	Dividend/distribution reinvestment plan
EBIT	Earnings before interest and taxes
EEP	Employee Exemption Plan
EIS	Employee Incentive Scheme
EPS	Earnings per stapled security
FBT	Fringe benefits tax
FCTR	Foreign currency translation reserve
FX	Foreign exchange
FY11	Year ended 30 June 2011
FY12	Year ended 30 June 2012
FY13	Year ended 30 June 2013
FY14	Year ended 30 June 2014
FY15	Year ended 30 June 2015
FY16	Year ended 30 June 2016
FY17	Year ending 30 June 2017
HIN	Holder Identification Number
HQ	Headquarters
HRC	Human Resources Committee
HSE	Health, safety and environment
HSE&S	Health, safety, environment and sustainability
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IP	Investment properties
IPUC	Investment properties under construction
JV	Joint ventures
JVA	Joint ventures and associates
KMP	Key management personnel
LAT	Leader Auta Trust
LSL	Long service leave
LTI	Long term incentives
LTIFR	Lost time injury frequency rates
MAT	Moving annual turnover
MPT	Mirvac Property Trust
MRAC	Mirvac Risk Assessment Cards
MREIT	Mirvac Real Estate Investment Trust
MTN	Medium term notes
NABERS	National Australian Built Environment Rating System
NED	Non-Executive Directors
NRV	Net realisable value
OOP	Owner-occupied properties
PPE	Property, plant and equipment
PV	Photovoltaic (panels)
PwC	PricewaterhouseCoopers
ROE	Return on equity
ROIC	Return on invested capital
SBP	Security-based payments
SoCI	Statement of comprehensive income
SoFP	Statement of financial position
SRN	Securityholder Reference Number
STI	Short term incentives
TFN	Tax file number
TGS	Tax Governance Statement
TSR	Total Shareholder Return
TTC	Tax Transparency Code
USPP	US Private Placement
WALE	Weighted average lease expiry
WANOS	Weighted average number of ordinary securities
WELS	Water Efficiency Labelling and Standards

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