



Reimagine urban life

Mirvac Group

Annual Report 2020





Mirvac is a leading, diversified Australian property group, with an integrated development and asset management capability. Recognising the contribution we make to Australia's major cities, our purpose, to *Reimagine Urban Life*, inspires our people to create value and build a better future *for our customers and communities.*

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Image: The Foundry, South Eveleigh, Sydney

ABOUT THIS REPORT

The FY20 Annual Report is a consolidated summary of Mirvac Group's operations, performance and financial position for the year ended 30 June 2020. 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' relate to the financial year ended 30 June 2020. 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 20 August 2020. The Directors have the power to amend and reissue the financial statements. Mirvac's full-year financial statements can be viewed on, or downloaded from, Mirvac's website **www.mirvac.com**.

REPORTING SUITE

Mirvac's reporting suite sets out the Group's financial and operational performance for the year ended 30 June 2020 across the following documents:

MGR FY20 Results Presentation
An in-depth overview of Mirvac's financial, operational and sustainability performance for the financial year.

MGR FY20 Additional Information
Information supporting Mirvac's FY20 Results Presentation.

MGR FY20 Annual Report
An in-depth overview of Mirvac's financial, operational and sustainability performance for the 2020 financial year, along with the Group's directors' report, its remuneration report and its detailed financial statements.

MGR FY20 Property Compendium
A detailed summary of the Group's investment portfolio, other investments, and its commercial and residential development pipeline as at 30 June 2020.

MPT FY20 Annual Report
An overview of Mirvac Property Trust for the financial year.

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

ABOUT MIRVAC

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

Our reputation as a leader in Australia's property industry has been built by delivering innovative workplace precincts, exceptional retail destinations, meticulously designed homes and connected communities for our customers, while driving long-term value for our stapled securityholders. We own and manage assets across the office, industrial, retail and build to rent sectors in our investment portfolio, and have over $23 billion of assets under management.

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

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

ASX TOP 50

One of Australia's *most innovative* property groups

OUR PURPOSE

The unprecedented events of 2020 have presented challenges across our operating environments. Now more than ever, it is important to be united behind a single purpose.

At Mirvac, our purpose is to *Reimagine Urban Life*. This purpose drives all employees at Mirvac to look beyond profit. It inspires us to be a force for good and leave a positive legacy in everything we do.

For Mirvac, this goes beyond making a positive contribution to the urban environment. Our purpose drives us to find ways to make a meaningful difference to people's lives. Whether it be volunteering within our communities, helping people combat isolation during the pandemic by connecting virtually, or re-purposing empty retail space to create pop-up kitchens and accommodation to offer food and shelter to the most vulnerable in our communities.

As one of Australia's largest companies, we believe we have a responsibility to contribute to a better future for everyone. That's why our passionate and highly engaged workforce is committed to thinking differently, applying our experience, innovation capability and energy to solve many of the problems faced by cities, both today and in the future, and help our customers, communities and future generations live more sustainable lives.

Over
$23bn
assets under management

Reimagine urban life

inspires us to be a force for good and leave a positive legacy in everything we do

WHAT WE DO

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

> deploying capital with discipline and delivering on our promises, with a strong focus on our customers (focused);

> maintaining an appropriate balance of passive and active invested capital through cycles, and retaining capability across the office and industrial, retail, residential and build to rent sectors (diversified); and

> leveraging our integrated model to create, own and manage quality Australian assets (integrated).

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

Both our strategy and our ambition to *Reimagine Urban Life* continue to produce strong results across the business.

Bim'bimba Park, Gainsborough Greens, Brisbane

KEY FINANCIAL AND OPERATIONAL METRICS

Operating profit
$602m
(5%) on prior corresponding period (pcp)

Operating EBIT
$796m
(6%) on pcp

Statutory profit
$558m
(45%) on pcp

Operating earnings per stapled security
15.3c
(10%) on pcp

Distribution per stapled security
9.1c
(22%) on pcp

Net tangible assets per stapled security[1] of
$2.54
up 2% on pcp

Mirvac has maintained its strong financial position and its FY20 financial metrics are robust, despite the challenging operating conditions caused by the COVID-19 pandemic.

Operating cash flow
$455m

3 year rolling Group ROIC
8.9%

Gearing of
22.8%[2]

Delivered residential gross development margins of
24%[3]

A diversified, resilient, experienced business

leased approximately
134,300 sqm
of office, industrial & retail space

Secured
$971m[4]
of residential pre-sales

1. NTA per stapled security, based on ordinary securities including Employee Incentive Scheme securities.
2. Net debt (at foreign exchange hedge rate) excluding leases (total tangible assets – cash).
3. Adjusted to include joint ventures projects.
4. Adjusted for Mirvac's share of joint ventures and subject to settlement risk.

Delivered

$9.3m

of community investment in FY20

Maintained a ★★★★★

5.0 star

average NABERS Energy Rating for the office portfolio

Installed

2.8MW

of solar PV across our portfolio to date

Directed

$9.4m

towards social procurement in FY20

Reduced our carbon emissions by

60%

as at 1 January 2020

LETTERS TO SECURITYHOLDERS

CHAIRMAN'S LETTER

It goes without saying that FY20 has been an extraordinary year.

First, one of Australia's worst ever bushfire seasons devastated vast swathes of the landscape, destroying hundreds of homes and threatening thousands of lives, highlighting the changing climate and its implications for our nation. Then in March 2020, the COVID-19 global pandemic brought our entire society to a standstill, as the nation and world were forced into lockdown. The full effect of the pandemic remains to be seen but it has impacted every part of Australian life, as well as our business. Nonetheless, even in this context, we are pleased to present our annual results for the 2020 financial year.

RESPONSE TO COVID-19

In response to COVID-19, Australia's Federal and state governments moved quickly to protect Australia against the severe health and economic impacts of the crisis.

Mirvac moved swiftly too. As one of the first Australian organisations to issue a remote working directive, the Group showed decisiveness and true leadership. The move was designed to protect Mirvac employees and stakeholders, but it also encouraged other businesses to take their workforces remotely, which we knew would be critical to 'flattening the curve'. At a time when virus numbers were increasing during the first wave, this was corporate leadership as Australia worked to contain the virus.

From the outset, the way in which the Mirvac team has responded to COVID-19 has been remarkable, particularly given the uncertainty and highly challenging operating environment created by the pandemic. The agility and adaptability shown by our teams, most of whom were suddenly asked to work remotely, the commitment to upholding health and safety measures at our sites that remained operational, the resilience to remain productive, innovation to find new ways of working, and above all our care and consideration for fellow team members, customers and partners, was inspiring, but not surprising to my fellow Board members and me.

FINANCIAL HIGHLIGHTS

The individual and collective efforts of our people have safeguarded the economic viability of the Group and positioned it to recover as quickly as possible from the impact of the pandemic.

No sector has remained untouched by the crisis, and the COVID-19 pandemic significantly impacted the Group's financial performance in FY20. Despite the disruption, Mirvac's FY20 financial metrics are testament to the strong balance sheet with which we entered the crisis, but also the agility and resilience the team showed in responding to it.

$558m
FY20 Statutory profit

Net tangible assets per stapled security of
$2.54
up from $2.50 at June 2019

In FY20, Mirvac achieved a statutory profit of $558 million. At an operating level, our profit was down 5 per cent to $602 million, representing 15.3 cents per stapled security. We achieved an operating cash flow of $455 million and we paid distributions of 9.1 cents per stapled security down 22 per cent.

Of critical importance for the Board and the company was the quality of our balance sheet and the effectiveness of our capital management strategy.

At 30 June 2020, gearing was 22.8 per cent (at the lower end of our 20 to 30 per cent target range) and the weighted average debt maturity was 6.7 years, along with a very diversified and well-spread debt maturity profile. During FY20, Mirvac took a number of important steps to provide sufficient capacity and resilience to manage the impacts of COVID-19. Debt facilities were increased by $810 million[1] with terms of 3 to 4.5 years. The maturity date of some existing facilities was extended for a further 12 months into FY22. We also took the decision to reduce final distribution for FY20 to 3.0 cents per security. These actions increased Group liquidity to over $1.4 billion with only $200 million in debt maturities prior to February 2022.

It is this solid earnings profile and strong balance sheet, coupled with a Group-wide development pipeline of $23.8 billion[2] and a steady stream of passive income generated by our investment portfolio, that means, despite the current challenge, Mirvac is positioned to rebound quickly from the crisis and continue to deliver for our securityholders.

1. Since 31 December 2019.
2. Represents 100 per cent end value of committed and uncommitted future developments and is subject to planning approvals, market conditions and COVID-19 impacts.

John Mulcahy
Chairman

Susan Lloyd-Hurwitz
CEO & Managing Director

CORPORATE GOVERNANCE

Throughout the COVID-19 outbreak, Mirvac's strong processes and procedures stood up to the test. In particular, the Group's well-established risk management system, setting out the team's clearly defined roles and responsibilities in a crisis situation, underpinned Mirvac's swift response to the pandemic.

The Board and Executive Leadership Team met regularly through COVID-19, and the open lines of communication within the company were vital in navigating the rapidly changing landscape and making quick, well-informed decisions. We sought to act fairly, responsibly and transparently throughout the crisis, demonstrated by the decision to withdraw guidance in March, in response to the uncertain operating environment.

At Mirvac, we have an engaged, passionate workforce, and I was immensely proud to see individuals and teams across the business embracing our values, putting people first and genuinely being a force for good in the way they responded to COVID-19. This was demonstrated through our employees' willingness to reduce hours during the height of the crisis, teams checking in on each other, supporting our retailers and tenants with relief packages, and finding ways to help residents in our communities connect virtually through the lockdown.

REMUNERATION

The impact of COVID-19 on Mirvac's financial performance has resulted in a corresponding impact on remuneration outcomes. The Board has a strong belief that remuneration outcomes should be aligned to performance, investor outcomes and stakeholder expectations.
As detailed in the Remuneration Report, the Board and Executive Leadership Team elected to take a voluntary 20 per cent reduction in fixed remuneration and fees from 1 April to 30 June 2020, and notwithstanding the strong financial and non-financial performance prior to COVID-19, no FY20 STI pool was funded. LTI vesting outcome was significantly reduced to reflect the actual outcomes. The Board believes that it would have been inappropriate to adjust for the impacts of COVID-19 or exercise favourable discretion.

The full Remuneration Report for FY20 can be viewed from page 66.

Group future development pipeline extended to

$23.8bn[1]

Distribution

9.1cpss

RECOVERY

What we have achieved, by diligently and collectively working through a highly complex and rapidly changing environment to maintain productivity and continue to deliver on our goals, is extraordinary. But I believe it is the way we have achieved what we have in FY20, that once again sets Mirvac apart.

Our people have cared for each other, reducing their wages and hours to save jobs. We've cared for our tenants and retailers, as they faced restrictions and closures, and we've cared for our customers and worked to strengthen our communities. We've adopted new technology so we can continue to work efficiently and deliver on our promises, despite working in a very different way.

I would like to thank my Board colleagues, our senior leaders and our team for their commitment and hard work over the past 12 months. I would like to thank you, our securityholders, for your ongoing support. While the pandemic still challenges our nation and economy, the world will recover. Mirvac's decisive, intelligent response to the crisis has placed us in the best possible shape to continue to provide value to our securityholders and customers.

John Mulcahy
Chairman

FY20 LETTER TO SECURITYHOLDERS

CEO & MANAGING DIRECTOR'S LETTER

During the first half of FY20, Mirvac maintained the momentum from FY19. Our transformational urban strategy and our diversified model, as well as our reputation for quality and operational excellence, continued to generate strong returns for the Group.

In the third quarter, the world as we knew it, changed. As well as a devastating health threat, the COVID-19 outbreak shocked the global and national economy. Mirvac was impacted across our business, and we are still working through the longer-term implications of the crisis. However, the strength and resilience of the Group, together with the team's commitment to our purpose – to *Reimagine Urban Life* – have helped us to mitigate this impact.

At the same time, our unique asset creation capability has enabled us to continue to capture opportunities and generate value, supporting the recovery process.

6 successfully delivered projects in FY20

SYDNEY

The Foundry, South Eveleigh
Marrick & Co
St Leonards Square
Verde, Pavilions

MELBOURNE

The Eastbourne
Olderfleet, 477 Collins Street

WELL PREPARED FOR DISRUPTION

As a Group, our business was well prepared for the disruption caused by COVID-19 in several key areas:

> **Safety first:** at Mirvac, we have always prioritised safety. We pursue safety excellence and our success in taking a preventative approach to safety is explained on page 43. In the context of COVID-19, our commitment to safety above all else led us to act swiftly and decisively to protect our people, our customers and all Australians. By issuing a remote working directive early and taking our people out of our offices wherever possible, we took a lead role in 'flattening the curve' at the height of the initial crisis;

> **Our strong, flexible culture:** during recent years, we have worked hard to embed flexibility in the way we work at Mirvac. As a result, the overnight transition on 16 March to remote working for our office teams was managed seamlessly. Our longstanding investment in technology supported this new mode of working, as did our teams' willingness to adjust to the new normal. As teams logged on from their home offices, spare rooms and kitchen tables, we quickly became familiar with each other's children and pets. Despite the separation, we were able to continue working but also importantly to connect and support each other emotionally through this challenging period; and

> **A highly engaged, passionate workforce:** our people continued to go above and beyond at every step of the way. Despite the complexities introduced by remote working, physical distancing, hygiene restrictions, and other safety measures in place across our offices, sites and centres, our teams maintained their productivity, met their targets and delivered on their promises, right across our business. And pleasingly, engagement has remained high in spite of the challenges and changes.

MAINTAINING BUSINESS CONTINUITY

Our Office & Industrial business, which now holds approximately $17 billion assets under management, continued to enhance the quality of its portfolio during the financial year, with the completion of two new landmark workplace precincts, The Foundry at South Eveleigh, Sydney and Olderfleet, 477 Collins Street, Melbourne. New headquarters for Commonwealth Bank of Australia and Deloitte respectively, these buildings were completed despite strict health and safety measures in place on our construction sites. You can read more about these exceptional buildings on page 20.

Going into the COVID-19 pandemic, the Office portfolio was well positioned for resilience with its low capex, limited vacancy, minimal exposure to small tenants, long WALE, and a low lease expiry in FY21. While the office sector will be changed by the pandemic, we pride ourselves on strong relationships with our tenants which will continue to insulate our portfolio. We have provided assistance where it has been needed and remain committed to creating safe and productive working environments for our customers.

The growth of e-commerce continued to drive demand for industrial sites in Sydney. We are well placed to deliver on this demand with our $1.2 billion industrial pipeline. This was progressed in FY20 when, as a result of years of strong advocacy and partnership with government, the team secured development application (DA) approval for our future industrial estate at Auburn, Sydney and achieved the rezoning of our Kemps Creek site, which was fast-tracked in the NSW Planning System Acceleration Program.

In Retail, our centres are supported by solid market fundamentals by virtue of their strategic locations – dense populations with low unemployment, high incomes and strong population growth. During FY20, we made significant headway in tailoring the offering at our centres towards progressive, digitally enabled retailers, as well as more resilient and experiential categories such as food and beverage, entertainment, services and non-retail. We delivered new dining precincts at Toombul, Brisbane and Moonee Ponds Central, Melbourne during the first half.

Osprey Waters, Perth

However, traditional retail was among the sectors hardest hit by the COVID-19 pandemic, and as a result of the restrictions introduced in March, the retail portfolio saw a sharp reduction in both foot traffic and sales performance. The focus of our team shifted to supporting our retail partners and creating COVIDSafe environments following the reopening of the majority of our retail outlets. Our in-house innovation capability was evident in the range of innovative ways our Retail team found to support vulnerable community members and those hardest hit by the impacts of COVID-19 which you can read more about on page 17.

Our Residential division continued to set the standard and put its customers and communities first during the financial year. As the business settled a record 1,130 apartments in FY20, landmark residential projects were delivered at The Eastbourne in Melbourne and St Leonards Square, Verde at Pavilions and Marrick & Co, all in Sydney, with an uptick in sales and settlements across the portfolio during the first half. As the landscape became more challenging following the COVID-19 outbreak, the team refocused on maintaining construction momentum while maintaining safety measures, and continuing to deliver for our customers with private appointments and virtual tours.

We further extended our residential pipeline, with new sites at Riverlands and the Western Sydney University Campus, both in Milperra, Artarmon Road, Willoughby and Waterloo Metro Quarter all in Sydney, and Wantirna South in Melbourne. We secured DA approval for 505 George Street and rezoning approval for 55 Coonara Avenue, both in Sydney. In Brisbane, we commenced construction on Tulloch Green, the second stage of Ascot House, and secured DA approval for the next stage of the transformative Waterfront Newstead community[1]. In Perth, we celebrated topping out at the final stage of Compass Latitude, Leighton Beach and launched The Affordability Experiment, demonstrating our commitment to addressing the issue of housing affordability and sustainability, which you can read more about on page 35.

We also progressed our build to rent offering during FY20. The first residents are due to move into our first build to rent project, LIV Indigo at Sydney Olympic Park, in September 2020 and as at 30 June, we had already seen strong early interest. We now have three other build to rent projects in planning stages in Melbourne. We are confident these pioneering projects will showcase the significant benefits of the build to rent model to our customers, as well as government and investors, and in doing so act as a catalyst for Australians to embrace the emerging sector.

LESSONS FROM COVID-19

COVID-19 has clearly had a devastating impact, but as Australia emerges from this crisis there are several lessons we have learned as a company, that I believe will make Mirvac all the stronger.

Firstly, we learned the true power of innovation. COVID-19 presented challenges for our customers and communities. From isolation to business closures, our team saw the opportunity to deploy our unique innovation capability to help those in need. With the support of our in-house innovation team Hatch, for example, we were able to understand the priorities for our customers and roll out initiatives like 'Essentials Express', an online, contactless service where customers can order from a range of retailers for convenient and hygienic drive-through pick up, with less than a week between the initial idea to the in-centre execution. You can read more about our innovation achievements during FY20 on page 44.

During COVID-19, we also saw governments working together with industry in a way that has never been required previously. We have appreciated the opportunity to work closely with politicians at all levels during the period, as they strove to limit the spread of the virus and the damage to the economy. We worked together to keep construction sites operational safely, to determine how industry and governments can support the retail sector and help preserve as many jobs as possible, and we proposed projects that met the criteria for fast-tracking in order to create economic stimulus. I'm encouraged by this partnership approach and optimistic it will continue, to everyone's benefit.

Finally, I believe that if the world can take collective action to contain the spread of the virus, our society is also capable of changing behaviours to help manage climate change. 2019 was Australia's hottest year on record[2] and the recent bushfires demonstrated the devastating effects climate change can bring. During FY20, Mirvac continued to lead the way with achievements that delivered on our commitment to reducing our impact on the planet. We signed an agreement to supply the majority of Mirvac's office and retail centres in NSW, ACT and Vic with 100 per cent renewable electricity, reducing our carbon footprint by 60 per cent. We also became the first Australian property group to join RE100 an international group of companies, committed to 100 per cent renewable power, we announced our plan to send zero waste to landfill by 2030, and we released the findings of our House with No Bills study, which you can read more about on page 34.

STRONGER TOGETHER

While this year's extraordinary events have shaken the world, it has also proven the resilience of our business, the strength of our culture and the commitment of our team to make a positive difference to people's lives, through the communities we create and manage. It is this conviction in our ability to be a force for good that underpins our success and enables us to continue to deliver value for our customers and our securityholders.

On behalf of our Executive Leadership Team, I would like to extend my gratitude to the Board for their expertise and guidance, everyone in the wider Mirvac team for their passion and energy, and you our securityholders, for your unwavering support.

Susan Lloyd-Hurwitz
CEO & Managing Director

1. Post 30 June.
2. Australian Government, Bureau of Meteorology: Annual climate statement 2019 (http://www.bom.gov.au/climate/current/annual/aus/).

MACRO-TRENDS SHAPING OUR WORLD

The world is changing rapidly. In 2020, the impact of COVID-19 has seen the pace of change accelerate further. As our population grows and our cities continue to expand, there are a number of significant macro-trends that are shaping our future. We remain focused on monitoring these powerful forces of change, in order to understand their potential impact to our business, our customers and communities. This helps us manage risk and also identify solutions to some of the challenges faced by tomorrow's urban areas.

US$800bn

was invested in global commercial real estate in 2019

South Eveleigh, Sydney

GLOBAL CAPITAL FLOWS

Global commercial real estate investment reached an all-time high of US$800 billion in 2019, up 4 per cent, with the industrial sector up 24 per cent to according to JLL[1], as investors continued to seek out the solid returns and relative stability of the asset class. Mirvac is ideally placed to benefit, as Asia Pacific saw another record year for real estate investment in 2019. Investors are favouring established and mid-sized cities with innovation credentials, a highly qualified workforce and cost efficiencies providing economic growth and increased concentrations of human capital – characteristics of our four Australian markets. Social and environmental sustainability credentials are also an increasingly important consideration for investors, meaning Mirvac's unwavering commitment to sustainability is being increasingly appreciated and valued.

EQUALITY AND EMPOWERMENT

The COVID-19 pandemic has highlighted numerous inequalities in our society and in many cases exacerbated disparities in income, race, ethnicity, and gender. As one of Australia's leading property groups, Mirvac has a responsibility to support inclusiveness and help society's most vulnerable people wherever we can. As a founding member of the Australian Supply Chain Sustainability School, we have been working to identify and respond to exploitation and modern slavery. We're also continuing towards our goal to direct $100 million to the social sector by 2030, with almost $20 million directed since 2018. Additionally, this financial year, we partnered with the Property Industry Foundation to build a new home for homeless young people, and opened a safe house for victims of domestic violence in Queensland. In 2020, we also commenced the process to review and renew our Reconciliation Action Plan, which will be rolled out in 2021.

1. JLL https://www.jll.com.au/en/trends-and-insights/investor/global-real-estate-investment-hits-record-high-in-2019
https://www.jll.com.au/en/newsroom/global-capital-flows-to-further-diversify-while-investors-to-remain-cautious-and-selective-in-2020.

THE TRANSITION TO RENEWABLE ENERGY

FY20 has been a critical year in acknowledging the impacts of climate change. In Australia, we recorded the hottest year on record[2] and saw a catastrophic bushfire season[3]. To help mitigate the impacts of climate change, Mirvac is committed to transitioning towards renewable energy sources (with a target to become net positive carbon by 2030), as well as helping our customers to do the same. During FY20, we became the first Australian property group to join RE100, a global corporate clean energy initiative that brings together businesses committed to 100 per cent renewable power. Following a new energy agreement signed in December last year, our carbon footprint reduced by 60 per cent as at 1 January 2020. This will reduce by a further 5 per cent as at 1 January 2021, with three more assets committed to the agreement in June. We also signed a memorandum of understanding (MOU) with ENGIE, designed to further our commitment to identifying innovative customer solutions that will drive the transition away from carbon and towards renewable and clean energy sources.

REDUCING WASTE

Every year, an estimated 11.2 billion tonnes of waste is sent to landfill globally[4]. In addition to this, 92 billion tonnes of materials are extracted every year[5], with buildings responsible for around 50 per cent of global materials used[6]. In Australia, the built environment is responsible for approximately 60 per cent of waste, representing a staggering 41 million tonnes annually. This is placing an enormous burden on the planet and it is clear that we need to rethink the way that we choose and extract materials, use them, and then look for ways to extend their life. This year, Mirvac launched Planet Positive: Waste & Materials, mapping our journey to send zero waste to landfill by 2030. Our plan sees Mirvac move away from a traditional 'take, make, use and dispose' model to one which considers the lifecycle of the materials from the outset, with strategies implemented to help avoid, reduce, reuse, recycle and regenerate.

Mirvac is targeting

net positive carbon and water, and zero waste to landfill, by

2030

South Eveleigh, Sydney

THE RISE OF MILLENNIALS

By 2024, millennials and younger generations will become the most dominant demographic in Australia, taking over from baby boomers and generation Xs. These new generations have different drivers for their spending and different aspirations. This cohort has grown up in a digital world, and face obstacles like housing affordability and sometimes uncertain pathways to employment. These generations want experiences, not things, and they care deeply about the world. We know this because we have made it our business to better understand this group who will one day soon make up the majority of the workforce, the bulk of the consumers and be the decision makers in our society. We're using these learnings to tailor our products and services accordingly. For example, we're reimagining our retail offering towards younger, more progressive customers. We're also rolling out Australia's first build to rent portfolio because we know Australia, and in particular these new generations demands more housing options with security of tenure to support their aspirations.

TECHNOLOGY, DATA AND INNOVATION

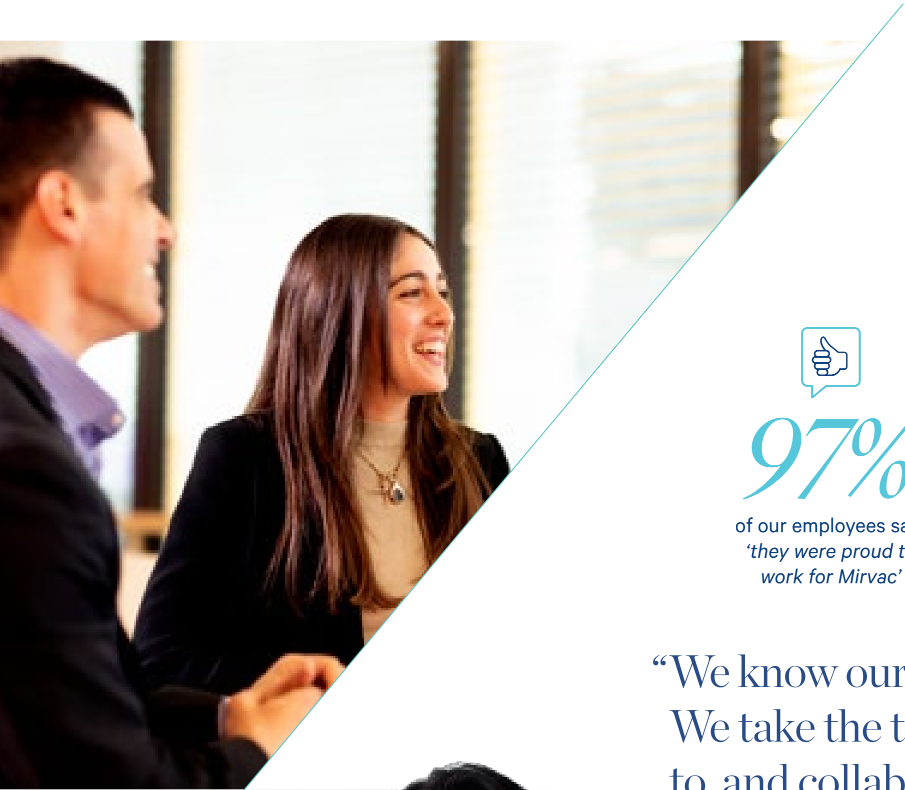
We are living in a great age of innovation. Emerging technologies are rapidly transforming the way we live, work and play. This year our in-house innovation team Hatch has led in-depth research and scans of our people and our customers, to understand how COVID-19 is impacting people's lives. While the health and economic impacts have been devastating, we have used our in-house innovation capability to fast-track projects and initiatives that provide solutions, and support people through the crisis, which you can read more about on pages 14-17. During the financial year, we partnered with a leading global platform for environmental and social start-ups, INCO, to launch The Impact Accelerator, Australia's first urban life focused accelerator at the crossroads of green technology and social impact, to help solve some of the challenges faced by tomorrow's cities. Similarly, Mirvac Ventures, our corporate venture capability, has invested in a portfolio of early stage property-related technology companies whose innovations have the potential to make a positive difference to people's lives.

2. Australian Government, Bureau of Meteorology: Annual climate statement 2019 (http://www.bom.gov.au/climate/current/annual/aus/).
3. Australian Government, Bureau of Meteorology: Annual climate statement 2019 (http://www.bom.gov.au/climate/current/annual/aus/).
4. UN Environment Programme: https://www.unenvironment.org/explore-topics/resource-efficiency/what-we-do/cities/solid-waste-management.
5. Global Resources Outlook 2019, page 7.
6. Circularity Gap Report 2019: https://www.legacy.circularity-gap.world/built-environment.

ENGAGING WITH OUR STAKEHOLDERS

In order to properly *Reimagine Urban Life*, we need to ensure that we are taking all our stakeholders' perspectives into account. These include our customers, our suppliers, our employees, local communities where we develop and operate our business and assets as well as the governments that regulate those communities, and our securityholders. All of these play an important part in understanding how we deliver on our purpose.

Understanding and meeting our stakeholders' needs, both now and into the future, is what helps to ensure the sustainability and viability of Mirvac. There is strong alignment between the interests and values of our business and stakeholders, which allows us to deliver products and services to meet their needs. By understanding the needs of our stakeholders, Mirvac can deliver maximum value to all the people who matter in our business.



97%

of our employees said *'they were proud to work for Mirvac'*

EMPLOYEES

Our people are our biggest competitive advantage, so it matters that we attract, sustainably engage, and retain top talent by creating a great place to work. We have a strong culture that celebrates diversity and inclusion and where the health, safety and wellbeing of our people are a top priority. We know that a happy, healthy workforce promotes engagement, creativity and collaboration, and ultimately enhances overall business performance. We achieved an overall employee engagement score of 90 per cent for two consecutive years in FY18 and FY19, placing us above the global high performing norm[1]. During the pandemic, we checked in with regular online employee surveys, which indicated high engagement levels including a 97 per cent favourable score on the statement "I am proud to work at Mirvac".

"We know our customers. We take the time to engage with, listen to, and collaborate with, our customers as a competitive point of difference."

CUSTOMERS

Across our Residential, Retail, Office & Industrial and Build to Rent businesses, Mirvac's customer base is diverse, and we recognise their interests, preferences and behaviours are constantly evolving, particularly in the face of disruption caused by events like the COVID-19 global pandemic. We are committed to staying close to our customers and to understanding their changing needs. We also take the time to understand when and why they believe we have let them down, so that we can address those issues in the future. We use the insights we gain from extensive customer research to continue to *Reimagine Urban Life* in a way that makes a positive contribution to their lives, and to help us identify future pathways for Mirvac.

1. As measured and defined by Willis Towers Watson.

COMMUNITIES

Community is at the heart of our strategy to *Reimagine Urban Life*. We recognise that creating communities is not just about the physical built form, it's even more importantly about the people that will live, work, visit and enjoy our assets. At our residential communities we prioritise the provision of upfront social infrastructure, which sets the foundations for strong and cohesive communities. At our retail centres and workplaces, we are committed to facilitating social interactions and encouraging inclusiveness through the provision of community space for local groups, and celebrating community and multicultural events such as Diwali, Lunar New Year, NAIDOC week and Mardi Gras.

To facilitate support for our communities, we encourage our employees to give via our Giving at Mirvac platform and we provide unlimited volunteer leave. We also run an annual National Community Day, which this financial year saw around 800 employees volunteer to support our communities and help build strong bonds.

Dazzle Park, Iluma Private Estate, Bennett Springs, Perth

SUPPLIERS

We know that we couldn't design, build, manage and sell our properties without the help of our suppliers. From building contractors to marketing consultants, suppliers play a crucial role in our business and our sustained success comes down to the strength of these relationships. With a procurement spend of over $1.6 billion in FY20, the impact we can have through our supply chain is considerable. Ensuring the integrity and sustainability of our materials is of vital importance to us, and that's why we are a founding member of the Australian Sustainability Supply Chain School, and members of Social Traders and Supply Nation, which support us to use our purchasing power for good through spending with social enterprises and Indigenous owned businesses. We have also joined the Business Council of Australia's Australia Supplier Payment Code that aims to reduce payment times to small businesses.

A leader of the Australian property industry for almost 50 years

GOVERNMENT

We believe that by working with all three levels of Australian government we can help create a better built environment that benefits our communities. We are committed to maintaining a strong and mutually beneficial partnership with all levels of government, and engage frequently to ensure that we understand what government is looking for us to deliver. Our CEO and Executive Leadership Team are members of several government advisory boards and we also undertake targeted engagement with government bodies on specific initiatives, such as planning reform, zero-carbon buildings and modern slavery legislation. During the COVID-19 pandemic, we worked closely with government at all levels to provide support, advice and feedback on managing the health and economic impacts.

INDUSTRY

Mirvac is proud to have been a leader of the Australian property industry for almost 50 years. We play an active role in encouraging best practice in environmental, social and governance practices, as well as advocating for better building standards, through participation with a range of industry associations including the Property Council of Australia; the Urban Development Institute of Australia; the Green Building Council of Australia, the Better Buildings Partnership, London Benchmarking Group Australia and New Zealand, and the Responsible Construction Leadership Group.

SECURITYHOLDERS

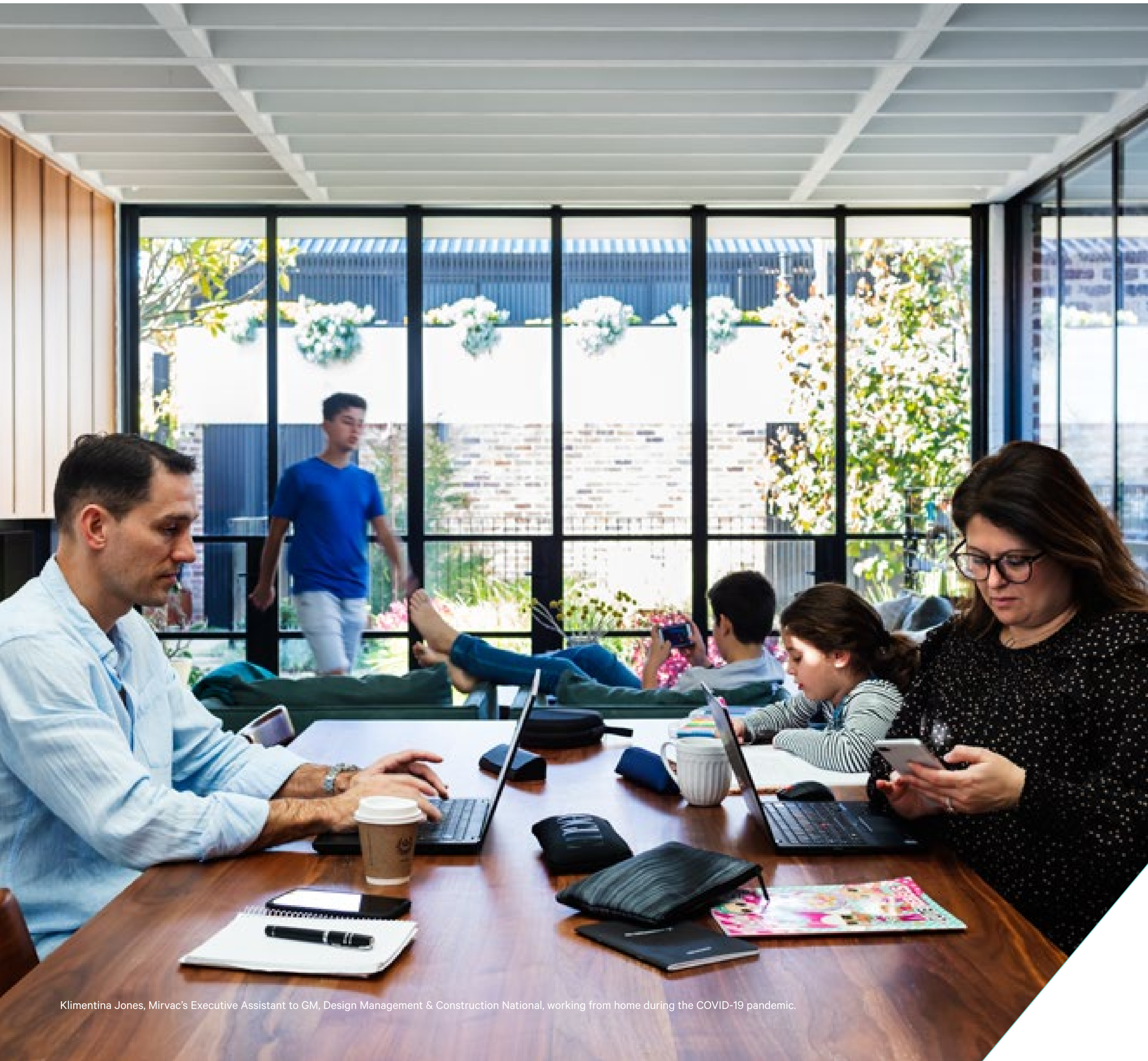
Mirvac prides itself on its market-leading investor relations program, driven by our experienced, dedicated Investor Relations team. They maintain high levels of engagement with our securityholders to ensure open and transparent disclosure of our business performance, sustainability initiatives, legislative risks and opportunities. This engagement is managed via multiple touchpoints, including one-on-one meetings, our Investor Relations website, which was refreshed this year, investor roadshows and participation in industry conferences and forums.

Locomotive Workshops, South Eveleigh, Sydney

RESILIENCE IN THE FACE OF DISRUPTION: OUR RESPONSE TO COVID-19

The 2020 financial year was undoubtedly a challenging year, exacerbated by the rapid outbreak of COVID-19 around the world. In just a few short months, our lives were radically transformed by the virus, with barely an individual, business, community or country left untouched by its impact.

Mirvac's response to the pandemic was swift. A decision was made by our Executive Leadership Team (ELT) early in the crisis to help Australia 'flatten the curve' and on 16 March, employees who were able to work from home were asked to do so. Safety and hygiene standards were increased at retail and construction sites that remained operational, with physical distancing measures put into place. At all times, the safety and wellbeing of our employees, customers and visitors to our Mirvac sites, assets and communities remained our top priority.



Klimentina Jones, Mirvac's Executive Assistant to GM, Design Management & Construction National, working from home during the COVID-19 pandemic.

TAKING CARE OF OUR PEOPLE

To ensure the best way forward in an extraordinary time, all decisions made were tested against two of Mirvac's values: "we are genuine and do the right thing" and "we put people first". As well as helping to streamline decision making, this ensured that actions taken were measured, fair and equitable.

Providing our employees with consistent and transparent communication was another key priority. Through video conferencing and weekly emails, including regular health updates, our workforce was kept up to date on how Mirvac, government and our industry were responding to COVID-19. Weekly communications were supplemented by a dedicated hubsite on our intranet, where people could find answers to frequently asked questions, updates on business activities, and tips on working remotely. In addition to this, employees were able to access a range of health and wellbeing videos to help keep them mentally and physically well at home, and webinars were provided to parents who faced the additional challenge of being a parent, teacher and employee.

As well as enhancing health and safety measures for those who remained at our construction sites or shopping centres, we further minimised risk by alternating teams to ensure physical distancing measures could be observed. Other measures included increasing the amount of specialised cleaning and reducing the number of workers allowed in a lift at any one time.

To support those who were stood down during the pandemic, we introduced a Special Leave policy that provided employees with ten days of paid leave, in addition to any annual leave or bonus leave accrued.

Our Employee Assistance Program (EAP), which is free for all employees and their families, also remained available during the shutdown, with monthly webinars on mental health topics providing further support to managers and employees.

Teams meeting during COVID-19

"Amazingly, an awful situation has led to something which has created a profound sense of unity, and clarity of leadership. Over my career I've seen 'the monthly email from the boss' and 'quarterly town hall' type events, but nothing comes even remotely close to the immediacy and intimacy of the ELT 'check-in' sessions."

Mirvac employee

EY Centre, 200 George Street, Sydney

OUR VALUES

"we are genuine and do the right thing" and "we put people first"

A QUICK TRANSITION TO WORKING REMOTELY

Underpinning our success in transitioning to remote working quickly and efficiently were the efforts made several years ago to transform the way we work. This included embracing flexible working across the Group (aided by a Flexibility Charter and Mirvac's 'My Simple Thing' initiative), providing our people with the tools and technology to allow them to work from anywhere at any time, and empowering them to deliver in their roles in a way suited to their needs, with a focus on output rather than time spent at a desk. Our investment in flexible working, along with a considerable effort from our IT team to ensure our network and systems were ready and effective, meant that our workforce was well prepared and able to operate from day one.

Having a constructive culture, along with a commitment to honesty and transparency, also put us in good stead to respond to the crisis. Our continued focus on leadership, safety and wellbeing, performance, and engagement throughout the pandemic was well received across the Group, with our people overwhelmingly telling us that they were proud to work for Mirvac and that they felt supported through the period. Pleasingly, those working remotely also felt like they were able to be productive, and collaboration between teams remained high.

OUR RESPONSE TO COVID-19 CONTINUED

'Essentials Express', De Marias Fruit and Veg, Moonee Ponds Central, Melbourne

PRUDENT CAPITAL MANAGEMENT

Mirvac entered the COVID-19 pandemic well prepared for disruption with a strong balance sheet. At 31 December 2019, gearing was 20.8 per cent at (the lower end of our 20 to 30 per cent target range) and the weighted average debt maturity was 7.7 years, along with a very diversified and well-spread debt maturity profile.

Following the outbreak of COVID-19, Mirvac took a number of important actions to provide sufficient capacity and resilience to manage the impacts of COVID-19. Debt facilities were increased by $810 million[1] with terms of 3 to 4.5 years. The maturity date of some existing facilities was extended for a further 12 months into FY22. We also took the decision to reduce final distribution for FY20 to 3.0 cents per security. This increased Group liquidity to $1.4 billion with only $200 million in debt maturities prior to February 2022.

These steps were critical, both in maintaining Mirvac's robust financial position, but also positioning the Group well to take advantage of opportunities to extend our development pipeline as they arise, supporting our recovery and underpinning our capability to generate long-term value.

HELPING OUR CUSTOMERS, TENANTS AND RETAILERS

Mirvac is committed to supporting its customers, tenants and retailers, and we are proud of the relationships we have built and continue to build with them. As well as implementing extensive cleaning practices and physical distancing measures at our assets, as the pandemic broke we promptly began to work with our partners to support the recovery process. This included negotiating assistance packages with tenants on a case-by-case basis, and providing various forms of relief from lease terms and obligations. All commercial negotiations were undertaken in line with the Federal Government's Mandatory Code of Conduct and state legislation as a minimum standard. In our Retail business, we focused on providing almost-immediate support to our retail tenants, prioritising small and medium-sized enterprises (SMEs), who make up around half of Mirvac's retail rental income. To offer additional support, we extended our EAP service to our tenants and retailers.

Early in the crisis, we were able to continue supporting our Retail customers through initiatives such as 'Essentials Express', an online, contactless experience, through which customers were able to order fresh food items and curated packages, and collect from a dedicated drive-through pick-up location. At Toombul in Brisbane, we ran a 'Feed the Frontline' campaign, which saw donations raised through Mirvac's digital channels go towards providing meals to essential healthcare employees, using restaurants in our centres that had been affected by the shutdown.

Our Office & Industrial team also worked closely with our tenants, particularly in helping them return to their workplaces safely when government restrictions eased in June. This included implementing site-specific operations strategies, aligning with both base building plans and customer expectations, as well as working to mitigate the impact of physical distancing requirements (in line with recommendations from the Property Council of Australia and Safe Work Australia).

Our Residential team promptly responded to the closure of sales offices during the lockdown by offering virtual tours of our projects across the country. Customers were offered additional support during their settlement period, with information sessions delivered by video, pre-settlement inspections done virtually, and our team working closely with customers to help them settle their properties.

> "Mirvac is committed to its customers, tenants and retailers, and proud of the relationships we have built with these valued partners."

1. Since 31 December 2019.

"Mirvac is a company that I am proud to work for. Whatever happens in the future, it is nice to know that you understand and care about your employees. There is a lot happening out there and we are all dealing with our own separate issues, so thank you for taking the time to connect and make us feel valued and important."

Mirvac employee

OUR COMMUNITIES

Guided by our sustainability strategy's focus to leave a positive legacy by building strong bonds, our Residential Sales & Marketing team created a content series to connect with and inspire residents at our Mirvac communities. With an aim of promoting health and wellbeing during the COVID-19 restrictions, the series covered topics such as cooking, home and interior styling, arts and culture, gardening and children's activities.

In addition to this, Mirvac provided community support packs containing red and green cards. Residents were invited to display a red card if they needed help, or a green card if they could offer help to their neighbours. Help came in the form of anything from grocery shopping to dog walking or a chat on the phone.

With financial hardship, isolation and domestic violence on the rise as a result of COVID-19, Mirvac also lent its support to The Salvation Army's annual Red Shield Appeal, running a social media campaign to encourage our customers, communities, design partners and employees to decorate their doors red in support of their digital doorknock. Mirvac donated $5 for every picture posted on our social media pages, with prizes given to the most creative red doors.

Mirvac's Retail team also took the opportunity to launch Shelter@Mirvac, under which they have generated a number of community-minded initiatives. This included a partnership with OzHarvest to provide assistance to international students left largely unsupported during the COVID-19 pandemic. Mirvac has a number of retail centres located in areas with a high population of students, and we provided free space for OzHarvest to set up Hamper Hubs, where students could collect food packages containing enough dry goods, fresh fruit and vegetables, and other basic pantry essentials for one week[1].

The Shelter@Mirvac team also developed a corporate partnership with Headspace (the nationally funded youth mental health service) to provide youth mentoring via Mirvac employees across the country.

1. Food hampers were purchased with the support of $1 million in government grants.

SETTING OURSELVES UP FOR THE RECOVERY

During the third quarter of FY20, we withdrew guidance as a result of the uncertainty caused by COVID-19. However, our focus remained on preparing for the recovery ahead, and as such, we took a number of steps to ensure our strong capital position and balance sheet were maintained, and to retain our group of talented people.

"We took a number of steps to ensure our strong capital position was maintained, and to retain our group of talented people."

Our Board and Executive Leadership Team took a voluntary 20 per cent reduction in remuneration, from 1 April to 30 June, while the majority of our employees took a voluntary reduction in working hours, from 1 May to 30 June. This helped to ensure that the financial impact of the pandemic was shared across the business. In addition to this, the Group took steps to reduce discretionary spend and defer capital expenditure. No STI pool was funded for FY20. As well as helping to maintain our strong capital position, these measures better position us to take advantage of opportunities that may arise.

All Mirvac construction sites remained operational, with our residential project, Pavilions in Sydney, topping out in May this year, and two of our office assets, Olderfleet, 477 Collins Street in Melbourne and The Foundry at South Eveleigh in Sydney, reaching practical completion in May and June respectively. With a firm focus on the future, we also continued to advance our development pipeline, achieving a number of significant planning milestones across the Group, including development approval of our bold new mixed-use development at 505 George Street, Sydney, and the rezoning of our future industrial estate, Aspect in Kemps Creek, Sydney and our future residential project at 55 Coonara Avenue, West Pennant Hills, Sydney.

While the full extent of the COVID-19 related economic impact remains to be seen, Mirvac's strong capital position going into the crisis, our constructive culture, decisive management and swift transition to a new way of working, along with a strong focus on progressing our development pipeline, position the Group well to rebound as quickly as possible.

Our Board and ELT took a voluntary

20%

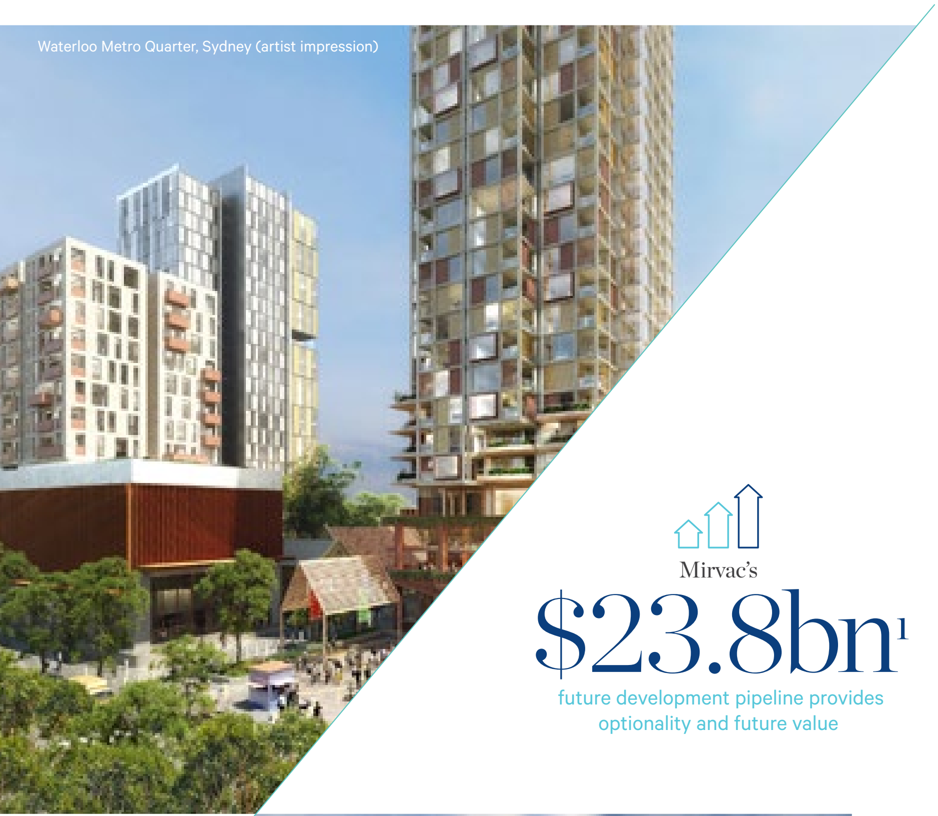
reduction in remuneration

Rhodes Waterside, Sydney

REIMAGINING AUSTRALIA'S URBAN LANDSCAPE: THE NEXT GENERATION OF VALUE ACCRETIVE, CITY SHAPING PROJECTS

During FY20, Mirvac has extended its development pipeline across all business divisions, strategically deploying funds from its FY19 capital raising. By securing the next generation of value accretive mixed-use, build to rent, office and industrial and residential projects, Mirvac is ideally placed to deploy its unique urban asset creation capability and meet changing consumer preferences, as well as support ongoing population growth by reimagining Australia's urban landscape.

With a total end value of $23.8 billion[1], Mirvac's development pipeline provides optionality and future value. The majority of the pipeline has in place income or was secured in capital efficient structures.


Waterloo Metro Quarter, Sydney (artist impression)

Mirvac's

$23.8bn[1]

future development pipeline provides optionality and future value


LIV Munro, Melbourne (artist impression)

MIXED-USE

Waterloo Metro Quarter, Sydney – Mirvac won a competitive tender in December 2019 to deliver Sydney Metro's integrated station development at Waterloo in collaboration with John Holland and the NSW Government. With an anticipated end value of $800 million[1], the Waterloo concept comprises five building envelopes including three high-rise and two mid-rise buildings above and adjacent to the station. It is intended that all components of the project will be completed over the next five to six years[2].

Flinders West, Melbourne – Set to become Mirvac's first commercial, build to rent and retail development, our proposal includes two towers, one featuring 45,000 square metres of A-grade office space and the other, providing 472 build to rent apartments, together with a significant and dynamic ground plane focusing on wellness, sustainability and amenity for future workers, residents and the public to enjoy. Subject to planning approvals, construction commencement is slated for mid to late 2021.

BUILD TO RENT

LIV Munro, Melbourne – In FY20, Mirvac received planning approval for 490 build to rent apartments in the Munro development within the Queen Victoria Market. Designed with the customer in mind, the landmark building is aiming to set a new standard for customer service for renters, with onsite maintenance, flexible and tailored leases and a range of shared facilities including a dog park, a Zen garden, an indoor/outdoor cinema, co-working and meeting spaces and a chef's demonstration kitchen.

LIV Albert Fields, Melbourne – Mirvac acquired an amalgamated site in the heart of Brunswick, just 6km from the Melbourne CBD which, subject to planning, could provide over 450 purpose built, build to rent apartments. Future residents will benefit from a range of amenities including a gym and wellness centre, children's playroom, media centre, dog wash facilities, a bike workshop and tool shed. Leading sustainability features are being targeted, including net zero carbon for all residences and amenities space. Construction commencement is expected in August 2022.

1. Represents Mirvac's estimate of the 100 per cent end value and is subject to planning approvals, market conditions and COVID-19 impacts.
2. Subject to planning approvals, market conditions and COVID-19 impacts.


300 Manchester Road, Auburn, Sydney (artist impression)

OFFICE

55 Pitt Street, Sydney – The vision for the site is to bring to life an exemplary workplace and activated city development that significantly enhances the existing urban streetscape. In the heart of the CBD; the proposed plans are set to deliver approximately 60,000 square metres of premium commercial and retail space and contribute towards the revitalisation of the iconic Circular Quay precinct[3].

383 La Trobe Street, Melbourne – In May 2020, a planning application was lodged to create a distinct commercial precinct with 44,000 square metres of A-grade office space over 31 levels, accommodating up to 4,000 future workers once complete[3].

"a state-of-the-art industrial estate and vibrant employment precinct"

300 Manchester Road,
Auburn, Sydney

55 Pitt Street, Sydney (artist impression)

Plans for 55 Pitt St, Sydney include a proposed

~60,000 sqm

of premium commercial and retail space for Sydney's iconic Circular Quay precinct.


Artarmon Road, Willoughby, Sydney (artist impression)

INDUSTRIAL

300 Manchester Road, Auburn, Sydney – In May 2020, Mirvac secured DA approval for the 14-hectare site which will see it transformed into a state-of-the-art industrial estate and vibrant employment precinct delivering last mile premium facilities that blend flexible warehousing, office space and small-scale local amenities such as a local café. Construction commencement is planned for FY21.

Kemps Creek, Sydney – In June 2020, this 56-hectare future industrial estate, Aspect, was rezoned for employment uses in the NSW Government Planning System Acceleration Program, and Mirvac hosted NSW Premier, the Hon. Gladys Berejiklian, to make the announcement for the broader precinct. The estate is sitting at the head of a new employment hub for Western Sydney with excellent transport links and in close proximity to the new Western Sydney International Airport at Badgerys Creek. Mirvac is set to lodge a State Significant Development Application for the site in the first half of FY21.

RESIDENTIAL

Artarmon Road, Willoughby, Sydney – The former Channel Nine headquarters, this 3.2-hectare site on Sydney's North Shore has concept approval for the development of 446 dwellings, and approximately 6,000 square metres of public open space. Mirvac has collaborated with architects, CHROFI, to create a living environment that is set to deliver significant public benefit including a new park and playground, and a village-style retail plaza to benefit the local community.

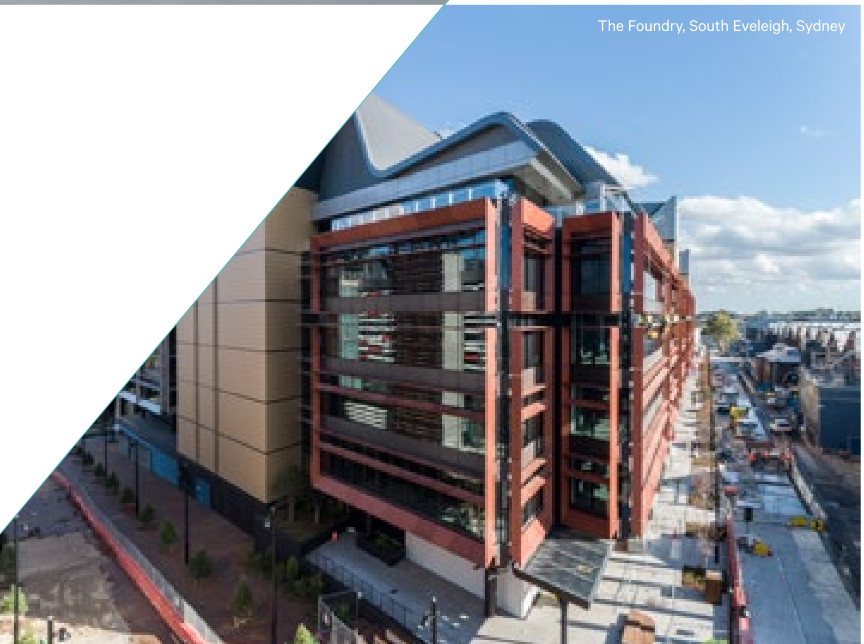
505 George Street, Sydney – In May 2020, Mirvac received planning consent from the City of Sydney for its proposal to transform the city skyline and redefine Sydney's mid-city precinct, with the delivery of Sydney's tallest residential tower, soaring 270 metres above ground. The proposed tower includes 507 apartments, including luxury serviced suites and a rooftop restaurant and bar, while the podium comprises a boutique cinema, retail, conferencing facilities, a childcare centre and a meeting room facility for the City of Sydney Council.

3. Subject to market conditions and COVID-19.

OFFICE AND INDUSTRIAL

Mirvac is one of Australia's largest listed property owners and managers, with approximately $17 billion of office and industrial assets under management. The Group's unique urban asset creation capability, together with an active and future O&I pipeline of $6.9 billion[1], positions the O&I business well to generate value and continue to drive active and passive earnings for the Group.


The Foundry, South Eveleigh, Sydney


The Foundry, South Eveleigh, Sydney

OFFICE

Our high quality office portfolio comprises 96 per cent prime or A-grade office assets and is largely occupied by large, blue chip corporations. It is also one of the youngest, lowest capex portfolios in the country.

Following the outbreak of the COVID-19 pandemic in the third quarter of FY20, which triggered a countrywide lockdown and emptied cities and workplaces, the focus of our Office team shifted to working with our tenants to create safe and productive working environments, and providing assistance to those in need, with a particular emphasis on SMEs, whom we supported with a range of measures.

Importantly for Mirvac, despite enhanced safety procedures and physical distancing, construction on all our sites remained operational. As a result, our team delivered two of Australia's most exceptional new office buildings, Olderfleet, 477 Collins Street, Melbourne and The Foundry at South Eveleigh, Sydney, now the proud headquarters of Deloitte and Commonwealth Bank of Australia respectively. Both of these buildings are testament to the vision, resilience and commitment of the Mirvac team whose achievements were called out by the NSW Premier, the Hon Gladys Berejiklian at the opening of The Foundry, which she officiated.

"two of Australia's most exceptional new office buildings"

$5.7bn[1]

active and future office development pipeline

Our Office team further extended its future development pipeline to $5.7 billion[1] during FY20, shoring up our next generation of passive income and securing opportunities to generate value through our unique asset creation capability. New landmark projects include the $800 million[1], mixed-use Waterloo Metro Quarter, Sydney in collaboration with John Holland, and the $1 billion[2] Flinders West, Melbourne. These future workplaces and mixed-use precincts will benefit from continued population growth in these inner urban locations.

We remain focused on continually improving the experience of our office customers and understand, now more than ever in this COVID-19 environment, customer needs are rapidly evolving. During FY20, we continued to work closely with our customers, through research and constant engagement, enabling us to stay ahead of the changing landscape and co-create digitally enabled, futureproofed, sustainable buildings that redefine the future of work.

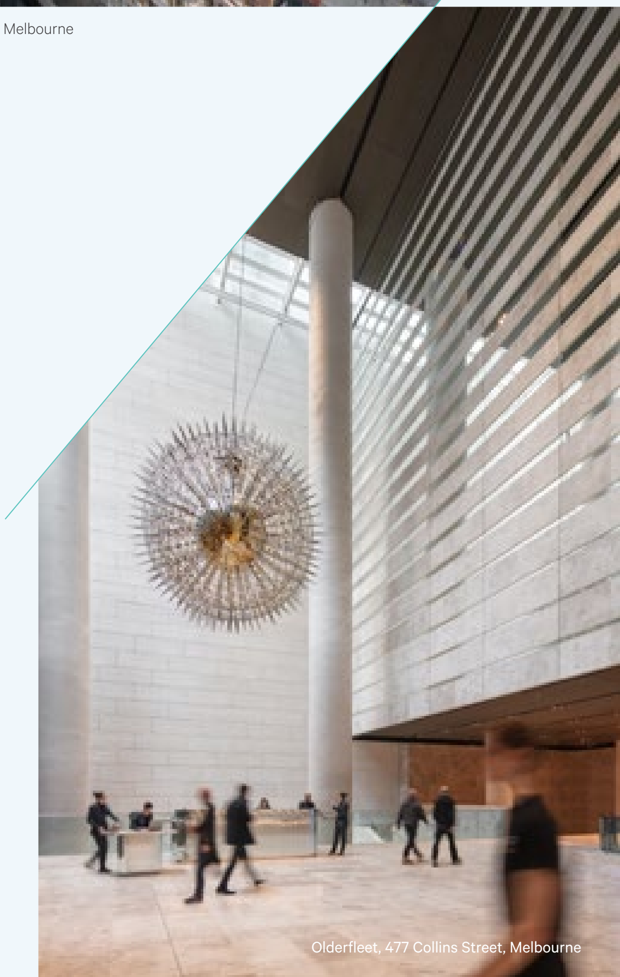
"successfully maintained construction momentum across our portfolio during the crisis"

Olderfleet, 477 Collins Street, Melbourne

OFFICE SNAPSHOT

FY20	FY19	FY18
$7.3bn Portfolio value	$6.7bn	$5.7bn
29 Number of properties	31	28
685,810 sqm Net lettable area	657,140 sqm	641,808 sqm
98.3% Occupancy[3]	98.2%	97.5%
6.4 years Weighted average lease expiry[4]	6.4 years	6.6 years
5.25% Weighted average cap rate	5.43%	5.69%
3.8% Like-for-like NOI growth	5.7%	12.7%

1. Represents Mirvac's estimate of the 100 per cent end value and is subject to planning approvals, market conditions and COVID-19 impacts.
2. Subject to planning approvals, market conditions and COVID-19 impacts.
3. By area.
4. By income.



Olderfleet, 477 Collins Street, Melbourne

MAPPING THE IMPACT OF COVID-19 ON THE FUTURE OF WORK

In 2020, COVID-19 changed the way we work almost overnight, with the most obvious impact being an immediate increase in remote working. Mirvac kept close to its customers and documented their experiences as they transitioned to a new way of working, and again as they began to return to their physical offices. These insights have helped us to understand the impact of COVID-19 on the way we work, vitally important in enabling us to continue to support our customers by creating workplaces and office buildings of the future.

Contrary to traditional views, our research shows that most of our customers found remote working actually increased productivity. People enjoyed more flexibility, choice and not having to commute. Technology supported this, with employees generally feeling more engaged and informed.

But our customers felt their physical offices were still important for face-to-face interactions, strengthening relationships, learning and culture building. We've already begin using these insights to inform the design, look and feel of our future workspaces. For example, their design's feature more collaborative spaces, they offer more learning opportunities and incorporate more ways to promote the mental and physical health of occupants. We are also focused on improving flexibility, technology and infrastructure embedded within the buildings to ensure connectivity with occupants moving towards flexible working strategies.

As a creator and developer of office buildings, Mirvac is uniquely placed to ensure its new workplaces respond to these evolving customer needs, in a way that an existing office building can never do. We're committed to staying at the very forefront of these future of work trends, so we can continue to generate value for our customers by using these insights to inform the design of Australia's next generation of workplaces.

STRONGER TOGETHER

Paul Waterson is the Chief Executive Officer at Australian Venue Co. Our O&I team worked closely with Paul following the outbreak of the COVID-19 pandemic to provide support during this unprecedented time.

"Australian Venue Co owns 160 pubs around Australia. We are one of Mirvac's tenants in Riverside Quay, Melbourne with our bar, Hopscotch. Through the pandemic we have been in conversations with some 140 landlords across Australia, many of whom have provided little or no support. I want to thank Mirvac for the support we have received from our tenancy management team through this challenging time. Their communication with us has been frequent and clear, their proposals fair and equitable. They have a collegial approach and treat us as true partners. Our business will get through this crisis and we would welcome the opportunity to grow with Mirvac again in the future once this issue resolves."

Paul Waterson, Chief Executive Officer at Australian Venue Co.

INDUSTRIAL

In FY20, our Industrial division continued to expand. The growth of e-commerce, further accelerated by the COVID-19 pandemic, continued to strengthen demand for high-quality logistics and last mile facilities in key urban markets. Our $1.2 billion[1] industrial development pipeline, which includes sites at 300 Manchester Road, Auburn, Aspect at Kemps Creek and Elizabeth Enterprise at Badgerys Creek, is strategically positioned to take advantage of this demand.

During the year, our team made exceptional headway in progressing our development pipeline. We secured development approval on a new industrial-led employment precinct at 300 Manchester Road, Auburn, Sydney. Construction is expected to commence in FY21, with the project set to deliver premium facilities with flexible warehousing, office space and small-scale local amenities such as a local café, totalling approximately 72,000 square metres of floor space. It will also benefit from substantial connectivity improvements to the Port of Sydney and CBD following completion of the WestConnex motorway.

INDUSTRIAL SNAPSHOT

	FY20	FY19	FY18
Portfolio value	$944m	$877m	$809m
Number of properties	10	10	17
Net lettable area	469,313 sqm	469,315 sqm	431,980 sqm
Occupancy[2]	99.4%	99.7%	100%
Weighted average lease expiry[3]	7.4 years	7.7 years	7.1 years
Weighted average cap rate	5.60%	5.72%	6.19%
Like-for-like NOI growth	1.1%	7.8%	1.3%

The Group was also successful in rezoning the 56-hectare future industrial estate and logistics hub at Mamre Road, Kemps Creek, Sydney, through the NSW Planning System Acceleration Program. A State Significant Development Application for the site will be lodged in FY21, with the potential to deliver 250,000 square metres of premium, flexible warehousing and office space. The site will benefit from its location approximately 6km from the new Western Sydney International Airport and its proximity to the M4, M7 and proposed M12 motorways, as well as approximately $20 billion of infrastructure improvements to be delivered across the Western Sydney area.

At Badgerys Creek, the rezoning of Stage 1 of the Group's future 244-hectare industrial estate was progressed, with the site included within the Badgerys Creek 'initial precinct' in the Draft Aerotropolis State Environmental Planning Policy (SEPP), released in December 2019. In August 2020, the Aerotropolis SEPP was included in the NSW Planning System Acceleration Program.

From March 2020, the COVID-19 outbreak highlighted the importance of the supply chain in providing access to goods for consumers and the essential role industrial facilities play in this process. By reinforcing the value of freight and logistics as essential services, the pandemic has accelerated the structural growth of ecommerce, further strengthening the sustained demand for warehouse facilities and creating the ideal conditions for Mirvac's industrial portfolio to continue to deliver passive returns for the Group.

1. Subject to market conditions and COVID-19 impacts.
2. By area.
3. By income.

Aspect Industrial Estate, Kemps Creek, Sydney (artist impression)

UPPING OUR SOLAR POWER

There's no greater impact we can have towards our target to be net positive carbon by 2030 than switching to 100 per cent renewable energy. In addition to signing a new energy supply agreement during the financial year, we've continued to utilise the rooftop space at our assets and have installed over 2.8MW of solar PV to date, further enhancing our renewable energy supply strategy.

These installations included 1 Southbank Boulevard in Melbourne, where we engaged Indigenous business, Bunjil Energy (our partner at our Apartments of Tullamore project in FY19) to install a 28kW solar PV system. This supplemented an existing 18.5kW system and followed the installation of 34kW of solar at the nearby 2 Riverside Quay in December last year (also by Bunjil Energy).

Solar panels also populate the rooftops of each of the three buildings at our South Eveleigh office precinct in Sydney. The on site solar PV solution will reduce Mirvac's reliance on grid electricity and help the Group achieve its target 5.5 star NABERS Energy ratings for Buildings 1 and 2. More than 1.4MW is due to be installed across the entire precinct (including the Locomotive Workshops, which are currently under development).

Our target is to be
100%
powered by renewable energy by 2030

We have utilised the rooftop space of our assets to install over
2.8MW
of solar PV to date

Utilising the large, available space on our industrial assets is also a priority for the Group. We've installed 500kW of solar PV at Calibre in Eastern Creek, Sydney and we continue to look for opportunities within our expanding industrial portfolio, which is expected to grow as developments such as 300 Manchester Road, Auburn, Elizabeth Enterprise at Badgerys Creek and Aspect at Kemps Creek (all in Sydney) come online.

Mirvac's solar capability has grown considerably over the past six years. Underpinned by Mirvac's *This Changes Everything* strategy and a goal to be net positive carbon by 2030, Mirvac installed a large-scale solar PV system on the rooftop of Sirius, 23 Furzer Street, Woden, Canberra, which has achieved a 66 per cent reduction in carbon emissions to date[1]. The solar solution – a first of its kind for the Group – also contributed to Sirius' success as one of the most sustainable buildings in Australia, boasting a 6 star NABERS Energy and a 6 Star Green Star Performance rating.

The installation of solar PV is not just good for the planet, it's also good for our tenants. Mirvac's solar systems at 2 Riverside Quay and 1 Southbank Boulevard, Melbourne, for example, are projected to save our tenants approximately $30,000 in energy costs and reduce their carbon emissions by more than 110 tonnes per year[2].

In addition to solar installation and purchasing renewable energy, our focus on improving energy efficiency across our office assets has reduced our carbon intensity by 62 per cent since we launched our sustainability strategy, *This Changes Everything*, in 2014.

Next up: as well as completing the solar PV installation at the Locomotive Workshops in our South Eveleigh precinct, we're planning a 65kW solar system installation at Olderfleet, 477 Collins Street in Melbourne and looking at options for a roof-based solar system at Bay Centre in Sydney.

In FY20, we reduced our carbon footprint by
60%

1. Since 2011. The reduction also includes renewable electricity purchases in FY20.
2. Renewable energy purchases were impacted by COVID-19, however, this resulted in just a small overall impact to carbon reduction.

South Eveleigh, Sydney

EVERYBODY NEEDS GOOD NABERS

Mirvac has one of the greenest office and industrial portfolios in the country, with leading sustainability credentials and a number of awards that celebrate its sustainability achievements.

During FY20, we were thrilled to achieve Mirvac's fourth 5.5 star NABERS Energy rated building at 380 St Kilda Road, Melbourne, which represents market-leading performance under the NABERS rating scale.

380 St Kilda Road had a 3.5 star NABERS Energy rating in 2012. The team has worked on improving energy efficiency, by enhancing the building's metering system, optimising the HVAC system, installing LED lighting, and upgrading the chiller plant, and over the past eight years the building has reduced its greenhouse emissions by an incredible 70 per cent. Over the same period, the NABERS Water rating at 380 St Kilda Road has improved from 3.5 stars to 5 stars, with water usage reducing by 44 per cent. Optimisation of the HVAC system was again key to this result, along with the installation of new cooling towers and through the team's close monitoring of water consumption through utility and sub metering.

As well as having a positive environmental impact, the improvements to the building have resulted in operational savings of over $450,000 per year, which is great for our tenants, our partners and our investors.

In addition to this, the team at David Malcolm Justice Centre, Perth secured the second highest NABERS Waste rating in the country through a focus on tenant engagement, resource recovery and improving contamination rates. The 5.5 star rating is the highest rating in WA. The asset, which has nine different waste and recycling streams, reported a 77 per cent diversion from landfill at the end of April 2020.

Maximising energy efficiency is central to our plan to be net positive carbon by 2030. Across Mirvac's office portfolio, we monitor utility usage extensively through sub metering, analytics and a diagnostic platform. This helps our in-house team of sustainability engineers and facility managers to scrutinise performance, and identify and rectify any system anomalies.

In conjunction with this, our passionate team also undertakes night audits across the portfolio to physically identify opportunities to optimise efficiency and performance. This approach, combined with prudent capital expenditure, has delivered market-leading NABERS performance, with three 6 star and four 5.5 star NABERS Energy ratings across the portfolio.

To view our full list of NABERS ratings, visit our website here: http://sustainability.mirvac.com/our-performance/

David Malcolm Justice Centre, Perth

The energy improvements at 380 St Kilda Road, Melbourne are even more rewarding given that, at one stage, Mirvac was exploring the use of a cogeneration plant to improve the asset's rating. This plant would have used gas to generate electricity onsite to reduce the use of grid electricity (which was then being generated from carbon-intense brown coal). But as well as locking Mirvac into a 12-year agreement, the installation of the cogeneration plant would have impacted electricity purchasing opportunities at several other Mirvac properties. A detailed energy audit by Mirvac's in-house engineers identified another approach that focused on enhancing energy efficiency only, an approach that has saved Mirvac millions of dollars in capital expenditure, ongoing energy costs, and significant carbon emissions.

RETAIL

FY20 has been a year of unprecedented challenges for many Australians. From the devastating bushfires that ravaged the nation to the spread and ongoing threat of COVID-19, our way of life has been under immense stress. Through this adversity, Mirvac Retail has embraced its role as a focal point for our communities, finding innovative ways to connect people, offer support and bring joy, at an otherwise difficult time.

Sydney Gay and Lesbian Mardi Gras celebrations at Broadway, Sydney

RETAIL SNAPSHOT

	FY20	FY19	FY18
Portfolio value	$3.1bn	$3.4bn	$3.2bn
Number of properties	16	17	17
Gross lettable area	428,927 sqm[1]	437,899 sqm	419,262 sqm
Occupancy	98.3%	99.2%	99.2%
Weighted average lease expiry[2]	3.8 years	4.1 years	3.8 years
Weighted average cap rate	5.55%	5.41%	5.49%

1. Excluding Bay and Smail Street offices
2. By income.
3. As at 29 February 2020.

The Retail sector has been especially impacted by the COVID-19 pandemic. Through this, Mirvac's first priority has remained the health and safety of its team, retail partners and customers, as we focused on continuing the operation of our centres as an essential community service. As restrictions were implemented, we worked with our retailers to create COVIDSafe environments and provided assistance to those in need, including extending our Employee Assistance Program hotline to our retail partners.

Government restrictions, mandated closures, physical distancing guidelines and high levels of uncertainty have resulted in a dramatic shift in consumer spending behaviours since mid-March. We responded by deploying our award winning in-house innovation capability to support retailers and customers with agile initiatives. For example, we introduced 'Essentials Express' at a number of our Sydney centres, enabling customers to order items from an aggregated range of retailers for convenient and hygienic drive-through pick-up.

Despite a highly disruptive FY20, we still have our eye firmly on the future of a rapidly changing retail landscape. Mirvac's $3.1 billion portfolio is well positioned to attract customers who actively embrace innovation and disruption, as they typically live in the densely populated, inner-urban locations where our shopping centres are located. This highly progressive consumer audience is more likely to have higher incomes and greater propensity to spend, as well as be more progressive in their attitudes. With over 10 million visitations per month[3] across a relatively modest GLA footprint, Mirvac has two and a half times more exposure to these high value customers (compared to the Australian average).

'Essentials Express', De Marias Fruit and Veg, Moonee Ponds Central, Melbourne

These progressive customers not only spend more, they also attract progressive partners and retailers enabling the Mirvac Retail team to reimagine retail and create opportunities well beyond shopping. During the first half of FY20, we introduced several innovative retail concepts, such as Cook & Costi and The LEGO Store, both at Broadway, Sydney. We opened Cirque Electric bar and gaming parlour in Toombul's new UPSTAIRS dining precinct, in Brisbane, a first to Queensland concept. We partnered with Live Nation, one of the world's leading entertainment providers, to bring its sell out activation, Happy Place, to Australia for the first time; and we announced the roll out of digital advertising panels across the portfolio delivering tailored, engaging content and enhancing the customer experience.

Our retail partners, Lilly's Espresso & Cucina at Rhodes Waterside, Sydney

Celebrating International Women's Day 2020 with Kylie Kwong at South Eveleigh, Sydney (photo taken pre-COVID-19 restrictions)

NAVIGATING THE PANDEMIC TOGETHER

"

The Mirvac centre management team at Rhodes Waterside, Sydney worked closely with us right from the outset of the COVID-19 pandemic in March. They provided regular updates on the operational changes we needed to make to follow government guidelines. The team helped us to promote new offerings to customers, like our Easter Hampers, Kids Pizza Making Kits and Quarantine Takeaway Packs via the website, social channels and in centre signage, as we moved quickly to a takeaway/delivery model. They also provided practical support to our team, arranging storage for our unused tables during seated diner restrictions.

While the uncertainty of the last few months has been very challenging, we have been commercially agile and committed to continuing the success Lilly's has had for 15 years at Rhodes Waterside. Our team worked long hours to support our staff and community, and we are grateful to the centre management team for their continued support.

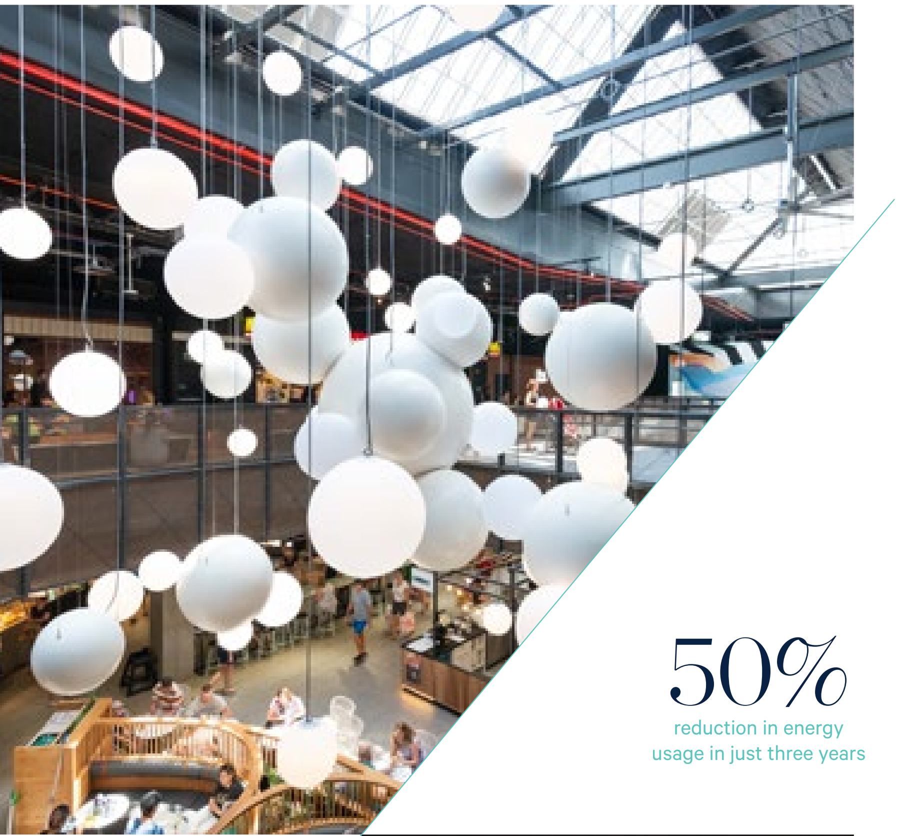
"

Jesus Estevez,
Lilly's Espresso & Cucina,
Rhodes Waterside

92%
of retailers open by 30 June 2020

We also remained focused on the role of our retail centres as connected urban hubs, with a range of new initiatives designed to support connected, inclusive communities. We appointed renowned chef, Kylie Kwong, as precinct ambassador for South Eveleigh, Sydney, with a strong focus on bringing people together in a way that acknowledges and embraces the rich heritage of the precinct; and we partnered with ACON to launch, 'Welcome Here', at several of our Sydney centres, designed to create and promote safe environments that are visibly welcoming and inclusive of LGBTIQ communities.

ACON to launch
'Welcome Here'
designed to create and promote safe environments



Toombul, Brisbane

50%

reduction in energy usage in just three years

Toombul, Brisbane

REDUCING OUR CARBON FOOTPRINT IN RETAIL

Our Office and Industrial portfolio is not alone in achieving considerable emissions reductions in FY20. Within our Retail portfolio, we've been focused on fine tuning our asset performance, and in turn, delivering impressive energy savings.

The work that we've done to reduce electricity consumption (and in turn, carbon emissions) at Toombul in Brisbane has been a particular stand-out. After acquiring the centre in FY16, Mirvac installed energy metering which facilitated better monitoring and tracking of energy usage. The team also replaced metal halide and fluorescent lighting with high efficiency LED lights, helping to reduce energy consumption, enhance amenity, and enable greater sensor control (saving even more energy consumption). Updating mechanical plant – such as the low load chiller and aging air handling units – further helped to reduce energy use, as well as maintenance requirements, and to optimise the mechanical plant enhancements, the chiller plant control system was also refined. In addition to this, the centre's electrical network was upgraded to reduce energy losses.

This work, which has been championed by a dedicated, integrated team of our people, has resulted in a 50 per cent reduction in energy usage in just three years, effectively halving electricity consumption and carbon emissions at the asset. The team's enduring commitment to improving the operation of the asset is illustrated by the quarterly night audits they perform to identify any operational deficits that could lead to energy waste; for example, finding faulty sensors that cause lights to operate when they shouldn't. Investments in controls and connectivity have also enabled the team to access the control system remotely to check plant status and operation.

Across the Retail portfolio, Mirvac has reduced carbon intensity by 46 per cent from an FY18 baseline, largely through energy efficiency[1]. We continue to prioritise energy efficiency as a smart way to avoid both cost and emissions.

This is complemented by the Group's purchase of renewable electricity across 80 per cent of its Retail centres. Since January this year, the renewable energy supply agreement has eliminated over 10,000 tonnes of carbon emissions across the Retail portfolio[2].

Reduced carbon intensity across the Retail portfolio by

46%

from an FY18 baseline

1. The final four months of FY20 were impacted by COVID-19 restrictions which resulted in additional energy reductions due to reduced occupancy.
2. A further 9,100 tonnes of emissions were eliminated through Mirvac's on-selling of renewable electricity to retail tenants.

MEET THE "WASTE WHISPERER"

Mates on the Move, EY Centre, 200 George Street Sydney

Kim Host is Mirvac's Resource Recovery Manager. She has been with the Group for six years. Her unique and impressive talents are well known within the industry and have earned her the nickname of "The Waste Whisperer". Prior to working at Mirvac, Kim spent several years at JLL and Energetics, working across all aspects of sustainability. We were lucky enough to catch up with Kim for this year's annual report and get her thoughts on all things waste and resource recovery.

It's been said that you're referred to in the industry as the 'Waste Whisperer'. How did that come about?

I think my manager, Dave Palin, had a hand in that nickname following some very passionate discussions with our partners and tenants.
I am personally committed to driving education, engagement and awareness about resource recovery through effective communication with individuals and groups to 'calm the waters' and make a difference.

> *"There are so many opportunities to improve recovery outcomes and embed circular economy principles."*

What is your biggest pet peeve in resource recovery and waste management?

The disposable coffee cup – ban them!
There is a significant amount of contradiction and misleading information by manufacturers, waste providers and even government education material that confuse people about coffee cups. They are not recyclable or biodegradable, as some claim, and a lot of resources and raw materials are used to create and transport them. So, let's get rid of them.

Could you describe Mirvac's waste strategy?

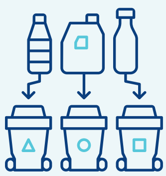
Mirvac is committed to its sustainability strategy, '*This Changes Everything*', and we understand that our natural resources are precious and finite. We have an industry-leading commitment to send zero waste to landfill by 2030. This year, we released '*Planet Positive: Waste & Materials*' that details our plan to get there and how we will be transitioning to a circular materials pathway.

What has been your proudest moment in your career to date?

Working with Mates on the Move, a social enterprise established by Prisoners Aid NSW who provide life skills, education and work experience to people leaving prison in NSW. It's life changing. By supporting this wonderful and inspiring program, we have been able to make a difference and give a second chance to these men and women who can often be overlooked in our community.

Name one thing you wish all people knew about waste?

Waste is not a dirty word. We need to rethink how we use natural resources and create new value streams from materials previously discarded. We also need to look for circular economy principles that extend beyond traditional waste management enhancement processes to emphasise improved design, waste avoidance and maximising the value of resources.



KIM'S TOP TIPS FOR REDUCING WASTE

1. Avoid waste in the first place, especially single use items and unnecessary packaging
2. Change our mindset so that we don't think 'waste' we think 'value'
3. Influence behaviour so that we understand that, as individuals, we can make a difference by doing the right thing
4. Buy smarter - think about the lifecycle of products we buy and where these could end up
5. Don't contaminate the recycling streams – put the right thing in the right bin.

IMPROVING OUR ORGANICS WASTE OUTCOMES

One of the strategies in our plan to send zero waste to landfill by 2030 (see page 52) includes planning and engaging with our tenants to remove red bins at our assets. Red bins are currently used for general waste, and over time, we're aiming to eliminate the need for these bins completely. We'll do this by increasing the number of waste streams at our assets, including our organics waste.

Since 2012, we've been tracking our organics collection through iSystain, and it's been great to see the amount of organics processed at our assets improve year-on-year. In 2013, for example, we collected 296 tonnes of organics at our assets; by FY19, this had grown to over 3,660 tonnes.

A number of our assets have enhanced their organics collections, namely Harbourside, East Village and Greenwood Plaza in Sydney. At Harbourside, for instance, the team implemented a comprehensive collection service, which sees cleaners collect organics directly from food retailers daily, significantly improving collection volumes. Meanwhile, tenant surveys have helped our teams at East Village and Greenwood Plaza understand what waste is being generated by our retailers, and in turn, enabled us to help them improve their recovery.

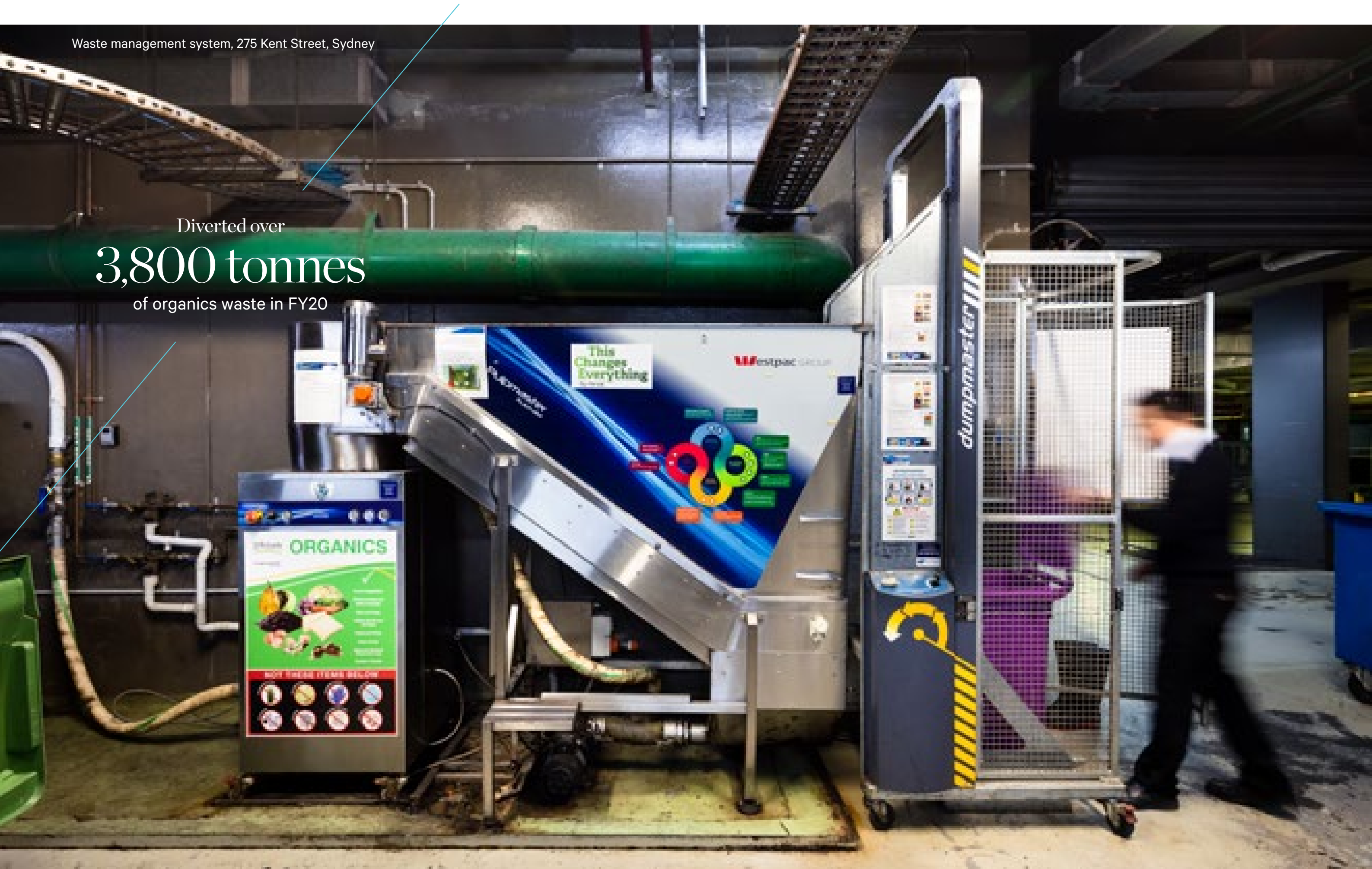
At Toombul in Brisbane, we worked with waste experts, SUEZ, to implement source-separation and collection for organics. This helps to reduce waste to landfill, prevent high contamination rates and improve recovery outcomes. The organics waste is also collected from the centre and transported to a facility, where it is turned into high-quality compost and donated back to the community.

Across the portfolio, we diverted over 3,800 tonnes of organics waste (mostly food waste) in FY20, with more than 14,000 tonnes diverted since 2012 (noting that the volumes of organics and other waste streams collected at our sites was impacted in FY20 due to COVID-19 restrictions).

Mirvac is targeting sending zero waste to landfill across the Group by 2030

Initiatives such as the widely-recognised Pulpmaster systems have also certainly helped. There are ten systems across our retail business, covering more than 60 per cent of the portfolio. The Pulpmaster is an onsite system that processes food waste into liquid pulp. The pulp is then collected and sent off to be processed into either green electricity, nutrient-rich-by-product fertiliser or compost material. In Queensland, Kawana Shoppingworld and Orion Springfield Central have successfully implemented 'closed loop' initiatives by purchasing back some of the compost to use for local landscaping and community projects.

And while we've been working to improve our waste streams for a number of years now, we believe this is just the beginning. Our shared knowledge, improvements in technology and tenant engagement are improving all the time, leading to better waste outcomes across our portfolio.



Waste management system, 275 Kent Street, Sydney

Cooleman Court, ACT

COOLEMAN COURT NAMED TOP RECYCLER

In FY19, Mirvac's Cooleman Court was recognised as Canberra's Biggest Recycler at the 2019 Actsmart Business Sustainability Awards. The centre has continued to excel at its waste diversion and resource recovery since, and boasts some of the highest recycling rates across Mirvac's retail portfolio. In fact, recycling rates have more than doubled over the past three years, increasing from 44 per cent in February 2017 to 88 per cent in February 2020.

Underpinning this performance is the Coolo Recycling Warriors program, which was introduced to encourage retailers to actively find ways to recycle and reduce their carbon footprint. In FY20, the centre expanded the program to our customers, making it easier for them to be part of the solution.

This saw the introduction of a new e-waste recycling stream for items such as mobile phones, batteries, keyboards and cables, which not only helps our customers de-clutter at home, but allows them to recycle responsibly.

Other best practice resource recovery initiatives at the centre include:

> nine waste streams, including mixed recycling, paper, cardboard, food organics, used cooking oil and landfill;

> the implementation of uniquely tailored bins for disposable coffee cups and aluminium cans;

> a dedicated Customer Experience Manager who manages tenant engagement and education, with a focus on improving source separation and resource recovery outcomes; and

> a tailor-made waste management plan to ensure all stakeholders are aware of their roles and responsibilities.

Cooleman Court also partners with OzHarvest, which sees all proceeds collected from recycling cans, plastic and glass bottles donated to OzHarvest, contributing to their two million meals a year and helping to feed those in need across Canberra, Queanbeyan and Yass.

In addition to this, our customers are able to donate unwanted reading glasses, hearing aids, sunglasses and contact lenses through the centre's partnership with Lions Club International's 'Recycle for Sight' campaign. The items are re-purposed to help children and adults in less developed countries with sight and hearing issues.

Recycling rate of

88%

February 2020

RESIDENTIAL

Mirvac further enhanced its reputation as the creator of some of Australia's best known and most loved communities during FY20. New benchmarks were set in sustainability and design excellence, with the delivery of transformational new projects including The Eastbourne in Melbourne and St Leonards Square and Marrick & Co both in Sydney. The scale of the residential pipeline, approximately 27,400 lots, shows Mirvac's commitment to building out the next generation of landmark communities where they will have a positive impact on people's lives with the places and spaces we create.

Marrickville Library, Sydney

Record year for apartment settlements

1,130

completed during FY20

First Rent-to-Buy customers at Claremont, Perth

FY20 was a record year for apartment settlements, with 1,130 settled during the financial year. Landmark projects, including The Eastbourne, Melbourne and St Leonards Square and Marrick & Co both in Sydney, contributed to this tally. All three projects had customers and community at their hearts. The Eastbourne achieved new levels of sophistication and elegance, redefining luxury residential living in Australia. St Leonards Square was a catalyst in the transformation of St Leonards into a future-focused destination suburb. Marrick & Co delivered a new library and public precinct, both of which have been incredibly well received by residents and the community, with architects BVN receiving the prestigious NSW Premier's Prize, the top NSW award for sustainable architecture, as well as three other awards at the 2020 New South Wales Architecture Awards for the new library.

Despite the COVID-19 outbreak, several new projects were added to the pipeline, and we progressed with existing proposals, with a focus on being 'shovel ready' when market conditions improve. New projects include Wantirna South, Melbourne, Riverlands and the Western Sydney University campus, both in Milperra, and the Willoughby site on Sydney's desirable North Shore. The Group also won the right to develop Waterloo Metro Quarter, Sydney in consortium with John Holland, from the NSW Government, bringing the total residential pipeline to approximately 27,400 lots with a total end value of $15.6 billion[1].

55 Coonara Avenue, Sydney, was successfully rezoned for residential uses. We secured planning approvals for 505 George Street, the proposed future tallest residential tower in Sydney, and for our planned communities at Menangle and Georges Cove, both in Sydney. We increased the pipeline of DA approved apartments at Green Square, Sydney, with preparations being made to launch the next stage. In Brisbane, our DA was approved for the next stage in the transformative Waterfront Newstead community[2], which will significantly expand the area's signature waterfront parkland, along with offering quality apartments, lifestyle amenities and retail.

1. Represents 100 per cent end value of committed and uncommitted future developments and is subject to planning approvals, market conditions and COVID-19 impacts.
2. Post 30 June 2020.

From March 2020, the COVID-19 pandemic made market conditions significantly more challenging, impacting both sales and enquiries. The health and safety of our team remained a priority and we navigated the unprecedented challenges of the rapidly evolving COVID-19 landscape. We focused on supporting our customers and communities through this challenging time, helping residents to overcome isolation and introducing virtual tours and private appointments to enable COVIDSafe engagement.

All of our construction sites remained operational, enabling us to maintain construction momentum. The tallest of the four towers, Scarlett at Sydney Olympic Park topped out in May, celebrated by a special visit from NSW Treasurer, the Hon Dominic Perrottet. The project remains on track for a September completion. In Melbourne, we began construction on Smiths Lane. In Brisbane, we commenced construction on our Ashford Residences community at Everton Park, and Tulloch House, the second stage of Ascot Green, which is the new community coming to life at the reimagined Eagle Farm Racehorse precinct.

At Mirvac, we understand that the places and spaces we create have a profound impact on people's lives and that we have a key role to play in creating a sense of community. That's why we continue to deliver infrastructure and amenity early within our developments, including shops, schools and parklands, like Bim'bimba Park at Gainsborough Greens, Brisbane, which won the Parks and Open Space category at the 2020 QLD Landscape Architecture Awards.

We also continued to look for opportunities to partner with like minded organisations to make a positive difference. We collaborated with Halcyon and DV Connect to build a bridging accommodation facility to provide support for victims of domestic violence in Queensland. We partnered with the Property Industry Foundation to build a house in Toongabbie, Sydney, for homeless young people. Operated by Marist180, the house was delivered in December 2019, just in time for Christmas. We also delivered a new $700,000 Think Pink Living Centre on the Group floor of our Forge tower at Yarra's Edge in Melbourne. The centre is designed to provide a range of important services to those struggling with the challenges of breast cancer.

St Leonards Square, Sydney

Residential pipeline

27,361 lots

Sam and Virginia Gassi

RESIDENTIAL SNAPSHOT

FY20	FY19	FY18
27,361 Number of pipeline lots	27,992	27,406
2,563 Number of lots settled	2,611	3,400
$971m Pre-sales secured	$1.7bn	$2.2bn
24%[3] Residential gross development margin	27%	25.4%
13.8% Residential return on invested capital	12.6%	18.1%

. Adjusted to include joint ventures projects.

GIVING FIRST HOME BUYERS A HELPING HAND

After 3 years of saving, Sam and Virginia Gassi were the very first residents to move into their brand new apartment at Pavilions, Sydney Olympic Park. They were two of the many first home buyers who were able to get a foot on the property ladder as a result of Mirvac's The Right Start initiative which was introduced in 2017 to help buyers overcome the high deposit hurdle. It meant they could exchange on a five per cent deposit and pay the remaining five per cent in instalments.

"It is really exciting; something we have been waiting for a very long time," said Ms Gassi. "It's hard to own property in Sydney and the small deposit we were able to make through The Right Start program gave us an opportunity to get into the market."

THE HOUSE WITH NO BILLS STUDY DELIVERS BIG SAVINGS

Mirvac's care for its customers and the planet led to the launch of its 'House with No Bills' (HWNB) study in 2018. Our ambition: *to design and build more affordable and sustainable homes for Australians.*

The Zimmerman family

To do this, Mirvac selected a standard three-bedroom home at its Jack Road project in Cheltenham, Victoria, and then fitted it with upgrades, including increased insulation, glazing performance, LED lighting, energy-efficient appliances, and solar PV and batteries. Smart technology, such as lighting motion sensors and automated blind controls, were also installed.

Next, Mirvac selected a busy family of four – the Zimmermans – to live in the home, rent and bill free for 18 months, while learning to live more sustainably.

The results were impressive, with the Zimmerman family achieving 75 per cent energy cost savings (equal to approximately $2,000 a year) over the 12-month study period. The home also managed to operate on positive energy for five months of the year, and when compared to a typical home in the same area, used 92 per cent less energy. And although the HWNB didn't achieve the zero bills that it set out to, Mirvac's research partners in the study, Curtin University, found that with a few minor design and behavioural changes, it would be possible to eliminate energy bills entirely.

Importantly, the study identified learnings that Mirvac has applied to future pipeline projects, such as Illuma Private Estate in Perth, where we are running The Affordability Experiment, and The Fabric at Altona North in Melbourne.

TOP TIPS FROM THE HOUSE WITH NO BILLS

★★★★★

Upgrade your star rating

In the HWNB, appliances made up almost a third of energy used. If you're due for an upgrade of your fridge, washing machine or dryer, there are plenty of appliances available that have high star ratings within an affordable price range. Also consider the size of the appliances that you need; larger appliances will use more energy than smaller appliances with the same star rating.

Watch the 'box'

Think about your TV usage. In the HWNB, the TV and PlayStation used more energy than the fridge, washer and dryer combined.

Safe and breezy

Installing security screens on your doors and windows means you can leave them open and use cooler night air to ventilate living spaces. For bedrooms, choose blinds or curtains that won't bang at night so that it's quiet and comfortable.

Adjust your aircon

Adjusting the heating and cooling thermostat by a couple of degrees can have a significant saving on energy.

Some of the key findings from the HWNB included:

SOLAR AND BATTERIES

Although one of the more costly features, the solar panels and batteries had the biggest impact on reducing costs within the HWNB (and were the Zimmermans' favourite features due to their set-and-forget nature). And because the price of solar and batteries has reduced over the past few years, the payback period of a correctly-sized system has come down as well, making it more accessible for consumers.

HOT WATER REDUCTION

One of the easiest ways to save money on energy, particularly in an all-electric home like the HWNB, is to reduce hot water consumption. This could mean choosing a cooler setting on your washing machine, using a low flow showerhead or taking shorter showers.

METERING

Unexpected energy consumption in the first few months of the study highlighted the value of energy monitoring apps to help understand and reduce energy usage and highlight appliances requiring services.

LED LIGHTING

The HWNB used LED downlights, designed to achieve lower power per square metre. This meant that energy from lighting accounted for just 2 per cent of the total energy usage, compared to 7 per cent in a typical Australian home.

ELECTRIC APPLIANCES

To save on the daily supply charges for natural gas, the HWNB used only electric appliances. This meant the Zimmermans weren't burning fossil fuels in the house, which is safer, healthier and meant they were able to offset their energy consumption with the solar and batteries.

NEXT UP

The Fabric at Altona North, Melbourne

With the help of funding from the Australian Renewable Energy Agency (ARENA), Mirvac is building homes at The Fabric at Altona North to the highest energy standards, which includes targeting all electric homes and a 7 star NatHERS rating for each home across the entire project. Within Stage 1, each home will include energy-efficient features, such as solar PV and battery systems, performance double glazing and LED lighting throughout. As well as being an exciting step for Mirvac in its sustainability journey, the feedback from our customers has demonstrated there is a growing demand for more sustainable living, to which Mirvac is well-positioned to respond.

> "We were initially attracted to The Fabric due to the energy efficiency features of the development... it's heartening to see large developers like Mirvac getting involved."
>
> Ciaran O'Connor, purchaser at The Fabric.


The Fabric, Altona North, Melbourne (artists impression)

The Affordability Experiment

The Affordability Experiment, Illuma Private Estate, Perth

In September last year, and having gained valuable insights from the House with No Bills, Mirvac launched its next study exploring how to make living more affordable and more sustainable for its customers.

The experiment, which will run in partnership with Synergy, Keystart and TERRACE WA, sees one lucky family given the opportunity to live in an affordable and sustainable terrace home for a year. During this time, their utility consumption, spending and saving patterns, as well as lifestyle impacts, will be monitored to help gain an understanding of the cost savings that can be achieved by living in an energy-efficient home.

The experiment will also see the chosen family trial a rent-to-buy scheme, with the rent they pay in their first year to go towards their initial home deposit.

FINDING THE BEAUTY IN WASTE

Extending the lifecycle of the materials we use has become increasingly important at Mirvac. It forms one of the strategies in our Planet Positive: Waste & Materials plan, our roadmap on how we'll send zero waste to landfill by 2030 (see page 52). During the financial year, we demonstrated how this can be applied in a practical way, with Professor Veena Sahajwalla, Director of UNSW's SMaRT Centre and NSW Circular, and stylist and artist, Emma Elizabeth, coming together to create a unique living space at one of our Marrick & Co apartments in Sydney.

Marrick & Co achieved a

95%

diversion of construction waste from landfill

Using innovative technology and design, Professor Sahajwalla and Emma collaborated to transform waste products into beautiful and useable objects. This included a striking blue-hued dining table, made from glass ceramic tiles and a dress belonging to Emma, along with black-and-white flecked occasional tables composed of old corflute posters that would have otherwise ended up in landfill. Complementing these pieces were furnishings by British designer Timothy Oulton, featuring the first 100 per cent chemical free indigo-dyed fabrics, occasional tables crafted from salvaged timbers and fully recyclable vintage rugs.

Mirvac's collaboration with the SMaRT Centre underscores the benefits the circular economy can bring to everyday living, and points to endless possibilities of finding stylish solutions while addressing the issue of waste.

"It's a far more sustainable approach from a 'take, make, waste' system, which results in the loss of resources and contributes to ever-growing landfill."

> "And if we can find a way to reduce waste and create something useful and beautiful in the process, then we are one step closer to a planet friendly existence."

Diana Sarcasmo, Mirvac's General Manager, Design, Marketing & Sales.

Display apartment at Marrick & Co Sydney, styled using recycled waste products.

ONE PLANET LIVING

Marrick & Co was the first large scale project in Australia to achieve a One Planet Living accreditation. The collaboration between Mirvac, Professor Veena Sahajwalla and Emma Elizabeth is aligned with Marrick & Co's One Planet Living guiding principles, of which zero waste is one. In addition to promoting and embracing sustainable design, the project has achieved a 95 per cent diversion of construction waste from landfill, through the retention of heritage structures and recycling of bricks within the development site.

Assembling prefab homes at Tullamore, Melbourne

APPLYING PRINCIPLES OF PREFABRICATION

Our masterplanned communities construction team has a goal to deliver homes more efficiently and safely, while maintaining high-quality outcomes for our customers along the way. One of the ways that we can do this is by using prefabricated components that are manufactured offsite and assembled onsite.

Prefab has a multitude of benefits, including reduced program schedules, less management of trades onsite, less safety risk and less overall risk. Another important benefit of prefab is reducing the amount of construction waste, which is a great step towards our target to send zero waste to landfill by 2030.

At Tullamore in Melbourne during the year, we launched a pilot that saw four houses built using traditional construction methods, and four identical homes built using prefabricated wall and floor panels. Our aim was to collect clear data to demonstrate the value of using prefabrication in terms of time, cost, safety, quality and waste reduction.

And the final results were certainly impressive. The prefab program was 23 per cent faster than the traditional build, taking almost seven weeks fewer to complete. Labour hours reduced by 11 per cent, with high-risk work, such as scaffolding, reducing by 42 per cent (having the added benefit of reduced health and safety risks), and significantly less materials needed to be lifted or manually handled. The prefab build also eliminated six weeks of traffic for the community, with fewer deliveries needed to be made to site. In addition to this, waste onsite reduced by a staggering 50 per cent, and air tightness for efficiency and comfort also scored well (see right).

This isn't the first time Mirvac has utilised prefabrication at its projects. In 2013, at its Elizabeth Hills masterplanned community in NSW, Mirvac built two double-storey duplexes using prefabricated wall and floor panels, shaving 10 weeks off the build time. And at Brighton Lakes (also in Sydney), we built 110 double-storey homes, again using prefabricated walls and floors, which resulted in a seven-month saving in construction.

Encouraged by the efficiency, cost savings and improved waste outcomes, the construction team is now looking at how it can reap the benefits of prefabrication across its pipeline. The next step is to continue to develop DFMA (Design for Manufacture and Assembly) principles, which means considering prefabrication at projects from the outset and leveraging the full capacity of the benefits it brings.

Prefab pilot at Tullamore:

THE RESULTS ARE IN:

took
~7 weeks less
time to build

required
11% less
labour hours

eliminated
6 weeks
of traffic

50%
less waste

42%
reduction in high-risk work

Measuring air tightness in a building provides an indication of how well that building is sealed. An airtight building has several positive impacts for customers, including more consistent temperature and higher levels of comfort. At Tullamore, two of the four homes with prefabricated walls and floors, and two of the traditionally-built homes, were tested for air tightness. Both came in at five air changes per hour (ACH), which is three times better than the national average of 15.4 ACH[1].

1. Ambrose MD and Syme M (2015). House Energy Efficiency Inspections Project – Final Report. CSIRO, Australia.

PARTNERING ON SUSTAINABLE LIVING AT THE FABRIC

Creating vibrant, connected and sustainable places to live is fundamental to our Residential business, particularly in our masterplanned communities. It's a principle that has been thoroughly embraced at The Fabric, our new 7 star NAtHERS townhome project located 9km west of Melbourne's CBD in Altona North. During FY20, the team forged a three-year partnership with the Stephanie Alexander Kitchen Garden Foundation (SAKGF) as the 'Cooks Patch Partner' which will see the not-for-profit work with Mirvac to create a future community garden and kitchen program (Cook's Patch) for future residents of The Fabric.

Stephanie Alexander at The Fabric, Altona North, Melbourne.

In addition to this, Mirvac is working with the nearby Altona North Primary school to provide them with garden and cooking facility upgrades in support of their aim to be part of a nationwide, ground-breaking SAKGF program by 2022. The program, which aims to inspire sustainable behaviours, will be open to Year 3 and 4 students, and will educate them on topics such as healthy food habits for life and caring for gardens, while teaching them practical skills on how to recycle and compost.

Our support of both the kitchen garden and Altona North Primary School is underpinned by a commitment to provide innovative sustainability and social initiatives for the local community, and create a positive legacy for generations to come.

The Fabric's 11.5-hectare masterplan has been designed to foster a vibrant, connected community with an urban village feel. Centred around the future Patchwork Park, a 4,000 square-metre park with generous public green spaces, long-term locals and new residents will be able to call the neighbourhood home from mid-2022.

The Fabric, Altona North, Melbourne (artist impression)

BUILD TO RENT

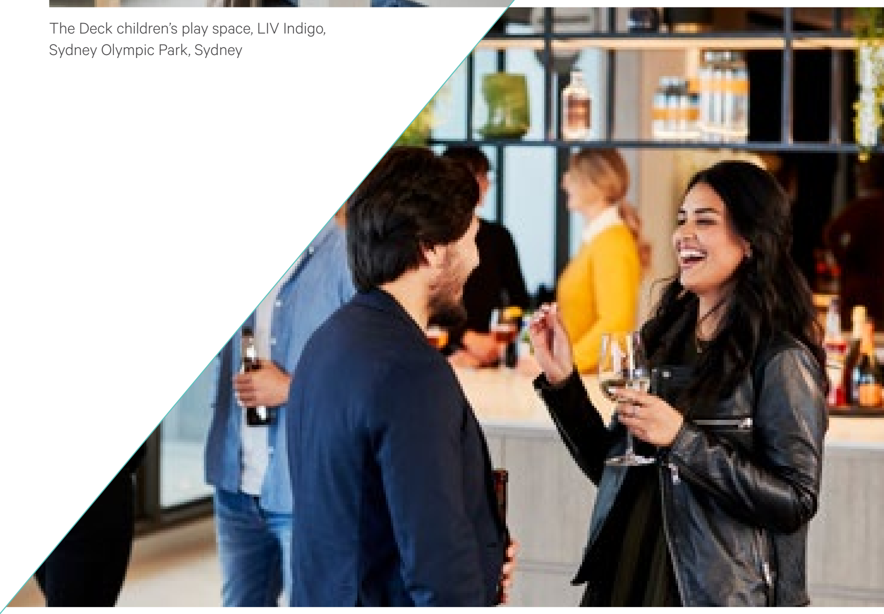
A thriving build to rent sector in Australia has the potential to improve the lives of renters, provide a steady income stream for institutional investors and supercharge residential construction. For Australia to comfortably house its growing population in affordable homes, in places where people want to live, close to work and transport, both build to rent and build to sell housing models are needed.

During FY20, our first built to rent project, LIV Indigo at Sydney Olympic Park, commenced pre-leasing with practical completion occurring in early FY21. We launched our proprietary build to rent operating platform, which is set to revolutionise the renting sector in Australia through a combination of onsite management, technology and design. Our pre-leasing campaign, launched in June 2020, was well received by the market. Our first leases have been signed, with residents due to move in from 1 September 2020, once the building becomes fully operational, at which time it will become Australia's first purpose built and designed build to rent building.

The Deck children's play space, LIV Indigo, Sydney Olympic Park, Sydney

Mirvac's build to rent pipeline has an estimated end value of

$1.3bn[1]



LIV Indigo, Sydney Olympic Park, Sydney

LIV Indigo, Sydney Olympic Park, Sydney

We also continued to grow our build to rent pipeline during the financial year, receiving planning approval for our second build to rent project, a development of 490 build to rent apartments next to the Queen Victoria Market, Melbourne. Known as LIV Munro, the building will feature a range of resident amenities including a Zen garden, pool, steam room, sauna, full size professional gym, outdoor gym and dog walk area. Construction is due to commence in FY21 with completion estimated for late 2022.

We further advanced on our target to create a pipeline of 5,000 apartments during medium term, extending the pipeline to approximately 1,700 apartments with an estimated end value of $1.3 billion[1]. In December 2019, we purchased the former Melbourne Convention Centre site on Spencer Street, Melbourne which has convenient connections to the CBD, Southbank and Docklands. A planning proposal has since been submitted for the development of 472 built to rent apartments within a proposed mixed-use precinct. A third Melbourne build to rent site was also acquired in Brunswick which, subject to planning, could provide over 450 build to rent apartments.

1. Represents 100 per cent end value of committed and uncommitted future developments and is subject to planning approvals, market conditions and COVID-19 impacts.

OUR PEOPLE

Our people are the bedrock of our company, and it is their talent, passion, dedication and hard work that underpins our continued success. While FY20 was a challenging year for the Group and for our industry, we remained focused on nurturing Mirvac's robust company culture, which is underpinned by a commitment to our values and to reimagining urban life. Our response during the COVID-19 pandemic underscored this commitment (see page 14), and while keeping our employees safe, connected and engaged was paramount, we continued to work on instilling best practice performance on issues such as *gender equity, diversity, leadership and collaboration.*

GENDER EQUITY

Our focus on gender equity was demonstrated in FY20 through a partnership with the Greater Western Sydney Giants Foundation, which saw Mirvac run a mentoring program to encourage female students in Year 9 to select STEM (science, technology, engineering and mathematics) subjects in their senior years at school. Taking these subjects can help pave the way for young women to pursue a potential career in property and construction, helping to grow the pipeline of female talent in our industry. Mirvac employees worked with around 120 students across six schools, covering various socio-demographic and cultural backgrounds including marginalised areas.

We were also proud to contribute to the opening of Australia's first purpose-built accommodation facility for women with children leaving family violence in partnership with DV Connect and Halcyon. The facility, which had its first residents move in August 2019, is unique in that it provides women and their children a place to stay for up to 12 months while they get back on their feet, find employment, settle their children into school, and begin to rebuild their lives. The project marks the first time that corporate and not-for-profit organisations in Australia have teamed up to address the alarming rate of family violence through housing.

It was great to have our work on gender equity widely recognised in FY20, with Mirvac named number two in the world for gender equality by Equileap[1], as well as receiving the Workplace Gender Equality Agency's citation as an Employer of Choice for Gender Equality for the sixth year in a row.

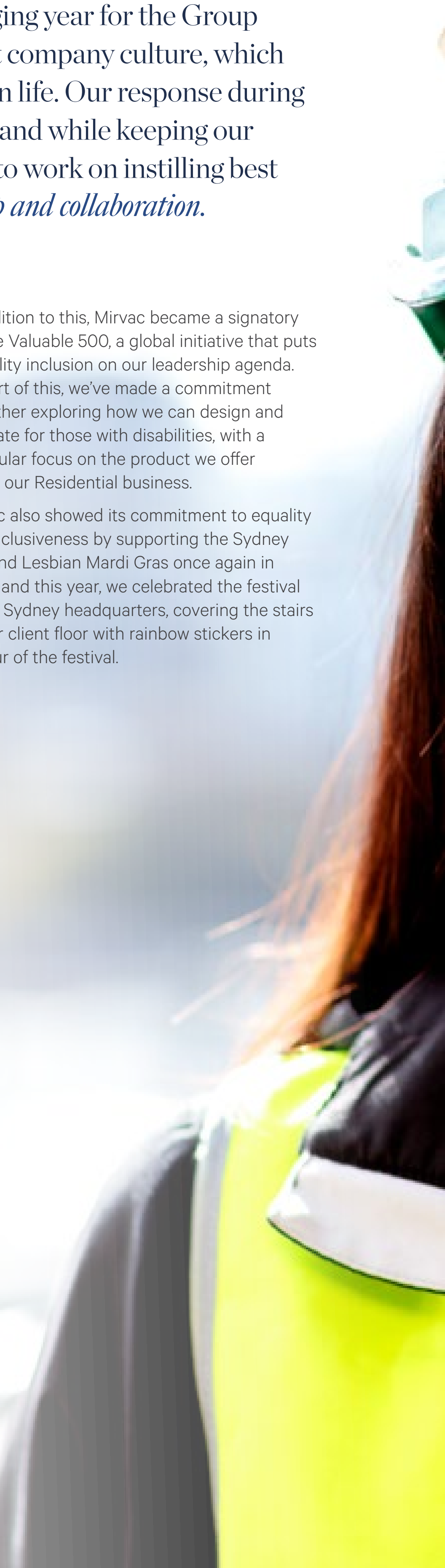
Workplace Gender Equality Agency's citation as an

Employer of Choice for Gender Equality for the sixth year in a row

Of course, diversity and inclusion at Mirvac are about more than just gender. A diversity of cultural backgrounds, ethnicities and age provides us with diversity of thought, and means that we're able to innovate and approach issues in very different ways. Equally, we want our people to feel that they can contribute to our performance and that they feel included, and this means recognising how different individuals experience our workplace. In December last year, we acknowledged International Disability Day by having some of our leaders spend the day in a wheelchair. This allowed them to experience firsthand the day-to-day challenges those in a wheelchair face in an office environment, and as a result, we improved the accessibility to a bathroom in our Sydney headquarters, and reconsidered layouts in our meeting rooms.

In addition to this, Mirvac became a signatory of The Valuable 500, a global initiative that puts disability inclusion on our leadership agenda. As part of this, we've made a commitment to further exploring how we can design and innovate for those with disabilities, with a particular focus on the product we offer within our Residential business.

Mirvac also showed its commitment to equality and inclusiveness by supporting the Sydney Gay and Lesbian Mardi Gras once again in FY20, and this year, we celebrated the festival at our Sydney headquarters, covering the stairs on our client floor with rainbow stickers in honour of the festival.



AWARD-WINNING WORK PRACTICES

COVID-19 underscored the benefits of embracing flexible working a number of years ago (as outlined on page 15). In FY20, leading international business school, INSEAD, profiled Mirvac in an award-winning case study on the importance of creating the right culture for flexibility. This case study now forms part of INSEAD's teaching curriculum for their executive education programs.

LEADERSHIP

Developing our talent is also a key focus for the Group to ensure we have the right people in place to allow us to grow our future leaders and strengthen our talent pipeline. During the financial year, we ran, for the second time, a targeted development program called LEED (Leadership, Experience, Exposure, Development), in association with Macquarie Business School. The program is aimed at enhancing leadership capability amongst identified key talent at Mirvac to enable them to grow as adaptive leaders. As well as participating in an executive education program through Macquarie, the program gives employees direct access and exposure to our Board, a senior manager as their mentor, and experience in working on projects that they normally wouldn't get the chance to be involved in.

Also helping to foster talent and enable a culture of continuous learning at Mirvac is our mentoring program, with one in four of our employees now involved in some sort of mentoring. This gives both the mentor and mentee an opportunity to develop professionally and reach their full potential.

OUR PEOPLE

COLLABORATION

A key driver of Mirvac's success, and one of our values, is that we collaborate. We recognise that to truly leverage our integrated model we need to bring together our unique combination of skills across divisions, and maximise the value we deliver to our securityholders, our partners, and our customers. Our New Business Forum is just one example of how we do that. While Mirvac has always collaborated well, our New Business Forum helps to streamline our processes for assessing new business opportunities, and ensures that we have the right people from across the business working together at the right time. As well as facilitating faster decision making, having representatives from each asset class, along with representatives from our tax and legal teams, means we're better able to allocate our resources more effectively. Additionally, the forum provides greater oversight of our future pipeline opportunities, which is becoming increasingly important as we continue to grow our mixed-use capability.

FOCUSING ON OUR FUTURE

Having the right culture in place was instrumental in helping Mirvac navigate the external shocks presented by the COVID-19 pandemic. Now, more than ever, we remain focused on safeguarding our unique culture, which is underpinned by our commitment to safety, innovation, people and leadership, technology and sustainability.

As we look towards the future and to accelerating our recovery, continuing our focus on engagement, so that we can continue to deliver value to all our stakeholder groups, remains key. As well as ensuring our people remain healthy, safe and well, particularly as we begin the process of integrating employees back into our offices and other sites, we will continue to focus on developing our leadership capability to achieve our business outcomes, while nurturing our top talent. Additionally, we will further capitalise on the need for diversity of thought, as we continue to make decisions in unchartered areas.

OUR WORKFORCE AT A GLANCE

Headcount

1,414

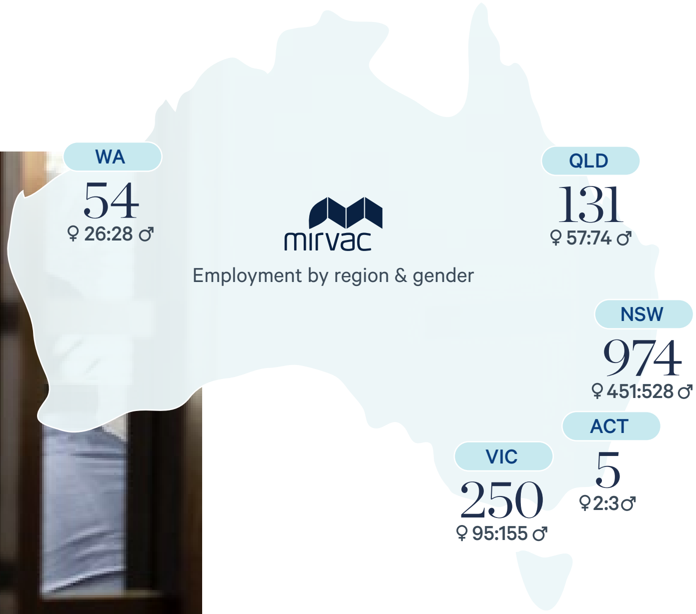
Board representation

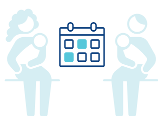
♀ **50:50** ♂

44% Female representation in senior management

Gender split

♀ **44:56** ♂





Paid parental leave policy

20 weeks

for the primary carer

Paid parental leave

4 weeks

for the non-primary carer

SAFETY AND WELLBEING

Mirvac has a robust approach to health, safety and wellness, which, in FY20, ensured that we were well positioned to respond to the global outbreak of COVID-19, and the impacts it presented to our business.

Our top priority was to keep our employees, customers and service providers safe and well, which you can read about on page 16. In addition to this, our HSE team undertook a number of steps to provide immediate support and guidance to our employees, particularly those adapting to working remotely. This included weekly communications and health updates, and the delivery of a new Health and Wellbeing intranet hubsite, where employees could access digital health sessions on anything from movement to meditation, along with health and wellbeing workshops on topics such as financial fitness, healthy eating habits and mindfulness. With the emotional wellbeing of our people top of mind, we also ran sessions for employees who felt that they needed additional support, facilitated by an organisational psychologist.

Another priority was to set out the precautionary measures to be taken if employees were suspected or confirmed to have COVID-19. In order to streamline our response to any future pandemics or virus outbreaks, a comprehensive Pandemic and Spread of Diseases Guidelines was developed, setting out the minimum standards for the business to adhere to in terms of communication, incident reporting and management, and business process recovery. Further to this, a COVID Incident Management Procedure was developed outlining the steps to take when managing a confirmed or suspected case, which is complemented by a contact tracing form to allow early identification of exposure sources.

LOOKING AT OUR SUPPLY CHAIN RISKS

Outside of COVID-19, a key focus for our HSE team in FY20 was to look at how we can reduce risk in building materials of concern in our supply chains. To aid this, a working group was established to develop risk profiles and ensure we have the right processes in place to eliminate, phase out or capture any new non-conforming products before they are used. Regular updates are provided to Mirvac's Health Safety Environment & Sustainability Committee, Executive Leadership Team and Board.

DOOR PROCESS REFRESH

During FY20, we completed a project to refresh our Design Out Our Risk (DOOR) processes and supporting documentation. The new processes and documentation strengthen the assessment of projects for risks that can be mitigated or resolved during the design phase.

600 million steps walked by our employees during the 100 day challenge

MIRVAC 100 DAY CHALLENGE

To actively promote physical wellness at Mirvac, we ran our second 100 Day Step Challenge, with around 600 (or 40 per cent) of our employees participating. Employees tracked their physical activity, walking a combined total of 600 million steps over the course of the challenge. This meant that the individual step average was just over one million steps per person over the 100 days. This was up from approximately 890,000 steps per person when we ran the challenge in FY17. At the start of the challenge, 23 per cent of employees participating were considered highly active (which was those with daily step count averages of 10,000 or more); by the end of the challenge, 74 per cent of participants were reaching or exceeding this.

BUSHFIRE UPDATE

The 2019/20 bushfires affected a large number of communities across the country. In response, we updated our employees – particularly those on constructions sites – with regular communications on air quality and its impact on health. While no damage was sustained to any of Mirvac's assets, projects under construction ceased work for short periods due to the risks related to poor air quality exposure. Our office, industrial and retail assets also adjusted and monitored air circulation systems during the heavy smoke cover.

HSE STATISTICS IN FY20

Indicator	HSE Leader Actions	LTIFR[1]	Timely Reporting	Workers Compensation claim count	Training	Fatalities	CIFR
2018	211%	1.3	21hrs	22	99.7%	0	—
2019	200%	1.02	14hrs	20	93.0%	0	0.91
2020	178%	2.08 ✓	19hrs	13	97.0%	0	0.63
Target	100%	<2	<24hrs	N/A	98.0%	0	<1.5

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

1. Service providers and employees

GROWING AND EMBEDDING INNOVATION

At Mirvac, our purpose is to *Reimagine Urban Life*, which means we are always searching for ways to improve the urban experience for people living in our cities. As technology and the digital landscape continue to change, so do our customers' expectations. Through the work of our in-house innovation team, Hatch, we're able to identify and anticipate key challenges and opportunities for our business, and in turn, *meet our customers' future needs.*

In FY20, Hatch launched a new strategy, the Innovation Edge, to build on Mirvac's innovation capability from within the organisation, and further embed innovative thinking and practices across the Group. This new strategy will see the Hatch team move away from focusing solely on missions-based outcomes to working more closely with our Office & Industrial, Retail and Residential teams to deliver innovative solutions within their businesses and evolve our core offering.

As well as setting a new direction for the innovation team, a highlight for Hatch in FY20 was the launch of Picket & Co, a new housing typology start-up aimed at digital natives (those aged 18-30). Picket & Co is an innovative housing solution for young Australians and key workers to help tackle housing affordability.

The Hatch team were also integral in helping Mirvac respond to COVID-19, with their research providing the business with a better understanding of the impacts of the pandemic, and its associated restrictions, on our customers. In particular, these insights helped Mirvac's Retail team adapt and evolve during the crisis, with new business opportunities, such as 'Essentials Express', being delivered as a result (see page 16). Born from a Hatch ideation session, 'Essentials Express' was turned around in just seven days, and the initiative now runs at Moonee Ponds Central in Melbourne and Orion Springfield Central in Brisbane.

Ranked

No.7

most innovative Urban Development and Real Estate Company in the world on Fast Company's Most Innovative Companies List 2020.

AWARD-WINNING INNOVATION

The efforts Hatch has made to build and embed a strong culture of innovation at Mirvac received local and global recognition in FY20, which included being ranked seventh in Fast Company World's Most Innovative Companies 2020 in the Urban Development and Real Estate Category. The ranking was based on three key projects that delivered innovative solutions for the business, being:

1. **Cultivate:** Mirvac's urban farm in the basement of buildings;
2. **Solar upgrades at Tullamore, Melbourne** where Mirvac is partnering with Allume to bring solar energy to apartments; and
3. **The Third Space:** Mirvac's dedicated co-working space currently open at Orion Springfield Central, Brisbane.

In FY20, Mirvac was also ranked #1 in the Property and Construction Sector in the 2019 AFR Most Innovative Company Awards, and recognised by Fast Company in the top 50 of the 100 Best Workplaces for Innovators globally, alongside only one other Australian company[1].

1. Post 30 June 2020.


Mirvac's in-house innovation team, Hatch

THE IMPACT ACCELERATOR

Harnessing innovation to drive positive social and environmental change

In FY20, Mirvac partnered with leading global platform for environmental and social start-ups, INCO, to launch The Impact Accelerator, Australia's first urban life start-up incubation program at the crossroads of green technology and social impact.

12 of Australia's most innovative start-ups and entrepreneurs were selected to be part of The Impact Accelerator, a program offering them the chance to turbocharge their businesses. The entrepreneurs were able to access invaluable training and mentorship run through the Mirvac ecosystem. They were also offered the opportunity to receive seed stage funding at the end of the nine-month program from either Mirvac Ventures or Artesian Venture Partners.

"In an age where over half of the world's population is now living in cities, the program was designed to foster our future leaders and harness their innovation, creativity and intelligence to solve tomorrow's environmental challenges and support the long-term prosperity of our communities," said Paul Edwards, Mirvac's General Manager, Workplace Experiences.

The program also has the potential to help Mirvac achieve the challenging targets set out within its sustainability strategy, *This Changes Everything*, to be net positive in carbon and water, send zero waste to landfill and direct $100m to the social sector by 2030.

"We also hope the program will help to grow the innovation ecosystem in Australia, supporting us to compete on a global scale," added Paul.

INVESTING IN A SUSTAINABLE FUTURE

Mirvac Ventures is Mirvac's in-house, early stage corporate venture capability, that fosters corporate start-up relationships through accelerator programs and allocating capital to innovative start-up businesses. Such relationships offer the potential to make a positive difference to Mirvac's customers and communities, as well as enhance the Group's core capabilities, through shaping of the built environment and driving the property industry forward.

Mirvac Ventures has invested in a portfolio of early stage property related technology companies in a range of industries including energy management, smart building technology, digital assets, wellbeing and sustainability, urban farming and construction technology.

Through these targeted investments, Mirvac Ventures has, to date, extracted positive strategic value for the Group aligned with Mirvac's key corporate objectives and purpose to *Reimagine Urban Life*, and also created mutually beneficial outcomes for the start-ups and entrepreneurs it has backed. The start-ups have been integrated into the Mirvac corporate eco-system through pilot programs where possible, in order to help accelerate their success and product adoption. An example of this is RedGrid, an early stage energy software start-up from Melbourne that is aiming to deliver intelligent grid services for residential and commercial users to enable automated, adaptive load shifting and energy demand response management. The proposed RedGrid solution promises to save Mirvac customers money, optimise energy use, ease the pressure on the grid and generally maximise the value created by renewable energy sources.

Transitioning to renewable energy is a key investment theme, also driven by Mirvac Energy, a portfolio company of Mirvac Ventures. To date, Mirvac Energy has installed 2.8MW of solar panels at seven sites across the Mirvac investment portfolio, with the aim of assisting Mirvac, where possible, in its commitment to deliver 10MW of solar onsite by FY24 (see page 24 for more details on this).

Acting upon Mirvac's commitment to advance the transition to renewable energy, Mirvac Ventures also signed a memorandum of understanding with global energy powerhouse, ENGIE. This will see Mirvac Ventures working closely with ENGIE to create a unique competitive advantage through access to capital, innovative energy related products and services.

RISK MANAGEMENT

RISK GOVERNANCE

The Board is responsible for ensuring the effectiveness of the risk management framework. The risk management process outlines the governance, risk appetite, accountability for risk management and operational resilience program. The risk management is consistent with the Australian and New Zealand standard on risk management (ISO 31000:2009).

The Board has charged management with the responsibility for managing risk across the Group and the implementation of mitigation strategies under the direction of the CEO & Managing Director and supported by other senior executives. Individual business units are responsible for identifying and managing their risks. An enterprise-wide risk management system is in place to drive consistency in risk recording and reporting.

The Group Risk function is responsible for embedding the risk management framework, advising business units on risk management plans and consolidating risk reporting to senior executives, the Audit, Risk & Compliance Committee and ultimately the Board. A strong risk culture is the key element underpinning the risk management framework. The response to COVID-19 was aided by Mirvac's well ingrained Crisis and Incident management response plan which enabled swift decision making, actions and clear communications across the Group to enable the safety and wellbeing of employees, customers and all stakeholders.

The risk management policy is available on Mirvac's website: http://www.mirvac.com/about/corporate-governance.

RISK MANAGEMENT: OUR PRINCIPAL STRATEGIC RISKS AND OPPORTUNITIES

A number of the risks and opportunities Mirvac faces in delivering its strategic plan are set out in the below table. They are largely related to our portfolio of assets and are typical of a property group. These are not the only risks associated with Mirvac. The risks are grouped by theme rather than order of importance. The Group is actively working on understanding and addressing the long-term impacts of COVID-19 from an operational and strategic perspective.

KEY RISKS AND OPPORTUNITIES	HOW WE'RE ADDRESSING THEM
PANDEMIC	
Mirvac's operations have been impacted from the Government imposed restrictions on businesses in response to managing the COVID-19 pandemic.	Mirvac maintains a strong balance sheet and a diversified debt portfolio with a long weighted average debt maturity. We continue to respond to the short term impacts of the pandemic through prudent capital management and prioritising the health and wellbeing of our employees, customers and other stakeholders. We have also begun work to sustain organisational resilience (operational, financial and people) in the longer term.
INVESTMENT PERFORMANCE	
Mirvac's business is impacted by the value of our property portfolio. This can be influenced by many external aspects outside our direct control, including the health of the economy and the strength of the property market.	Mirvac collaborates with aligned investors to leverage capability and develop recurring income streams. Prudent capital decisions are based on due diligence and market research to ensure investor confidence is retained. Buying and selling at the right time in the property cycle have enabled us to deliver sustainable returns to our securityholders. We have a disciplined approach to acquisitions, and are mindful of the fundamentals needed to maintain growth through our sustainable and diversified urban-focused business model.
MACRO-ENVIRONMENT	
Mirvac is impacted by changing domestic and international economic and macro-prudential and regulatory measures, which impact access to capital, investor activity, and foreign investment.	Mirvac monitors a wide range of economic, property market and capital market indicators as well as uses trend analysis to assess macro-economic changes, and is attentive to these shifts. We maintain a robust balance sheet and appropriate gearing to ensure we can respond to unforeseen economic shocks. The impact of COVID-19 on each of our sectors has been described in our divisional updates from page 20.
REPUTATION	
In an Australian context of low institutional trust, Mirvac must maintain and enhance trust and reputation to retain a social licence to operate.	Mirvac provides consistent, high-quality communication and transparent and responsible reporting. We have committed to proactively sharing our progress as a business to help us earn and retain trust. We track trust and reputation through stakeholder research and are pleased to see strong results. We provide good earnings visibility, guidance and full disclosure to our securityholders so they can make informed choices.
SUPPLY CHAIN	
With a broad range of suppliers providing an equally diverse range of goods and services, Mirvac's stakeholders can be directly and indirectly impacted by the practices of our suppliers, and the materials they're supplying.	Mirvac has well established process and oversight bodies to oversee key areas such as modern slavery, worker exploitation, material import risk, high-risk materials, and cyber security. We are elevating our controls to identify and mitigate our exposure to these risks and ensure full compliance to emerging legislation.
PLANNING AND REGULATION	
Mirvac's activities can be affected by government policies in many ways, from local decisions regarding zoning and developments, right through to national positions on immigration.	Mirvac's takes a lead to have proactive and constructive engagements with all levels of government to ready our business to respond to changing community expectations. During COVID-19 pandemic, we engaged proactively with Government and industry bodies to respond to emerging challenges.

KEY RISKS AND OPPORTUNITIES	HOW WE'RE ADDRESSING THEM
IMPACTS OF CLIMATE CHANGE	
Climate change can not only affect our assets, it can affect our business operations. It is vital Mirvac responds to the implications of climate change by implementing appropriate adaptation and mitigation strategies for the portfolio, and building resilience throughout the business.	Mirvac regularly assesses its portfolio for climate risk and resilience. We report under the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and climate risk is emerging as a consideration in due diligence during the acquisition and development process. Mirvac strives to design developments and major renovations to a high standard for green building and community certifications, as well as energy and water performance ratings. In 2019 and 2020, Mirvac released its plans to reach net positive carbon and send zero waste to landfill to help investors and other stakeholders understand how we will meet our goals by 2030, and provide the metrics and milestones to track our progress. Renewable energy will be an important part of achieving net positive carbon with the added benefit of energy price stability for our portfolio.
CAPITAL MANAGEMENT	
Maintaining a diversified capital structure to support delivery of stable investor returns and maintain access to equity and debt funding.	Mirvac has a capital management framework, approved and monitored by the Board. The framework aims to address the market, credit and liquidity risks while also meeting the Group's strategic objectives. The Group seeks to maintain a minimum investment-grade credit rating of BBB+ to reduce the cost of capital and diversify its sources of debt capital. Mirvac acquired $810 million[1] of new debt facilities with maturities ranging from 3 to 4.5yrs. The Group's target gearing ratio is between 20 and 30 per cent.
HEALTH AND SAFETY	
Maintaining the health, safety and wellbeing of our people is our most important duty of care obligation, and critical to Mirvac's ongoing success.	We continue to pursue safety excellence and to improve the overall wellbeing of our employees, our suppliers, our community and the environment. During FY20, Mirvac focused on improving key areas of risk, namely: developed and implemented best practice Pandemic Response Guidelines and Procedures in response to COVID-19; refreshed our DOOR (Design Out Our Risk) Process to strengthen how we manage our safety in design risk; and established a Building Materials in Supply Chain Risk Management working group. Another focus area was on improving Employee Health and Wellbeing through the Mirvac 100 Day Step Challenge and the introduction of a Digital Health and Wellbeing program in conjunction with the transition to remote working due to COVID-19. This continues to be an area of strategic focus to ensure the ongoing safety, mental health and wellbeing of our employees during the pandemic.
PEOPLE	
We are mindful that we require a motivated, high-performing, and capable workforce to deliver business strategy and a desired culture.	Mirvac's people strategy includes a range of initiatives designed to ensure we have the right culture and capabilities so our people are engaged and enabled to deliver on our strategy. The Group has a range of programs aimed at creating great leaders, growing and retaining key talent, and fostering a diverse and inclusive workplace. Mirvac has been defining, measuring and curating its desired culture for some time. We have clearly defined values that align to our purpose to *Reimagine Urban Life* and we measure our leaders on whether they demonstrate supporting behaviours that underpin these values. We think it is critical that our people do the right thing, a core Mirvac value, and that we have an environment where people feel 'safe to speak up', which in addition to mitigating reputational and conduct risk, leads to better business outcomes. Mirvac's remuneration strategy is designed to attract the best talent, and motivate and retain individuals, while aligning to the interests of executives, securityholders and community expectations. Read more on Mirvac's people initiatives on page 40.
DIGITAL DISRUPTION	
Technology is changing our world at a rapid pace, and without high responsiveness, companies are less able to innovate and take advantage of new technologies.	A core element of Mirvac's strategy is understanding and preparing for disruption and building a resilient business. Some examples include: > continued exploration of new construction technology to drive better outcomes, including prefabricated components; > embraced technologies to further integrate sustainability across all business units, such as solar and battery systems, and smart building management systems; > an innovation program to ensure we continue to innovate in a meaningful way. Our in-house innovation team, Hatch, performs business and customer scans to understand and respond to disruptive technology; and > additional investment in resources for customer solutions and business systems. A Chief Digital Officer was appointed in March 2020 as part of our investment in developing digital capability and improving employee and customer outcomes.
BUSINESS RESILIENCE	
It is crucial we have the ability to manage a major incident causing physical or information disruption, timely and efficiently.	Mirvac has embedded an operational resilience program which enables the business to effectively manage and continue business critical processes during a business impacting event. We have strong risk management and operational resilience frameworks in place to respond to major incidents causing physical or information disruption, timely and efficiently. This includes cyber security threats and/or breaches to our information systems and/ or damage to physical assets which could cause significant damage to our business and reputation. These strong frameworks enabled us to quickly establish a COVID-19 Incident Management Team to respond operational impacts to our business.

1. Since 31 December 2019.

SUSTAINABILITY

Mirvac's sustainability strategy, *This Changes Everything*, sets out six material ESG[1] issues that matter most to the Group and its key stakeholders. These are climate change, natural resources, our communities, social inclusion, our people and being a trusted partner. Underpinning this strategy is our view that we exist for more than just profit, and that to be a force for good, we also need to give consideration to our people, the planet and the communities in which we operate.

As our refocused strategy entered its second year in FY20, we made great progress against our targets. Pleasingly, through our mature governance structure to monitor sustainability performance, we continued to see improved engagement across the business, a benefit of our decision to focus on fewer things and go deeper on the things we felt were most important (such as energy and waste).

As well as giving our employees, investors, partners and suppliers a clear direction on what we want to achieve, and how we intend to achieve it, the strategy sets out short-term targets which ensure we remain on track and facing towards the same goals. At the same time, having a well-defined course of action means that our employees and business leaders feel more empowered to make their own decisions around ESG and making a positive impact.

Highlights under each of our focus areas in FY20 included:

ENVIRONMENT

Climate change:

> progressed our ambition to be net positive carbon by 2030, with a new energy agreement reached in December 2019 that sees the majority of our office and retail portfolio (70 and 80 per cent respectively) in NSW, ACT and Vic supplied with 100 per cent renewable electricity. Our carbon footprint reduced by 60 per cent as at 1 January 2020 as a result. A further three asset agreements were signed in June 2020, which will reduce our emissions by an additional 5 per cent from 1 January 2021;

> became the first Australian property group to join RE100, a global initiative of influential businesses committed to 100 per cent renewable energy;

> released our second report on our climate-related risks and opportunities, in line with the recommendations set out by the Task Force for Climate-related Financial Disclosure (TCFD). This report can be found at https://mirv.ac/3iThsTw;

> achieved two 5.5 star NABERS Energy ratings at 380 St Kilda Road and 664 Collins Street, both in Melbourne, with the portfolio now boasting three 6 star, four 5.5 star and eight 5 star Energy rated buildings; and

> improved the carbon intensity of our operating portfolio by 49 per cent from an FY18 baseline.

Natural resources:

> released Planet Positive: Waste & Materials, the second in our series of three environmental plans, which outlines the strategies we'll take to send zero waste to landfill by 2030;

> achieved 69 per cent diversion of operational waste from landfill and 95 per cent of construction waste from landfill;

> achieved a 5.5 star NABERS Waste rating at David Malcolm Justice Centre in Perth, WA, the second highest NABERS waste rating in the country and the highest rating in the state;

> achieved a 4 star NABERS Water rating at EY Centre, 200 George Street, Sydney NSW; and

> enhanced waste collection streams across our assets, particularly in retail (see page 30 for more detail).

SOCIAL

Our community:

> delivered $9.3 million in community investment in FY20[2], after increasing our community investment by more than 800 per cent between FY17 and FY19. Mirvac is currently one of the leading community investment companies in Australia and New Zealand;

> progressed with our research into belonging to enable us to measure the strength of social connections in our communities; and

> continued to progress and refine the next phase of our social impact measurement, which will focus on our long-term impact in our communities.

Social inclusion:

> used our purchasing power for good by directing $9.4 million towards social procurement;

> concluded our House with No Bills study, which aimed at delivering more affordable and sustainable homes for our customers;

> held our fifth annual National Community Day, which focused on building strong bonds at our asset and project communities. Approximately 800 of our employees participated in the day; and

> progressed our next Reconciliation Action Plan (RAP) (see page 55).

1. Environmental, social and governance.
2. Mirvac's community investment has been verified by the London Benchmarking Group.

South Eveleigh, Sydney

GOVERNANCE

Our people:

- ensured that the safety, health and wellbeing of our people, partners, customers and suppliers remained our top priority. Read pages 15-16 to see how we did this during the COVID-19 pandemic;
- maintained 50:50 gender representation on our Board; and
- maintained over 40 per cent representation of women in senior roles.

Trusted partner:

- established effective governance structures, built capability and focused on risk to help eradicate modern slavery, with a particular focus on conducting a risk analysis in our cleaning supply chain (following the release of our first statement on modern slavery last year).

MOST RELEVANT SUSTAINABLE DEVELOPMENT GOALS

Our FY20 Annual Report serves as Mirvac's 2020 UNGC Communication on Progress, and provides an update on the actions and ways the Group has implemented and measured progress against the key areas of human rights, labour, environment and anti-corruption.

> "As a signatory to the ten principles of the United Nations Global Compact (UNGC), I am pleased to reaffirm Mirvac's ongoing commitment."

Susan Lloyd-Hurwitz,
CEO & Managing Director.

Emissions tCO2e	FY13	FY19	FY20	FY20 Source data
Scope 1				
Natural Gas	2,697	4,193	4,422	85,796GJ
Refrigerants[1]	1,383	843	1,827	1,231kg
Diesel	2,333	1,375	1,017	375,427L
Petrol	646	126	112	48,314L
LPG	7	81	79	50,926L
Total Scope 1	**7,066**	**6,619**	**7,458**	
Scope 2				
Electricity (location based)	71,426	78,041	70,168	89,435,602kWh
Electricity (market based)		73,110	44,532	
Renewable electricity %		20%	45%	
Total Scope 1 + 2 (market based)		**79,728**	**51,989**	
Scope 3				
Natural gas	471	639	661	85,796GJ
Electricity	12,542	8,736	4,684	79,356,420kWh
Travel	2,812	2,982	1,465	6,842,454km
Waste	9,915	10,164	9,144	48,551T
Diesel	178	71	52	375,427L
Petrol	51	7	6	48,314L
LPG	1	5	5	50,926L
Total Scope 3	**25,970**	**22,603**	**16,016**	
Total Scope 1 +2+3 (location based)	33,036	107,263	93,642	
Total Scope 1+2+3 (market based)	**104,462**	**102,331**	**68,005**	
Potable water usage				
Retail	492,216	493,605	435,685	
Office & Industrial	349,597	488,298	456,262	
Total (kL)	**841,813**	**981,903**	**903,855**	
Total waste				
Construction	35,565	21,377	14,387	
Investment	12,833	27,173	23,939	
Total	**48,398**	**48,551**	**38,326**	
Construction			95% Recycled	5% Landfill
Investment			69% Recycled	31% Landfill

Note: This year marks the first time Mirvac has reported greenhouse gas emissions using both location based and market based reporting. An increased procurement of renewable energy starting 1 January 2020 results in a material reduction in scope 2 emissions. A residual mix factor has been applied to non-renewable electricity that has been estimated using Property Council of Australia Guidelines. Emissions estimates follow NGERS emissions accounting requirements except for refrigerants; Mirvac includes emissions related to R22 use.

1. There was an increase in refrigerant leaks in FY20 due to refrigerant leaks across the portfolio. To address this, Mirvac has updated its Design Standards to specify zero Global Warming Potential refrigerants in all new plant and equipment.

REIMAGINING URBAN LIFE, SUSTAINABLY

	RESOURCES REIMAGINED: CLIMATE CHANGE	RESOURCES REIMAGINED: NATURAL RESOURCES	ENRICHED COMMUNITIES: OUR COMMUNITY	ENRICHED COMMUNITIES: SOCIAL INCLUSION	TRANSPARENT GOVERNANCE: OUR PEOPLE	TRANSPARENT GOVERNANCE: TRUSTED PARTNER
2030	Net positive (carbon)	Net positive (water); Zero waste to landfill	Net positive legacy	$100m social sector investment	Highly engaged, capable and diverse workforce	Most trusted owner and developer
2025				$30m social procurement by 2025		
2023	10MW renewable energy installed	80% operational waste recycled; Water intensity reduced by 5% in O&I and Retail	Community wellbeing measure developed			
2022			Triple community investment ✓	Social enterprise capacity building partnership launched ✓	✓ 40:40:20 women in senior management	
2021	5MW renewable energy installed; Carbon intensity reduced by 5% in O&I and Retail	Plan to reach net positive water released[1]				
2020		✓ Plan to reach zero waste released		Social housing investment pilot launched; House with No Bills research findings released ✓	✓ 20% improvement in health and wellbeing	✓ Released an Ethical Principles Guide[2]
2019	Plan to reach net positive carbon released ✓	96% construction waste recycled ✓	✓ Community engagement standard developed; Social return on investment report released ✓	✓ Unlimited paid volunteer leave; Define social procurement ✓	Personalised health and wellbeing support implemented ✓	✓ Modern slavery risk heat map released; Human Rights approach defined ✓

ONGOING – RESOURCES REIMAGINED

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

ONGOING – ENRICHED COMMUNITIES

- ✓ All new office Gold WELL rated

ONGOING – TRANSPARENT GOVERNANCE

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

1. Target extended from 2020.
2. This target supersedes the release of a data integrity charter.

PROGRESSING TOWARDS NET POSITIVE CARBON

Since 2013, Mirvac has had a target to be net positive carbon, which was set in recognition of the growing impacts of climate change on the planet, and the increasing need for businesses like ours to play a part in reducing emissions.

In FY20, the urgent need to act on climate change was brought into sharp focus, with dry conditions and warmer temperatures contributing to one of the worst bushfire crises in Australian history. The devastating consequences of the bushfires provided a frightening insight into what Australians could expect as temperatures continue to rise.

Conversely, the global outbreak of COVID-19 in 2020 – also devastating in its impact and its reach – gave us a glimpse of what our world might look like if the much-needed action on climate change was taken. Images of smog-free cities were joyfully shared around the world, and the speed at which the skies cleared during the pandemic, as a result of reduced air travel, factory and commuter pollution, showed the enormous influence we could have if we were to mobilise and take global, collective action. There is also growing recognition that the shocks that COVID-19 has presented to our financial, social and health systems could be replicated by the climate change impacts we face in the future.

Notwithstanding these two events, our ambition to be net positive carbon has never been more resolute. In fact, we took a giant step towards our net positive carbon ambition during the financial year, with a new energy agreement reducing our carbon emissions by 60 per cent, and we continue to work with energy suppliers on similar agreements in QLD and WA.

In joining RE100, we've also further signalled our commitment to reduce our emissions joining a group of top-tier organisations globally who have pledged to transition to renewables by 2050.

We're likewise cognisant of our ability to reduce emissions in our business wherever we can, including our scope 3 emissions. Scope 3 emissions are the emissions associated with activities not within our operational control, such as materials extraction, employee commuting and energy distribution. As such, these emissions aren't in scope for our net positive carbon target. We are also challenged by poor definitions of scope 3 emissions boundaries (as are others), and not able to assure them with a high degree of confidence. However, we recognise the importance of these, and we will continue to look at ways we can influence a reduction wherever possible, focusing on where we can have the most impact. This could include, for example, installing LED lighting in a new development, which delivers lower emissions and energy bills for our tenants, as well as significantly reduced maintenance costs (given that an LED lightbulb only needs to be replaced every five to ten years).

To ensure our investors understand the financial impacts we face as a result of climate change risks, we released our second report in line with the Taskforce for Climate-related Financial Disclosures, which is available on our website here: https://mirv.ac/3iThsTw

SUPPORTING THE BUSHFIRE RESPONSE

Mirvac's unlimited, fully-paid volunteer leave enables our employees to give back to the those who need it most. We were proud to see this policy being used during the bushfire crisis, with a number of employees providing direct support to affected communities. Take Mirvac Draftsman, Joe Amato, for example, who has been an NSW RFS volunteer for the past 10 years. Previously, Joe would take unpaid leave to help fight bushfires, but with our unlimited volunteer leave policy, he was able to do this without sacrificing his annual leave entitlement.

To further assist those on the frontline, Mirvac also made a donation and matched employee donations, dollar-for-dollar, with over $545,000 directed to charities supporting the bushfires.

And with climate-related emergencies such as these expected to increase in both their frequency and intensity, we're more committed than ever to sustainability and to proactively reducing our impact on the planet.

PLANET POSITIVE: WASTE & MATERIALS

When we refreshed our strategy in 2018, there were three material targets that we knew were critical to retain – being net positive in carbon and water, and sending zero waste to landfill, by 2030.

Having released our plan on net positive carbon last year, and with significant progress on this made in FY20, we this year released ‘Planet Positive: Waste & Materials’, which outlines the strategies we’ll implement to achieve our goal of zero waste.

Essentially, our plan adopts principles of the circular economy, where we move away from a “take, make, use and dispose of” model to one that considers our impact from the outset. This means thinking about the materials we extract in the first place, considering how we can reduce waste in the way we design, and using our procurement power to buy more recycled, recyclable and rapidly renewable content. We’ll also continue to focus on reducing waste at our developments and improving waste outcomes at our operational assets.

Our integrated model is key to this, allowing us to manage all aspects of a project’s lifecycle; from planning and design, through to construction, development and property management. Moving to a circular model ensures that we take responsibility for the use and disposal of our materials, while providing us with an opportunity to both improve our business and reduce our impact on the planet.

“There is nothing good about wasted resources. But getting better at reducing waste in our business, reusing the materials already in circulation, and regenerating for positive biodiversity outcomes is both good for us and for the planet.”

Sarah Clarke, Mirvac’s Group General Manager, Sustainability.

There are seven straightforward strategies that we'll employ to achieve zero waste, which are:

Strategy 1

MATERIALS-FOCUSED DESIGN

Halve development waste

How we'll do this:

1. Continuing to invest in DFMA opportunities in residential and commercial development;
2. Piloting projects in both Sydney and Melbourne which challenge our residential development, construction and design teams to find innovative opportunities to halve waste generation[1] while maintaining high quality outcomes for customers;
3. Developing an internal materials guidance list; and
4. Improving data capture and tracking with a simple, clear focus on measuring what matters.

Strategy 2

PROCURE MORE REUSED, RECYCLED AND RAPIDLY RENEWABLE MATERIALS

Procure 25% recycled content

How we'll do this:

1. Focusing on high influence, high impact products like concrete and steel in development (25% by volume), and paper/sanitary products in operations (25% by cost);
2. Building requests for quantifying percentages of recycled content into contract templates;
3. Preferencing suppliers with responsible materials extraction capability by requesting environmental product disclosure for major procurement investments and factoring into tender evaluations; and
4. Developing effective data tracking and capture.

Strategy 3

INNOVATIVE CONSTRUCTION

Zero landfill waste onsite by 2030

How we'll do this:

1. Utilising offsite assembly and efficient construction to help halve waste generated;
2. Increasing waste separation to maximise recycling;
3. Engaging with supply chain for efficient materials supply; and
4. Improving data capture, including demolition waste, for informed decision making.

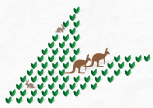
Strategy 4

EFFICIENT AND RESPONSIBLE OPERATION

Remove red bins from our operations by 2030

How we'll do this:

1. Improving tenant engagement and education to reduce contamination;
2. Increasing accountability through better data capture and reporting; and
3. Engage proactively with partners to remove red bins.



Strategy 5

RESTORATION AND REGENERATION

Pursue a net gain in natural habitat

How we'll do this:

1. Updating our biodiversity policy;
2. Supporting conservation in developments; and
3. Exploring a biodiversity preservation initiative in conjunction with Mirvac's carbon offsets work.

Strategy 6

COLLABORATE TO ENABLE THE CIRCULAR ECONOMY

Active and enthusiastic contribution to circular thinking

How we'll do this:

1. Continuing to engage through our industry groups; and
2. Participating in wider dialogues on circularity.

Strategy 7

TRANSPARENT REPORTING

Continuous improvement in transparency

How we'll do this:

1. Reviewing reporting boundaries and definitions; and
2. Developing new systems to measure and manage waste and materials.

DIVERTING WASTE FROM LANDFILL

During FY20, Mirvac's Asset Manager at 2 Riverside Quay, Andrew Borley, found a unique way to divert waste from landfill and give back to the community at the same time. A redesign of the lobby saw a surplus of high-quality furniture, and, recognising an opportunity, Andrew worked with the asset management team to auction off the furniture instead. The team raised over $30,000 through the online auction, which was donated to the Property Industry Foundation (PIF), a charity with which Mirvac has a long-standing relationship. The auction was such a success that PIF has now launched this initiative as a full-time donation stream called The Furniture Fund, with all profits directed towards helping homeless youth rebuild their lives.

1. Using comparable Mirvac projects as a baseline.

ENRICHING OUR COMMUNITIES

Mirvac has a long history of delivering positive outcomes in the communities in which we operate, driven by a commitment to be a force for good and to leave the places we develop better off because we were there.


Bim'bimba Park, Gainsborough Greens, Brisbane

Our community goal is to leave a positive legacy, and in FY19, we began to focus our work around building strong bonds. We do this by leveraging our skills and expertise to build strong physical bonds – for example, by creating spaces that provide shelter and comfort for the most vulnerable in society – as well as strong social bonds, such as the community events we hold that bolster connections, as well as the support we give when we volunteer through our annual National Community Day.

Having a clear goal allows our employees to direct their skills and focus on the key areas that will make a difference, and in doing so, increase the positive impact we can have in our communities.


Bim'bimba Park, Gainsborough Greens, Brisbane

In FY20, we focused on embedding building strong bonds further within our business, so that we can maximise our impact and continue to drive long-term social value. This included targeting our National Community Day activities to our assets and development projects, so that we could build stronger bonds with our tenants and communities. For example, through our partnership with Stephanie Alexander Kitchen Garden Foundation at The Fabric in Melbourne (see page 38), we worked with three local primary schools to improve their garden beds in support of food education. As well as encouraging sustainable and healthy behaviours for students, this work has delivered a tangible benefit for residents of The Fabric and the surrounding community for generations to come. In Brisbane, meanwhile, we volunteered with Suncorp, our major tenant at 80 Ann Street, to provide general maintenance services for Micah Projects. Micah Projects is a not-for-profit who helps create equality in the local community, by supporting people who are homeless, families in crisis, and improving access to health and community services.

In FY20, 50% of our National Community Day activities were aligned with Mirvac projects and 80% were aligned with our commitment to build strong bonds.

Goal to direct

$100m

towards social and Indigenous enterprises by 2030

Empowering our people to contribute towards our community goal was also a key focus in FY20. We began to look at how we can better streamline our giving program to make it easier for people to donate to the charities and organisations they care about. And we know this is very important to our people. To support those affected by the bushfire crisis, for instance, our employees gave generously, with over $545,000 raised between Mirvac, employee, and matched donations.

As well as leaving a positive legacy, we want to give opportunities to those who don't always get them, and as part of this, Mirvac has a goal to direct $100 million towards social and Indigenous enterprises by 2030. We continued to work on creating positive outcomes for these businesses in FY20, directing $9.4 million towards social procurement, with approximately $20 million achieved to date. We maintained our partnership with social enterprise, Mates on the Move, during the lockdown caused by COVID-19 pandemic, who were able to pivot their business from collecting waste at our assets to moving office furniture from work to home for some our tenants – a solution that enabled us to continue to support both our customers and our partners. To continue to help our people use their purchasing power for good, we also developed a new resource page on our Intranet which links employees to different social and Indigenous enterprise, charities and B-corps[1].

Having concluded our first Reconciliation Action Plan (RAP) last year, we are now working towards a Stretch RAP that will see us set measurable targets and firm commitments on Indigenous procurement, employment and training. We've established a RAP working group represented by employees across all areas and locations of the business, including our Head of Stakeholder Relations and our Head of Office & Industrial, and chaired by our Head of Culture & Capability, and together, they will use their diverse expertise to engage thoughtfully and help set the strategic vision of our RAP, ensuring that it creates a meaningful impact for reconciliation in Australia.

It's important to know how we are tracking in our goal to build strong bonds, and so we've been working towards developing a new way of measuring our social impact, as well as undertaking a qualitative study into social connections. We'll also continue to work with the London Benchmarking Group to quantify our community investment, which maintains our position as a leading community investment company, following a more than 800 per cent increase in FY19.

1. B Corp Certification is a certification that measures a company's entire social and environmental performance.

ENRICHING COMMUNITIES

$9,314,504
of community investment (including $909,240 of management costs)

$7,647,531
cash donations

$743,036
value of hours of support

$14,698
in-kind donations

$1,080,028
leverage contributions

2020 VERIFIED LBG AU & NZ

Mates on the Move

For over 48 years, we have been partnering to create connected communities because we know communities that connect well and support each other are better places to live, work and play.

Mirvac has directed approximately

$20m

towards social procurement to date

Bim'bimba Park, Gainsborough Greens, Brisbane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Governance

BOARD OF DIRECTORS

DIRECTORS' EXPERIENCE AND AREAS OF SPECIAL RESPONSIBILITIES

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

John Mulcahy

PhD (Civil Engineering), FIEAust, MAICD

Independent Non-Executive Chair

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

John Mulcahy was appointed a Non-Executive Director of Mirvac in November 2009 and the Independent Non-Executive Chair in November 2013. John has more than 30 years of leadership experience in financial services and property investment. John is the former Managing Director and Chief Executive Officer of Suncorp-Metway Limited. Prior to joining Suncorp-Metway, John held a number of senior executive roles at Commonwealth Bank of Australia, including Group Executive, Investment and Insurance Services. He also held a number of senior roles during his 14 years at Lendlease Corporation, including Chief Executive Officer, Lendlease Property Investment and Chief Executive Officer, Civil and Civic.

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

John is a former Director and Chair of Coffey International Limited (September 2009 to January 2016) and former Guardian of the Future Fund Board of Guardians.

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 of Mirvac in August 2012 and an Executive Director in November 2012.

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

Susan has been involved in the real estate industry for over 30 years, with extensive experience in investment management in both the direct and indirect markets, development, mergers and acquisitions, disposals, research and business strategy.

Susan is the Immediate Past President of the Property Council of Australia, Chair of the Green Building Council of Australia, a member of the NSW Public Service Commission Advisory Board, President of INSEAD Australasian Council and a member of the INSEAD Global Board.

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

Christine Bartlett

BSc, MAICD

Independent Non-Executive

> Member of the Audit, Risk & Compliance Committee
> Member of the Human Resources Committee

Christine Bartlett was appointed a Non-Executive Director of Mirvac in December 2014. She is currently a Director of Reliance Worldwide Corporation Limited (appointed November 2019), Sigma Healthcare Limited (appointed March 2016) and TAL Life Limited. She is also an external Director of iCare.

Christine is currently a member of the UNSW Australian School of Business Advisory Council.

Christine is a former Director of GBST Holdings Ltd (June 2015 to November 2019) and Director and Chairman of The Smith Family.

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

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

Peter Hawkins

BCA (Hons), FAICD, SFFin, ACA (NZ)

Independent Non-Executive

> Chair of the Human Resources Committee
> Member of the Audit, Risk & 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 (1990 to 1991) and Visa Inc. (2008 to 2011).

Peter is currently a member of Westpac Victorian Advisory Board and a Director of Crestone Holdings Limited, Liberty Financial Pty Ltd, LFI Group Pty Ltd and Minerva Financial Group Pty Ltd.

Peter is a former Director of Treasury Corporation of Victoria, Clayton Utz and Westpac Banking Corporation (December 2008 to December 2018).

Jane Hewitt

BAppSc Land Economics

Independent Non-Executive

> Member of the Audit, Risk & Compliance Committee

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

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

More recently, Jane has worked with Social Ventures Australia and currently serves on a non-profit board as Chair of the Beacon Foundation. She is also a founding member of the Sydney Business Alliance to End Homelessness.

James M. Millar AM

BCom, FCA, FAICD

Independent Non-Executive

> Chair of the Audit, Risk & Compliance Committee

> Member of the Nomination Committee

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

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

James is currently the Chair of the Export Finance and Insurance Corporation, Forestry Corporation NSW and Cambooya Pty Ltd. James serves a number of charities and is Chair of the Vincent Fairfax Family Foundation and Director of Vincent Fairfax Ethics in Leadership Foundation.

James is a former Director of Macquarie Media Limited (April 2015 to October 2019), Fairfax Media Limited (July 2012 to December 2018) and Slater & Gordon Ltd (December 2015 to December 2017) and former Chair of The Smith Family.

Samantha Mostyn

B.A, LLB

Independent Non-Executive

> Member of the Human Resources Committee

> Member of the Nomination Committee

Samantha Mostyn was appointed a Non-Executive Director of Mirvac in March 2015. Samantha is currently a corporate advisor, Director of Transurban Holdings Limited (appointed December 2010), GO Foundation, Sydney Swans and Alberts Group and Chair of an Australian APRA regulated Citibank subsidiary board.

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

Samantha is a former Director of Virgin Australia Holdings Limited (September 2010 to May 2019), Cover-More Group Limited (December 2013 to April 2017), Sydney Theatre Company, National Sustainability Council, National Mental Health Commission and Carriageworks, Commissioner with the Australian Football League and Deputy Chair of the Diversity Council of Australia.

Peter Nash

BCom, FCA, FFin

Independent Non-Executive

> Member of the Audit, Risk & Compliance Committee

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

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

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

COMPANY SECRETARY

Michelle Favelle

BBus, FGIA

Michelle Favelle was appointed as Company Secretary in December 2019 and in February 2020 was also appointed as Group Company Secretary. Michelle joined Mirvac in February 2018 as Deputy Group Company Secretary. She has 20 years' corporate experience and has held a range of governance and company secretary roles in the financial services, media and not-for-profit sectors. She is a fellow of the Governance Institute of Australia.

DIRECTORS' REPORT

The Directors of Mirvac Limited present their report, together with the consolidated financial report of Mirvac Group (Mirvac or Group) for the year ended 30 June 2020. 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 across three major segments: Office & Industrial, Retail and Residential.

DIRECTORS

The Directors of Mirvac in office at any time during the financial year and up to the date of this report together with information on their qualifications and experience are set out on pages 58 to 59. The number of board and board committee meetings held and attended by Directors of which they were members during the year ended 30 June 2020 is detailed below.

REMUNERATION REPORT

The Remuneration report as required under section 300A (1) of the *Corporations Act 2001* is set out on pages 66 to 88 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 2020 is detailed below:

	Board [1]		Audit, Risk & Compliance Committee [1]		Human Resources Committee [1]		Nomination Committee [1]	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
John Mulcahy	13	12	7	7	6	6	3	3
Susan Lloyd-Hurwitz	13	13	—	—	—	—	—	—
Christine Bartlett	13	13	7	7	4	4	—	—
Jane Hewitt	13	13	5	5	2	2	—	—
Peter Hawkins	13	13	7	7	6	6	3	3
James M Millar AM	13	12	7	7	—	—	3	3
Samantha Mostyn	13	13	—	—	6	6	2	2
Peter Nash	13	13	7	6	—	—	—	—
John Peters [2]	4	4	—	—	2	2	—	—
Elana Rubin [2]	4	4	2	2	—	—	1	1

1. Voluntary attendances at meetings by Directors who were not committee members are not included.
2. Director resigned on the 19 November 2019 AGM.

OTHER DIRECTORSHIPS

Details of all directorships of other listed companies held by each Director in the three years immediately before 30 June 2020 are as follows:

Director	Company	Date appointed	Date ceased
John Mulcahy	ALS Limited (formerly Campbell Brothers Limited)	February 2012	Current
	GWA Group Limited	November 2010	Current
Susan Lloyd-Hurwitz	Nil		
Christine Bartlett	GBST Holdings Ltd	June 2015	November 2019
	Reliance Worldwide Corporation Limited	November 2019	Current
	Sigma Healthcare Limited	March 2016	Current
Peter Hawkins	Westpac Banking Corporation	December 2008	December 2018
Jane Hewitt	Nil		
James M. Millar AM	Fairfax Media Limited	July 2012	December 2018
	Macquarie Media Limited	April 2015	December 2019
	Slater & Gordon Limited	December 2015	December 2017
Samantha Mostyn	Transurban Holdings Limited	December 2010	Current
	Virgin Australia Holdings Limited	September 2010	May 2019
Peter Nash	ASX Limited	June 2019	Current
	Johns Lyng Group Limited	October 2017	Current
	Westpac Banking Corporation	March 2019	Current
John Peters [1]	Nil		
Elana Rubin [1]	Afterpay Limited	July 2017	Current
	Slater & Gordon Limited	March 2018	Current
	Touchcorp Limited	January 2015	Current

1. Director resigned on the 19 November 2019.

REVIEW OF OPERATIONS AND ACTIVITIES

FY20 FINANCIAL AND CAPITAL MANAGEMENT HIGHLIGHTS

Notwithstanding the impact of the COVID-19 global pandemic, which began to create challenging conditions across Mirvac's operating markets from the third quarter, the Group recorded a solid performance for the financial year ended 30 June 2020. Mirvac's robust capital position entering into the crisis provided resilience in the face of significant disruption. Despite the economic and financial impacts of COVID-19, Mirvac continued to capitalise on strategic, value accretive investment opportunities. The Group also focused on supporting our people and helping them to remain safe and productive in a changed working environment. These factors helped mitigate the impact of COVID-19 on the Group and will continue to support the recovery process.

Financial highlights for the year ended 30 June 2020:

> profit attributable to the stapled securityholders of $558m (June 2019: $1,019m);
> operating profit after tax of $602m (June 2019: $631m[1]), representing 15.3 cents per stapled security (cpss);
> operating cash flow decreased by 12 per cent to $455m (June 2019: $518m);
> full-year distribution of $357m, representing 9.1 cpss; and
> net tangible assets (NTA) per stapled security[2] of $ 2.54 (June 2019: $2.50).

Capital management highlights for the year ended 30 June 2020:

> increased debt facilities by $810m[3] with terms of 3 to 4.5 years;
> extended the maturity date of some existing facilities for a further 12 months into FY22;
> reduced average borrowing costs to 4.0 per cent per annum (June 2019: 4.8 per cent), including margins and line fees;
> gearing of 22.8 per cent[4], at the lower end of the Group's target range of 20 to 30 per cent;
> reduced final distribution to 3.0 cents per security;
> liquidity increased to over $1.4bn in cash and committed undrawn bank facilities, with only $200m debt maturities prior to February 2022;
> weighted average debt maturity of 6.7 years (June 2019: 8.5 years); and
> maintained A-/A3 ratings with a stable outlooks from Fitch Ratings and Moody's Investors Service (equivalent to A-).

Group outlook[5]

The last months of FY20 were overshadowed by COVID-19 and the outlook for FY21 remains uncertain, due to the health and economic consequences of the global pandemic. The outlook for Mirvac's operating environment will depend on the longevity of the necessary physical distancing restrictions and other containment measures including further mandated government lockdowns and their consequential economic impacts. The Group will continue to closely monitor the various impacts – real or potential – on our operating businesses.

While these are unprecedented times, Mirvac was well positioned going into the crisis and has taken prudent measures to address these challenges including appropriate capital management. Mirvac entered the COVID-19 pandemic with a strong balance sheet, diversified debt portfolio with a long weighted average debt maturity, and visibility of future cash flows. As a result, the Group continued to meet its strategic objectives without increasing its overall capital management risk profile.

Despite the highly disruptive events of FY20 which have created challenging operating conditions across all segments, Mirvac's diversified model, its unique asset creation capability and high-quality investment portfolio, continue to support growth and generate value.

Building on Mirvac's continued strong financial performance over several years, the Group has continued to put people first, investing in innovation, technology and sustainability. Its highly engaged and passionate workforce is driven by a clear purpose and has maintained productivity, whether working from a construction site, home office or shopping centre. Mirvac's proven urban asset creation capability continues to set it apart from its peers. During FY20, the Group extended its future development pipeline across all segments to $23.8bn[6]. Notwithstanding the uncertainty faced by operating markets in FY21, the Group is well positioned to continue to generate value for securityholders and improve the lives of its customers and communities, through its lasting contribution to the urban environment.

Risks

As a property group involved in property investment, residential and commercial development and investment management, Mirvac faces a number of risks throughout the business cycle which have the potential to affect the achievement of its targeted financial outcomes. Mirvac's risk management framework is integrated with its day-to-day business processes and is supported by a dedicated Group Risk function. For the year ended 30 June 2020, the Group continued to ensure internal and external risks were identified and appropriate strategies were implemented to manage the impact of those risks. The 'Crisis and Incident Management Plan', which is a key element of our operational risk resilience program, was activated to respond to the operational impact of the pandemic. Further information on the material risks identified for each of the sectors is outlined on pages 46 to 47.

FY20 OFFICE & INDUSTRIAL HIGHLIGHTS

In the third quarter of FY20, the COVID-19 pandemic emptied workplaces and cities. As one of Australia's largest office landlords, Mirvac led the way in issuing a working from home directive to its own employees to help 'flatten the curve'. Our Office & Industrial (O&I) team worked closely with their tenants from the outset to create safe and productive working environments, as well as providing support to those in need. Despite the disruption, Mirvac also remained focused on maintaining construction momentum, delivering two landmark projects at 477 Collins Street, Melbourne and South Eveleigh, Sydney, headquarters to Deloitte and Commonwealth Bank of Australia respectively.

With approximately $17bn assets under management, Mirvac's O&I division is responsible for the creation and management of some of the country's most modern and exceptional workplaces. Its young, efficient and sustainable portfolio benefits from low vacancy, low exposure to small tenants, long WALE and low capex, providing strength and resilience. With a total future development pipeline of $6.9bn[6], the O&I division is well placed to continue to present significant future growth opportunities for the Group.

For the year ended 30 June 2020, Mirvac's O&I division delivered operating earnings before interest and tax of $484m.

OFFICE

Highlights across the office portfolio for the year ended 30 June 2020 included:

> achieved 98.3 per cent[7] occupancy, with a long WALE of 6.4 years[8];
> achieved like-for-like net operating income growth of 3.8 per cent;
> completed 43 lease deals over approximately 48,500 square metres[9];
> total office asset revaluations provided an uplift of $282m (or 4.0 per cent) over the previous book value, supported by an overweight to prime assets in Sydney and Melbourne;
> achieved leasing spreads of 11.5 per cent; and
> maintained average incentives at 19.4 per cent (June 2019: 15.6 per cent).

1. Excludes specific non-cash items and related taxation.
2. NTA per stapled security, based on ordinary securities including Employee Incentive Scheme securities.
3. Since 31 December 2019.
4. Net debt (at foreign exchange hedge rate) excluding leases (total tangible assets – cash).
5. These statements are future looking and based on our reasonable belief at the time they were made. They include possible outlooks for our operating environments, however given the evolving nature of the COVID-19 pandemic, Mirvac does not have sufficient certainty to provide FY21 guidance and none of these statements should be treated as such.
6. Represents 100 per cent end value of committed and uncommitted future developments and is subject to planning approvals, market conditions and COVID-19 impacts.
7. By area, including equity accounted investments and excluding assets held for sale.
8. By income, including equity accounted investments and excluding assets held for sale.
9. Excludes leasing of assets under development.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND ACTIVITIES CONTINUED

Despite the financial impact of COVID-19, the O&I business remained relatively resilient due to its young, low capex, long WALE portfolio and high quality tenants. Net operating income reduced by only 1.7 per cent due to COVID-19 provisions as cash was collected for 98 per cent of FY20 billings. Net valuations in the second half of FY20 also held up, increasing by 1.1 per cent.

During the financial year, Mirvac continued to deploy its award-winning asset creation capability in order to progress its $1.3bn active office development pipeline, which is 88 per cent[1] pre-committed. Progress includes:

> Olderfleet, 477 Collins Street, Melbourne: achieved practical completion, within budget, despite COVID-19 related restrictions and enhanced health and safety measures in place from March 2020. The building is now 96 per cent pre-leased;

> South Eveleigh, Sydney: achieved practical completion for The Foundry in May 2020, on schedule despite COVID-19 restrictions in place on site. This is the third building to be delivered at the precinct, following Axle and Yerrabingin House, a community centre with Indigenous rooftop farm. Mirvac has also delivered public realm including sports courts, an oval and skatepark, and retail, at the precinct. The project's major tenant, Commonwealth Bank of Australia, has pre-committed to 100 per cent of the office space for a 15-year lease term;

> Locomotive Workshops, South Eveleigh, Sydney: progressed the redevelopment and restoration of this unique heritage building. 70 per cent is now pre-committed. Completion is targeted for late FY21;

> 80 Ann Street, Brisbane: progressed construction with practical completion on track for FY22. Suncorp has pre-committed to over 39,600 square metres of office and retail space, representing approximately 66 per cent of the building's total NLA, for a 10-year term;

> Flinders West, Melbourne: lodged a planning application for a new mixed-use precinct comprising two towers, one featuring 45,000 square metres of A-grade office space and the other, 472 build to rent apartments together with retail and public realm. Subject to planning approvals, construction commencement is currently slated for mid to late 2021, with completion expected late 2023;

> 383 La Trobe Street, Melbourne: lodged a planning application for a new commercial precinct with 44,000 square metres of A-grade office space over 31 levels, accommodating up to 4,000 future workers once complete;

> 55 Pitt Street, Sydney: lodged a proposal for a new commercial tower with the potential to deliver approximately 60,000 square metres of premium commercial and retail space; and

> Waterloo Metro Quarter, Sydney: Mirvac was selected by the NSW Government to deliver Sydney Metro's integrated station development at Waterloo in collaboration with John Holland. With an anticipated end value of $800m, it is intended that all components of the project will be completed over the next five to six years[2].

Outlook[3]

The onset of the pandemic and recent shift to working from home for many white-collar industries is likely to result in both cyclical and structural changes for the office sector. Declining corporate profit and softer business confidence nearer term will impact net absorption of office space as it has done in past cycles, while the structural impacts on tenant demand will take some time to become clear.

Research[4] underlines the importance of the workplace for both collaboration and culture building, which is especially important for onboarding. In addition, through the pandemic more research[5] has come to light highlighting that both the propensity and ability to work from home differs markedly by both age and income, with young people and those in the lower income brackets experiencing more difficulties. As such, a hybrid model of both working from home and workplace is likely to be more common in future.

While the expectations of office workers has changed, so too has the expectation of their employers. The demand for modern space offerings involves not just collaborative spaces, but ultimate flexibility for tenants in integrating systems and their preferred technology solutions which can vary widely from areas such as cyber security to air filtration. Of equal importance is rising demand from occupants for access to data on their tenancy in order to measure their environmental impact and optimise their space. These changing requirements of tenants are not easily achieved in older prime assets and are likely to result in better leasing outcomes for new, well located and technologically advanced office assets.

INDUSTRIAL

Highlights across the industrial portfolio for the year ended 30 June 2020 included:

> achieved 99.4 per cent occupancy[6], with a long WALE of 7.4 years[7];

> achieved like-for-like net operating income growth of 1.1 per cent;

> total industrial asset revaluations of $34m, representing a 3.7 per cent uplift over the previous book value;

> completed over 43,000 square metres of leasing activity including:
  - Nexus Industrial Park Building 5, Lyn Parade, Prestons, Sydney: renewed Australian Brushware Corporation for another 5 years over 12,300 square metres to 2027; and
  - 1-47 Percival Rd, Smithfield, Sydney: renewed Vulcan Steel for 12.5 years over 12,100 square metres to 2034.

COVID-19 has underscored the important role that industrial assets play in facilitating the supply chain of goods to consumers. We have also witnessed significantly elevated demand for e-commerce with data indicating a 23.1 per cent increase to the prior 12 month period[8].

With its $1.2bn[9] industrial development pipeline, Mirvac is well placed to capitalise on the growth of e-commerce and respond to the increasing demand for industrial property in Sydney. During FY20, the industrial development pipeline progressed as follows:

> received development approval to transform a 14-hectare site at 300 Manchester Road, Auburn, Sydney, into a state-of-the-art industrial estate and vibrant employment precinct delivering premium facilities with flexible warehousing, office space and small-scale local amenities such as a local café, totalling approximately 72,000 square metres of floor space;

> secured approval for the rezoning of the 56-hectare Aspect Industrial Estate at Mamre Road, Kemps Creek, Sydney with the potential to deliver approximately 250,000 square metres of premium, flexible warehousing and office space, approximately 6km from the new Western Sydney International Airport. The site will benefit from its proximity to the M4, M7 and proposed M12 motorways, as well as approximately $20bn of infrastructure improvements to be delivered in the Western Sydney area. A State Significant Development Application for the site will be lodged in FY21; and

1. Includes Heads of Agreement.
2. Represents Mirvac's estimate of the 100 per cent end value and is subject to planning approvals, market conditions and COVID-19 impacts.
3. These statements are future looking and based on our reasonable belief at the time they were made. They include possible outlooks for our operating environments, however given the evolving nature of the COVID-19 pandemic, Mirvac does not have sufficient certainty to provide FY21 guidance and none of these statements should be treated as such.
4. Gallup, Remote work policies will influence engagement: https://www.gallup.com/workplace/309620/coronavirus-change-next-normal-workplace.aspx and McKinsey, Working from home and culture: https://www.mckinsey.com/business-functions/organization/our-insights/reimagining-the-postpandemic-workforce.
5. Gensler, Back to the Office (older workers feel more accomplished at the end of the day, Millennial and Gen Z workers find it harder to avoid distractions and maintain work-life balance): https://www.gensler.com/uploads/document/695/file/Gensler-US-Work-From-Home-Survey-2020-Briefing-1.pdf.
6. By area.
7. By income.
8. NAB online retail sales data 2020.
9. Represents 100 per cent end value of committed and uncommitted future developments and is subject to planning approvals, market conditions and COVID-19 impacts.

> progressed the rezoning of Stage 1 of a future 244-hectare industrial estate at Badgerys Creek, Western Sydney, with the site located within the Badgerys Creek 'initial precinct' in the Draft Aerotropolis State Environmental Planning Policy (SEPP) released in December 2019. In August 2020, the Aerotropolis SEPP was included in the NSW Planning System Acceleration Program. Similar to Kemps Creek, the site will benefit from its location, 800 metres from the new Western Sydney International Airport and proximity to the M7 motorway and the proposed M12 motorway, as well as over $20bn of infrastructure improvements in the Western Sydney area by 2026.

Outlook[1]

The pandemic has resulted in some positive structural tailwinds for the industrial sector, both from increased levels of online spending and some disruption to supply chain. This is likely to result in increased inventory and space needs. Near term, there are some headwinds for occupancy demand from some sectors given economic weakness and a slowdown in housing construction. However, Sydney is well placed to perform given it is Australia's largest city and undergoing multi-billion dollar, new infrastructure investment. Furthermore, supply-side constraints are more prevalent in Sydney than other Australian cities and there is a significant volume of aged, inefficient stock. As such, a pipeline of high quality new assets in well located, sought after precincts are likely to outperform.

FY20 RETAIL HIGHLIGHTS

The Retail sector has been heavily impacted by the COVID-19 pandemic, with impacts evident from the third quarter of FY20. Mirvac's first priority remains the health and safety of its team, retail partners and customers, as we continue to manage the operation of our centres as an essential community service. Government restrictions, mandated closures, physical distancing guidelines and high levels of uncertainty have resulted in changes to consumer spending behaviours since mid-March. The impact on Mirvac's retail portfolio has been varied, with significant declines in sales through the month of April showing signs of gradual recovery through May and June.

While essential goods retailing has been relatively resilient through the crisis, more discretionary and high transmission risk categories have experienced dramatic declines in sales. Within Mirvac's portfolio, Apparel, Food Catering, Entertainment and Travel Agents have all seen sharp impacts and are at varying stages of recovery. CBD centres continue to experience the strongest impact as remote working is encouraged; while smaller convenience and essential goods-based centres have been more resilient. Despite the significant headwinds, it was pleasing to see sales and traffic improve towards the end of the financial year and in some cases approach pre-COVID-19 levels of sales and foot traffic.

The financial impact has mirrored the operational impact, with financial support for heavily impacted businesses impacting earnings, cashflow and asset valuations in the second half of the year.

For the year ended 30 June 2020, Mirvac's Retail division delivered operating earnings before interest and tax of $128 million.

Highlights and performance measures across the Retail business for the year ended 30 June 2020 included:

> maintained high occupancy of 98.3 per cent, with approximately 92 per cent of GLA open and trading as at 30 June 2020;

> comparable MAT sales declined 4.1 per cent[2] and comparable specialty sales declined of 11.1 per cent. This was driven by growth of 1.9 per cent in the eight months to February 2020 followed by a decline of 18.2 per cent in the pandemic-impacted months of March to June;

> executed 248 leasing deals over 42,800 square metres, with the majority of deals being completed in the first three quarters of the year;

> net property income declined by $32m or 18.3 per cent, impacted by $34m of allocated COVID-19 support; and

> net valuation decline of $315m or 9.1 per cent.

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

> Toombul, Brisbane: completed a 4,500 square metre redevelopment delivering a new dining and entertainment precinct, anchored by Archie Brothers, Cirque Electriq and an upgraded cinema; and

> Moonee Ponds Central: Melbourne, completed and opened a vibrant new dining destination and outdoor plaza with communal seating designed to servicing a rapidly growing and diversifying local population.

Outlook[1]

The nearer term impact to retail will largely be driven by the direction of COVID-19 and the ability for community transmission to be contained. Higher frequency data sets provide clues to the future outlook. As restrictions were eased in some parts of Australia and around the world during May and June, visitation to physical retail outlets increased. In locations where community transmission has been minimal for some time, the visitation and dwell time at retail destinations has been climbing higher with some in Australia back to or near their mid-February levels as of late July[3]. Also, expenditure patterns showed physical store spend recovered sharply in May, though the composition of spend by category has diverged[4]. Households are likely to continue spending strongly on household goods during the pandemic, though large recoveries in spend for categories like restaurants and personal care have been evident once restrictions eased.

Over the next year, higher unemployment and underemployment will constrain discretionary spending. However, in an environment of challenged leasing conditions, tenants are seeking access to large trade area populations in quality assets which aligns closely with the Mirvac portfolio.

FY20 RESIDENTIAL HIGHLIGHTS

Mirvac has a proud history of delivering homes and communities of exceptional quality, while setting new benchmarks for design excellence, sustainability and placemaking. While the COVID-19 pandemic made the landscape in the residential sector more challenging from the third quarter of FY20, our team showed agility and resilience in continuing to deliver to program, as well as an absolute commitment to customer service, with the introduction of virtual sales offices and viewings by appointment and working closely with our customers to achieve settlement. Throughout the period, we focused on minimising cash outlay where possible and continuing to safely operate our construction sites in order to progress our residential pipeline.

For the year ended 30 June 2020, Mirvac's Residential division delivered operating earnings before interest and tax of $225m.

Highlights across the Residential business for the year ended 30 June 2020 included:

> settled 2,563 residential lots;

> defaults for the financial year were at 2.2 per cent;

> secured future income with residential pre-sales of $971m[5,6];

> delivered gross development margins of 24 per cent[7], driven by our ability to buy and sell in the right markets and at the right time in capital efficient structures;

1. These statements are future looking and based on our reasonable belief at the time they were made. They include possible outlooks for our operating environments, however given the evolving nature of the COVID-19 pandemic, Mirvac does not have sufficient certainty to provide FY21 guidance and none of these statements should be treated as such.
2. MAT movement reflects adjusted FY19 sales for Majors to be 52 weeks vs 52 weeks for FY20.
3. COVID-19 Community Mobility Reports: https://www.google.com/covid19/mobility/.
4. CBA Economics.
5. Adjusted for Mirvac's share of joint venture.
6. Subject to settlement risk.
7. Adjusted to include joint venture projects.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND ACTIVITIES CONTINUED

> released ~1,500 residential lots during the 12 months to 30 June 2020 across both new and existing projects, with 60 per cent of all released lots exchanged;

> further supplemented the Group's residential pipeline of ~27,400 lots by adding over 2,600 lots to the portfolio. New development sites include Riverlands and the Western Sydney University Campus, both in Milperra, Sydney, Artarmon Road in Willoughby, Sydney, and Waterfront Sky in Newstead, Brisbane;

> won the tender to develop Waterloo Metro Quarter, Waterloo, Sydney in collaboration with John Holland;

> received rezoning approval for 55 Coonara Avenue, West Pennant Hills, Sydney to residential use, paving the way for a DA submission for a residential community comprising up to 600 homes;

> secured planning approval for a new community of 379 houses in Menangle, Sydney, and DA approval at Georges Cove, Sydney for 179 homes;

> increased the pipeline of DA approved apartments at Green Square Sydney from 297 to more than 600; and

> received planning consent from the City of Sydney, for the proposed mixed-use, residential-led precinct and new landmark tower at 505 George Street, Sydney.

Outlook [1]

While residential demand weakened with COVID-19-related restriction measures, the established market saw significant increases in turnover during May once restrictions eased. While the near-term direction of activity will be influenced by the containment of community transmission, the support from ultra-low interest rates which are likely to remain for some time, has significant positive impact. So too will stimulus measures such as HomeBuilder and first home buyer incentives targeting newly built property.

Looking further ahead, the preconditions are in place for increased demand from wider urban submarkets. Australia's largest cities are facing a housing supply downturn, with very low completions occurring during FY21. From a supply-side, this is forecast to be very pronounced from FY22 onwards.

On the demand side of the equation, several important demographic tailwinds provide resilience for residential activity, even if migration stays low. Housing demand is driven by population growth and the change in the age distribution of households. As our urban cities age, there are increasing volumes of households aged 35-49 and 50-64. These cohorts are active in driving housing demand as they are motivated to upgrade their residences as they enter new stages of family life, have accumulated wealth and for some, enter early retirement. Their upgrading preferences see them seek newer and high quality residences, with less maintenance, in communities that offer safety, connections and access to open space.

These customer groups are very prevalent in the middle ring of major cities or urban infill areas, of which high barriers of supply exist due to their very established and built out form. As such, a portfolio tilted to these desirable areas in Australia's largest cities is likely to outperform over the next few years.

BUILD TO RENT

The build to rent (BTR) sector continues to gather pace in Australia, given the lack of housing affordability and the growing numbers of Australians who are renting as a lifestyle choice, in order to be closer to work and other lifestyle amenities. Mirvac believes BTR has the potential to revolutionise the rental experience with improved choice, quality and security of tenure.

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

Build to Rent highlights for the year ended 30 June 2020 included:

> commenced pre-leasing at Mirvac's first purpose-built BTR asset in Australia, LIV Indigo at Sydney Olympic Park. Residents are due to move in from September 2020;

> received planning approval for the development of 490 BTR apartments in the LIV Munro development within the Queen Victoria Market, Melbourne;

> submitted a planning proposal for the development of 472 built to rent apartments within the proposed mixed-use precinct at Flinders West, Melbourne; and

> acquired an amalgamated site in Brunswick, Melbourne which, subject to planning, could provide over 450 BTR apartments.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Details of the state of affairs of the Group are disclosed on pages 61 to 64. Other than those matters disclosed, there were no significant changes to the state of affairs during the financial year under review that are not otherwise disclosed in this annual report.

The impacts of the COVID-19 pandemic to the Group are outlined throughout the annual report and summarised under Note A – Basis of Preparation.

1. These statements are future looking and based on our reasonable belief at the time they were made. They include possible outlooks for our operating environments, however given the evolving nature of the COVID-19 pandemic, Mirvac does not have sufficient certainty to provide FY21 guidance and none of these statements should be treated as such.

MATTERS SUBSEQUENT TO THE END OF THE YEAR

In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts on the recoverability and fair value of assets post 30 June 2020.

The additional restrictions implemented in early August 2020 in Victoria as a result of the sudden increased number of COVID-19 cases has not had any significant impacts on the Group's operations to date and is not expected to have a material impact on the recoverability or fair value of the Group's assets.

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

ENVIRONMENTAL REGULATIONS

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

CORPORATE GOVERNANCE STATEMENT

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

During the year ended 30 June 2020, 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 2020 and copies or summaries of the Group policies referred to in it are published on Mirvac's website at: www.mirvac.com/about/corporate-governance.

TAX GOVERNANCE STATEMENT

Mirvac has adopted the Board of Taxation's Tax Transparency Code (TTC). As part of the TTC, Mirvac has published a Tax governance Statement (TGS) which details Mirvac's corporate structure and tax corporate governance systems. Mirvac's TGS for the year ended 30 June 2020 can be found on Mirvac's website at: www.mirvac.com/about/corporate-governance.

FRAUD, BRIBERY AND CORRUPTION

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

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

NON-AUDIT SERVICES

From time to time, Mirvac may engage its external auditor, PricewaterhouseCoopers, to perform services additional to their statutory audit duties. Details of the amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services provided during the year ended 30 June 2020 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 89 and forms part of the Directors' report.

ROUNDING OF AMOUNTS

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

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

Susan Lloyd-Hurwitz

Susan Lloyd-Hurwitz
Director

Sydney
20 August 2020

REMUNERATION REPORT

CONTENTS

1 MESSAGE FROM THE HUMAN RESOURCES COMMITTEE (HRC)

The HRC is pleased to present securityholders with the FY20 remuneration report. This report sets out Mirvac's approach to remuneration for its executives and in particular the link between Mirvac's strategy and its remuneration framework, the link between performance and reward, and remuneration outcomes for senior executives.

The report also sets out highlights in respect of Mirvac's People Strategy, Culture and key Human Resources practices, all of which the HRC oversees.

Given the significant impact of the COVID-19 pandemic on Mirvac's business, this year's letter starts with comments on the impact the pandemic had Mirvac's remuneration outcomes for FY20 and remuneration design for FY21.

IMPACT OF COVID-19

Remuneration outcomes for FY20

Prior to the COVID-19 pandemic, Mirvac was on track to deliver strong performance against the FY20 key financial measures and key strategic objectives: with the short-term incentive (STI) pool on track for above target funding; and the FY18 long-term incentive (LTI) on track for strong vesting (reflecting TSR performance relative to peers and strong three-year average ROIC performance towards the upper end of the 9.5 per cent to 10.5 per cent vesting range).

However, the COVID-19 pandemic has had a significant impact on the Group's financial performance. The Mirvac Board has a strong philosophical view that pay should be aligned to performance and to securityholder outcomes and that it would be inappropriate to adjust for the impacts of the COVID-19 pandemic or exercise favourable discretion. As a result:

> there was no FY20 Group STI pool; and

> the ROIC component of the FY18 LTP did not vest as the three-year average ROIC of 8.9 per cent fell short of the minimum required (9.5 per cent) for vesting.

Despite the financial impacts of the COVID-19 pandemic, Mirvac has performed well against the strategic objectives in the Group scorecard, generally meeting or exceeding targets (refer pages 70 to 73).

In addition, we note that, in response to the COVID-19 pandemic, the Board and Executive Leadership Team (ELT) elected to take a voluntary 20 per cent reduction in fixed remuneration and fees, from 1 April to 30 June, in addition to the other decisions made as outlined on page 14.

Remuneration design for FY21

The HRC is reviewing elements of the remuneration framework to ensure it remains 'fit for purpose' as we navigate the continuing COVID-19 pandemic impacts and set up the business to accelerate out of the crisis.

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

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

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

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

> vesting periods for deferred incentives that reflect the time horizons over which Mirvac invests, while providing appropriate stretch and incentive for executives;
> best-practice governance and ensuring remuneration outcomes are reasonable taking into account community and stakeholder expectations; and
> target remuneration levels and remuneration outcomes that appropriately reflect the challenge and complexity of being an active developer and of being an integrated diverse property company.

Reflecting on the principles above, the HRC is considering some modifications to the STI and LTI design. The changes being considered are not likely to be extensive, but aim to ensure the STI and LTI remain 'fit for purpose' taking into account the significant disruption and uncertainty caused by the COVID-19 pandemic and the need for remuneration to meet the principles above.

PEOPLE AND CULTURE – KEY HIGHLIGHTS

Response to COVID-19

A significant highlight for FY20 has been Mirvac's response to the COVID-19 pandemic. The HRC played an active role in understanding the impact on our people; how management were supporting our people; and understanding the impact of the pandemic on our talent, culture and employee engagement.

The HRC is proud of the way management responded to the crisis including through additional communications; principles-based decision making (emphasising our values including 'we put people first', and 'we are genuine and do the right thing'); and conducting regular pulse checks with our people during the crisis to inform actions that supported their health, wellbeing and performance. We were very pleased to see 97 per cent of employees responded favourably to the statement "I am proud to say I work for Mirvac" (which was taken during the crisis, and after all employees had been asked to work reduced hours in May and June).

A full list of initiatives in response to the COVID-19 pandemic are set out on pages 14 to 17.

People strategy and outcomes for FY20

The HRC recognises the growing focus on culture as a driver of employee behaviours and their impact on strategy execution and performance. We believe that Mirvac's culture continued to be a differentiator throughout FY20, and Mirvac continues to be a sought after employer in our sector.

Key highlights for the year include:

> 97 per cent of employees responded favourably to the statement "I am proud to say I work for Mirvac";
> retention of 97 per cent of our identified key talent, exceeding our target of 90 per cent;
> the like-for-like gender pay gap is zero for the fourth consecutive year;
> 44 per cent of senior leadership roles are held by women, exceeding our target of 40 per cent; and
> Mirvac has again been awarded the WGEA Employer of Choice for Gender Equality citation and was a winner of an HRD Employer of Choice award.

More on our People Strategy and how this supports Mirvac's performance can be found in the Our People section, page 40.

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 ELT) as well as Non-Executive Directors.

For FY20, the KMP were:

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

1. John Peters ceased as a Non-Executive Director on 19 November 2019.
2. Elana Rubin ceased as a Non-Executive Director on 19 November 2019.

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

REMUNERATION REPORT

3 KEY QUESTIONS

Key questions	Mirvac approach	Further info
Remuneration in FY20		
1. What was the impact of the COVID-19 pandemic on this year's remuneration outcomes?	*Fixed remuneration:* All KMP and Executives took a voluntary 20 per cent reduction in fixed remuneration and fees for a three-month period, from 1 April to 30 June. *Short term incentives:* Despite the strong performance prior to the COVID-19 pandemic, the financial impact of the pandemic has resulted in no STI pool for FY20. Management and the Board did not think it appropriate to exercise discretion as this would be inconsistent with our core objective to ensure STI outcomes align to business performance, investor outcomes, and stakeholder expectations. *Long term incentives:* While the LTI was on track for greater than 90 per cent vesting prior to the COVID-19 pandemic, reflecting the strong relative TSR performance and strong ROIC performance over the last three years, the impact of the COVID-19 pandemic on operating earnings and valuations has resulted in the three-year average ROIC portion falling short of the required of 9.5 per cent threshold. Similar to the STI, management and the Board did not think it appropriate to exercise discretion in respect of the ROIC component, as this would be inconsistent with our core objective to ensure LTI outcomes align to business performance, investor outcomes, and stakeholder expectations. As a result, total vesting was 43.4 per cent.	
2. How is Mirvac's performance reflected in this year's remuneration outcomes?	Mirvac's remuneration outcomes are strongly linked to the delivery of sustainable securityholder value over the short and long term. *Fixed remuneration:* All KMP and Executives took a voluntary 20 per cent reduction in fixed remuneration and fees for a three-month period, from 1 April to 30 June. *Short-term incentives:* The STI pool funding is calculated based on operating profit and ROIC. A Group operating profit gateway is applied, such that no STI pool is funded unless operating profit is at least 90 per cent of plan. The FY20 operating profit was below the gateway, as a result no FY20 STI awards were made. Notwithstanding the financial impacts to operating profit and ROIC, Mirvac has performed well, meeting or exceeding targets against the strategic objectives, see pages 70 to 73. *Long-term incentives:* The three-year performance period for the FY18 LTI completed on 30 June 2020. The FY18 LTI was divided into two components, with half tested against relative TSR and the other half tested against ROIC, both over a three-year period. Mirvac's absolute TSR performance of 10.69 per cent was at the 68th percentile of the comparator group, resulting in vesting of 86.8 per cent of the relative TSR component. Mirvac's three-year average ROIC of 8.9 per cent did not meet the threshold performance hurdle, as a result none of the ROIC portion of the FY18 LTI award will vest. Total vesting for the FY18 LTI award is 43.4 per cent.	Section 4 Page 69
3. What changes have been made to the remuneration structure in FY20?	*Fixed remuneration:* There were no increases to the fixed remuneration or total target remuneration for any Executive KMP during FY20. However, as noted above, all KMP and Executives took a voluntary 20 per cent reduction in fixed remuneration for a three-month period, from 1 April to 30 June. *Short-term incentives:* There were no changes to STI methodology. *Long-term incentives:* There were no changes to LTI. The performance measures continue to be relative TSR and ROIC for the FY20 LTI award for the KMP: 40 per cent weighting for relative TSR; and 60 per cent weighting for ROIC.	Section 6 Page 74
4. Are any changes planned for FY21?	As a result of the impacts of the COVID-19 pandemic, the incentive designs are being reviewed to ensure the remuneration framework remains fit for purpose and appropriately responds to the change in context. In making any changes, the core principles set out on page 66 remain sound and will guide the Board's decision making on performance measures, remuneration mix, vesting periods for deferred incentives and other relevant decisions.	Section 6 Page 74
Remuneration framework		
5. 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 74
6. What proportion of remuneration is "at risk"?	The majority of Executive KMP's remuneration is based on performance and is therefore at risk. The remuneration package for the CEO/MD is 70 per cent performance related pay, and for other Executives the remuneration package is, on average, 58 per cent performance related pay.	Section 5 Page 74
7. Are there any clawback provisions for incentives?	Yes, the Board has the ability to claw back incentives in the event of a material financial misstatement, any misconduct that is, or may be, harmful to the Group, and/or gross negligence.	Section 6 Pages 76 and 77

Key questions	Mirvac approach	Further info
8. What is Mirvac's minimum securityholding requirement?	The minimum securityholding requirement is: > 150 per cent of fixed remuneration for the CEO/MD; > 100 per cent of fixed remuneration for other Executives; and > 50,000 securities for Non-Executive Directors. Executives have five years from the commencement of their role on the ELT, or for current Executives five years from 1 July 2018, to establish their Mirvac security ownership to the minimum. Non-Executive Directors have three years from their date of appointment to the Board, or for Non-Executive Directors who were appointed to the Board prior to FY18 three years from 12 December 2017, to acquire securities up to the minimum.	Section 12 Page 84 Section 16 Page 88
Short-term incentives		
9. Are any STI payments deferred?	Yes, 25 per cent of STI for Executives 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 74 Section 6 Page 76
10. 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 75
Long-term incentives		
11. What are the performance measures for the LTI?	For the FY18 award (performance period ended 30 June 2020), performance is measured over a three-year period with 50 per cent of the award subject to relative TSR and 50 per cent of the award subject to ROIC, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance. For the FY19 and FY20 LTI awards, performance is measured over a three-year period with 40 per cent of the award subject to relative TSR and 60 per cent of the award subject to ROIC, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance.	Section 6 Page 76
12. Does the LTI have re-testing?	No, there is no re-testing.	Section 6 Page 76
13. 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 76
14. Is the size of LTI grants increased in light of performance conditions?	No, there is no adjustment to reflect the performance conditions. The grant price for allocation purposes is not reduced based on performance conditions. Mirvac uses a 'face value methodology' for allocating performance rights to each Executive KMP, being the average security price for the month leading up to grant, discounted for the assumed value of dividends and distributions not paid during the three-year performance period.	Section 6 Page 76
15. Can LTI participants hedge their unvested LTI?	Consistent with the *Corporations Act 2001*, participants are prohibited from hedging their unvested performance rights.	Section 6 Page 77
16. Does Mirvac buy securities or issue new securities for security-based awards?	For deferred STI awards, securities are purchased on-market. For LTI awards, the Board has discretion to issue new securities or buy existing securities on-market.	Section 6 Pages 76 and 77
17. Does Mirvac issue share options?	No, Mirvac uses performance rights for the deferred STI and LTI awards.	Section 6 Page 76
Executive KMP service agreements		
18. What is the maximum an executive can receive on termination?	Executive KMP termination entitlements are limited to 12 months' fixed remuneration.	Section 14 Page 86

4 OUR REMUNERATION STRATEGY AND THE LINK TO BUSINESS STRATEGY AND PERFORMANCE

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

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

REMUNERATION REPORT

Our strategic drivers...	Are reflected in STI performance measures...	And LTI performance measures...	Result
CAPITAL EFFICIENCY & FINANCIAL PERFORMANCE Reflects the alignment of business strategy to create sustainable value for securityholders.		**RELATIVE TOTAL SHAREHOLDER RETURN (TSR)** Measures the performance of Mirvac securities over time, relative to other entities in a comparison group.	
		RETURN ON INVESTED CAPITAL (ROIC) Reflects how efficiently Mirvac is using its assets to generate earnings. It is calculated by dividing Total Return by average Invested Capital over the three-year period.	
	OPERATING PROFIT Reflects how much revenue the business has generated for the year, less operating costs and represents a key driver of securityholder value.		
	RETURN ON INVESTED CAPITAL (ROIC) Reflects how efficiently Mirvac is using its capital to generate earnings. It is calculated by dividing Total Return by average Invested Capital over 12 months.		
STRATEGY EXECUTION & OPERATIONAL EXCELLENCE	Ensures management delivers on core initiatives relating to Group strategy and operating model. Measures include performance against Group or divisional specific initiatives and/or integrated projects.		
CUSTOMER & INVESTOR SATISFACTION Provide customers and investors an experience that delivers excellence, consistently exceeds expectations and engenders loyalty.	Represents how well Mirvac is meeting the expectations of key external stakeholders. Measures include retail customer, office tenant and residential customer satisfaction surveys, as well as qualitative feedback from key institutional investors and third-party capital investors.		
PEOPLE & LEADERSHIP Have an engaged and motivated workforce with superior skills and capabilities.	There is a strong correlation between high levels of employee engagement and a positive culture with securityholder returns. Measures include engagement, key talent retention, gender diversity and flexibility targets.		

Mirvac's actual performance measures include…	Directly affects what executives are paid
FROM FY18-FY20 > Mirvac's absolute TSR performance of 10.69% was at the 68th percentile relative to its comparator group. > Mirvac's average annual ROIC was 8.9% over the period.	LTI vesting outcome for Executive KMP in FY20 = 43.4% of target

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

IN FY20 > Operating profit was \$602m, down from \$631m in FY19. > This did not meet the 90% operating profit gateway to fund a STI pool. > ROIC was 5.2% down from 10.1% in FY19.	No STI awards in FY20
Overall, a successful year for operational excellence initiatives in terms of delivering Group strategy. Examples of key initiatives and outcomes delivered successfully throughout FY20: **BUILD TO RENT (BTR)** > LIV Mirvac was successfully launched to market during FY20 with pre-leasing commencing as targeted in June 2020. The first residents are due to move into LIV Indigo, Sydney Olympic Park in September 2020; > LIV Munro, Melbourne – Mirvac received planning approval for the development of 490 completed BTR apartments in the Munro development within the Queen Victoria Market; and > LIV Brunswick, Melbourne – Mirvac acquired an amalgamated site in the heart of Brunswick, just 6km from the Melbourne CBD which subject to planning could provide over 450 purpose built, BTR apartments. **MIXED-USE** > Waterloo Metro Quarter, Sydney – Mirvac won a competitive tender in December 2019 to deliver Sydney Metro's integrated station development at Waterloo in collaboration with the NSW Government; and > Flinders West, Melbourne – Set to become Mirvac's first commercial, BTR and retail development. **CAPITAL MANAGEMENT** > maintained an A- rating with a stable outlook from Fitch Ratings; and > Maintained an A3 rating with a stable outlook from Moody's Investors Service (equivalent to A-). **THIRD-PARTY CAPITAL UNDER MANAGEMENT (TPCUM)** > TPCUM from all sources has exceeded a FY21 growth target.	Strong overall performance against the strategic objectives however, did not lead to STI funding. Refer page 78.
> Customer satisfaction targets set for each of our key divisions were exceeded. > Continued positive feedback being received from investors on our delivery of strategy. > Corporate Confidence Index – Mirvac Investor Relations ranked #1 for communicating with investment community and #3 for informative management meetings.	
People & Leadership targets were either met or exceeded. > Strong scores on leadership and culture in employee surveys including 97% favourable score on the statement "I am proud to say I work for Mirvac". > 97% retention of key talent, exceeding target (target >90% retention). > 44% of senior leadership positions held by females (target >40%). > A strong culture of flexibility, evidenced by our ability to seamlessly transition to remote working in March as a result of the COVID-19 pandemic. > Our strategic focus on gender balance is continuing to have a positive impact on gender pay parity with the like-for-like gender pay gap at zero for the fourth year (target = no like-for-like pay gaps). More on our People Strategy and how this supports Mirvac's performance can be found in the Our People section, page 40.	

REMUNERATION REPORT

Our strategic drivers...	Are reflected in STI performance measures...	And LTI performance measures...	Result
INNOVATION LEADERSHIP	A culture of innovation will drive and safeguard long-term securityholder returns. Measures include performance against agreed innovation missions.		
HSE & SUSTAINABILITY LEADERSHIP Be recognised as a leader in sustainability. Provide workplaces free from harm and supported by a culture where safety remains an absolute priority.	Mirvac is committed to providing a safe workplace for its employees, suppliers and communities and to ensuring its activities do not have an adverse impact on the environment. Measures include Lost Time Injury Frequency Rate, Critical Incident Frequency Rate, timely incident reporting and sustainability targets.		

Mirvac's actual performance measures include…	Directly affects what executives are paid
> Hatch launched their 2020 strategy, the Innovation Edge, which is aimed at "co-inventing with business teams to deliver innovative solutions that advance business strategy, and further embed innovation in Mirvac's DNA". > The Innovation team launched Picket & Co. a new housing typology start-up aimed at digital natives (aged 18-30). This initiative is an innovative housing solution for young Australians and key workers to help tackle housing affordability. > The COVID-19 pandemic presented challenges for our customers and communities. From isolation to business closures, our team saw the opportunity to deploy our unique innovation capability to help those in need. We were able to understand the priorities for our customers and roll out initiatives like 'Essentials Express', an online, contactless service where customers can order from a range of retailers for convenient and hygienic drive-through pick-up, with less than a week between the initial idea to the in-centre execution. > The efforts Hatch has made to build and embed a strong culture of innovation at Mirvac received local and global recognition in FY20, which included being ranked seventh in Fast Company World's Most Innovative Companies 2020, Urban Development and Real Estate Category. The ranking was based on three key projects that delivered innovative solutions for the business, being: 1. Cultivate: Mirvac's urban farm in the basement of buildings; 2. Solar upgrades at Tullamore VIC: where Mirvac is partnering with Allume to bring solar energy to apartments; and 3. The Third Space: Mirvac's dedicated co-working space currently open at Orion Shopping Centre in QLD. > In addition to this, Mirvac ranked number one in the AFR Boss Most Innovative Companies 2019 as the 'Most Innovative Property and Construction Company' for Cultivate. Read more about how Hatch are growing and embedding Innovation at Mirvac on page 44.	> No STI awards in FY20
SUSTAINABILITY The Group achieved a sustainability score of 91% against a hurdle of 80%. During FY20, Mirvac continued to lead the way with achievements that delivered on our commitment to reducing our impact on the planet. Highlights include: > Signed an agreement to supply the majority of Mirvac's office and retail centres in VIC, NSW and the ACT with 100% renewable energy, reducing our carbon footprint by 60%. Read more on page 24. > Released Planet Positive: Waste & Materials, the second in our series of three environmental plans, which outlines the strategies we will take to send zero waste to landfill by 2030. Read more on page 52. > Became the first Australian property group to join RE100, a global initiative of businesses committed to 100% renewable energy. > Used our buying power to direct more than $9m to the social sector, including social enterprises and Indigenous businesses. > Delivered almost $10m in externally verified community investment, particularly focused on building strong bonds through social infrastructure like parks, schools and libraries. > Released the findings of our House with No Bills study. Read more on page 34. Mirvac also achieved a number of industry leading sustainability ratings in its office portfolio, including: > Achieved two new 5.5 star NABERS energy ratings at 380 St Kilda Road and 664 Collins St in Melbourne, VIC. > Achieved a 5.5-star NABERS Waste rating at David Malcolm Justice Centre in Perth, WA, the second highest NABERS waste rating in the country and the highest rating in the state; and > Achieved a 4.5-star NABERS Water rating at EY Centre, 200 George Street, Sydney NSW. > Read more on page 25. **HSE** Key HSE achievements in FY20 include: > Best practice pandemic response. > Refreshed Design Out Our Risk (DOOR) procedures and delivery mechanisms. > Performance against key metrics: – LTIFR of 2.08 against a target of less than 2; and – CIFR of 0.63 against a target of less than 1.5 Mirvac is committed to providing safe workplaces, to keep our employees, customers and service providers safe and well. Read more on page 43.	>

REMUNERATION REPORT

5 EXECUTIVE KMP REMUNERATION AT MIRVAC

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

Executive remuneration at Mirvac is:

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

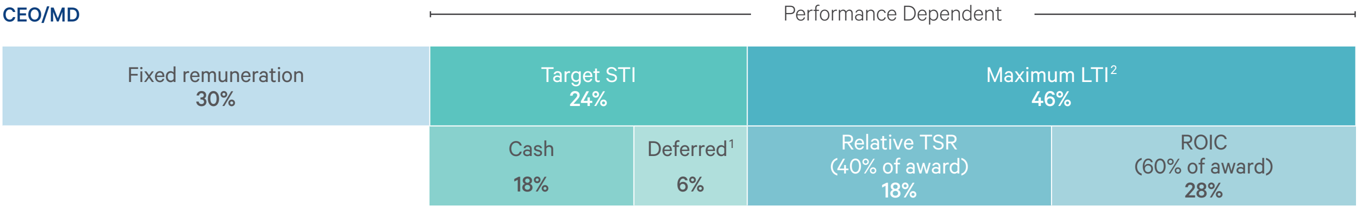
> equity focused:
  - 52 per cent of the CEO/MD's total remuneration is paid in equity; and
  - about one-third of other Executive KMP members' total remuneration is paid in equity;

> encouraging an ownership mindset through equity-based incentives (above) and minimum securityholding requirements:
  - the CEO/MD is required to hold 150 per cent of fixed remuneration as Mirvac securities; and
  - other Executive KMP are required to hold 100 per cent of their fixed remuneration as Mirvac securities; and

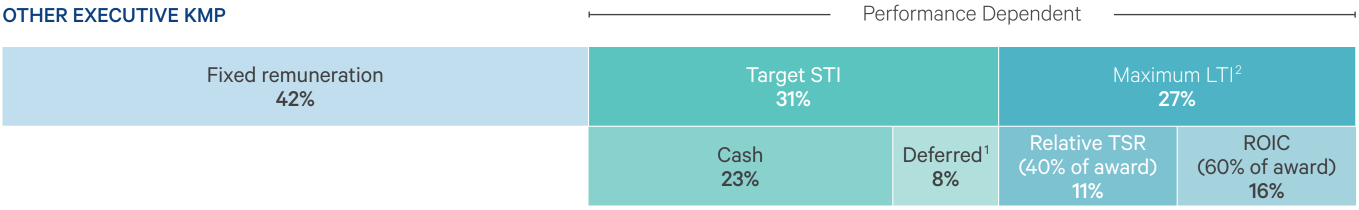
> multi-year focused:
  - 50 per cent of STI deferral is subject to a one-year holding lock and the remaining 50 per cent to a two-year holding lock; and
  - LTI performance is measured over a three-year period.

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

CEO/MD



OTHER EXECUTIVE KMP



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

6 HOW REMUNERATION IS STRUCTURED

MARKET POSITIONING OF FIXED AND TOTAL REMUNERATION

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

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

> the size and complexity of the role;

> the criticality of the role to successful execution of the business strategy;

> role accountabilities;

> skills and experience of the individual; and

> market pay levels for comparable roles.

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

When determining the relevant market for each role, Mirvac considers the companies from which it sources talent, and to whom it could potentially lose talent. From time to time, the Board engages its independent remuneration advisor to provide remuneration benchmarking data as input into setting remuneration for Executive KMP. Refer section 15, page 86.

For business roles

> primary comparison group: the A-REIT, plus Lendlease; and

> secondary comparison group: general industry with a similar market capitalisation (50 per cent to 200 per cent of Mirvac's 12-month average market capitalisation).

For corporate roles

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

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

STI: HOW DOES IT WORK?

Purpose	Motivate and reward employees for contributing to the delivery of annual business performance.
Eligibility	All permanent Mirvac employees are eligible to participate in the STI plan, subject to having more than three months' active service during the financial year and remaining employed on, or not having provided notice of termination before, the award date.
Target, minimum and maximum STI opportunity	A target STI is set for each individual. Actual STI awards depend on Group and individual performance but can range from zero up to the maximum of 200 per cent of the target opportunity.

Group STI scorecard/ pool funding

Gateway: Group operating profit must be at least 90 per cent of plan before any STI payments are made.

STI pool funding: Subject to the gateway being met, the STI pool is funded based on operating profit and ROIC (both with 50 per cent weighting), based on the schedule below.

FINANCIAL MEASURES

Measure	Rationale for using	Measurement
Operating profit	Reflects how much revenue the business has generated for the year, less operating costs and represents a key driver of securityholder value.	For both financial performance measures on the Group STI scorecard, a threshold, plan and stretch goal is set at the start of the financial year, with the outcome calculated based on the following scale:
ROIC	Reflects how efficiently Mirvac is using its capital to generate earnings.	(see scale below)

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.

Pool moderation: The Board has discretion to moderate the above calculated outcome based on achievement of strategic objectives (see below). The objectives are quantitative in nature and are set in line with the short- and medium-term strategic objectives.

STRATEGIC OBJECTIVES

At the start of the year, a scorecard of objectives is agreed with management. At the end of the year, the Board makes a rigorous assessment, taking into account quantitative and qualitative factors. The Board has discretion to increase or decrease the pool funding taking into account performance against these strategic objectives and the Group's risk framework and tolerance. Our performance against targets will be disclosed retrospectively as we have done this year on pages 70 to 73, noting that some of the targets for individual strategic objectives are not disclosed as they are commercially sensitive.

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

REMUNERATION REPORT

STI contined

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

LTI: HOW DOES IT WORK?

Purpose	Assist in attracting and retaining the required executive talent; focus executive attention on driving sustainable long-term growth; and align the interests of executives with those of securityholders.
Eligibility	LTI grants are generally restricted to those Executives who are most able to influence securityholder value. Non-Executive Directors are not eligible to participate in the LTI plan.
Instrument	Awards under this plan are made in the form of performance rights. A performance right is a right to acquire one fully paid Mirvac security provided a specified performance hurdle is met. No dividends/distributions are paid on unvested LTI awards. This ensures that Executives are only rewarded when performance hurdles have been achieved at the end of the performance period.
LTI opportunity	The maximum LTI opportunity during FY20 was equivalent to: > 150 per cent of fixed remuneration for the CEO/MD; and > 50 per cent to 90 per cent of fixed remuneration for other Executive KMP.
Grant value/ price	Mirvac uses a 'face value methodology' for allocating performance rights to each Executive KMP, being the average security price for the month leading up to grant, discounted for the assumed value of dividends and distributions not paid during the three-year performance period. The grant price for allocation purposes is not reduced based on performance conditions.
Performance period	Performance is measured over a three-year period. The FY20 grant has a performance period commencing 1 July 2019 and ending 30 June 2022.
Performance hurdles for FY20 grant	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 FY20: **Relative TSR** (40 per cent of the LTI allocation) Relative TSR is used because it is an objective measure of securityholder value creation and is widely understood and accepted by the various key stakeholders. Mirvac's TSR performance is measured relative to a comparison group consisting of Mirvac's primary market competitors (the A-REIT) as this is aligned to the peer group in which we compete for capital; and **ROIC** (60 per cent of the LTI allocation) ROIC is used because it is aligned to Mirvac's strategic drivers, in particular financial performance and capital efficiency. ROIC is calculated as Total Return divided by average Invested Capital. The vesting schedule set out below was put in place prior to the COVID-19 pandemic and reflected the Board's view, at that time, that vesting of the ROIC component ought to commence on the achievement of Mirvac's WACC, the point at which management create value for securityholders, with full vesting on achieving a premium above WACC. The premium to WACC for the ROIC component of the FY20 award was 1.8 per cent, which at the time represented both significant stretch and value creation for securityholders. So as not to encourage unnecessary risk-taking, 50 per cent of the award will vest one-third into the 1.8 per cent premium. That is, 50 per cent will vest upon 0.6 per cent outperformance of WACC. The remaining 50 per cent of the award will vest over the remaining 1.2 per cent outperformance. After calculating the outcome based on the vesting schedule detailed above, the Board shall have +/-20 per cent discretion to adjust the vesting outcomes for the ROIC performance hurdle to ensure vesting outcomes reflect management's performance over the performance period. The LTI design for FY21 is currently under review and may result in a change in hurdles and/or vesting schedules to reflect the change in business conditions as a result of the COVID-19 pandemic.

LTI contined

Vesting schedule for FY20 grant

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

Vesting / delivery

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

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

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

Termination / forfeiture

Resignation or dismissal: all unvested performance rights are forfeited.

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

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

Clawback policy

The policy gives the Board the ability to claw back incentives in the event of a material financial misstatement, any misconduct that is, or may be, harmful to the Group, and/or gross negligence.

Dilution

Dilution that may result from securities being issued under Mirvac's LTI plan is capped at the limit set out in ASIC Class Order 14/1000, which provides that the number of unissued securities under those plans must not exceed 5 per cent of the total number of securities of that class as at the time of the relevant offer.

Hedging

Consistent with the *Corporations Act 2001*, participants are prohibited from hedging their unvested performance rights.

REMUNERATION REPORT

7 BUSINESS AND EXECUTIVE REMUNERATION OUTCOMES

HOW THE GROUP'S PERFORMANCE HAS TRANSLATED INTO STI AWARDS

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

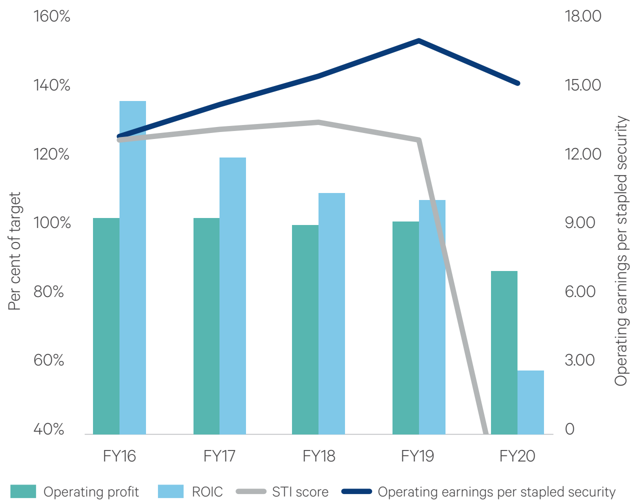
> the STI pool has a gateway requirement of Group operating profit being at least 90 per cent of target; and

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

Performance was significantly impacted by the COVID-19 pandemic, resulting in the FY20 operating profit being below the required gateway, as such no FY20 STI awards were made. In view of the broader context, management and the Board did not think it appropriate to exercise discretion to fund a pool notwithstanding strong financial performance prior to the COVID-19 pandemic and that Mirvac has performed well, meeting or exceeding targets, against the strategic objectives, pages 70 to 73.

This graph shows how the average STI outcome for all employees over the past five years has been closely tied to performance of these two measures.

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



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

Gateway (at least 90% of target operating profit)

Operating profit 50% + **ROIC** 50% + **Strategic objectives**

Performance against operating profit and ROIC targets calculate a Group STI score (from a maximum potential score of 150% of target). The HRC can moderate the score, up or down, based on achievement of strategic objectives to ensure STI awards are consistent with Mirvac's remuneration strategy, and appropriately aligned with performance outcomes.

Fixed remuneration X **Individual STI target** X **Group STI score 0-150%** X **Individual STI score 0-150%** = **Individual STI award capped at 200% of target**

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

In FY20, the operating profit gateway was not achieved, as such, no FY20 STI awards were made.

HOW THE GROUP'S PERFORMANCE HAS TRANSLATED INTO LTI AWARDS

Mirvac's financial and security price performance directly affects the vesting of the LTI awards. For the FY18 award:

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

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

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

In the three years to 30 June 2020:

> Mirvac's absolute TSR performance of 10.69 per cent was at the 68th percentile of the comparator group, resulting in vesting of 86.8 per cent of the relative TSR component;

> the Group's three-year average ROIC performance was on track for greater than 90 per cent vesting prior to the COVID-19 pandemic, reflecting the strong performance and prudent capital management over the last three years. However, the impact of the COVID-19 pandemic on operating earnings and valuations resulted in the three-year average ROIC of 8.9 per cent falling short of the threshold performance hurdle (9.5 per cent), resulting in none of the ROIC component vesting. Management and the Board did not think it appropriate to exercise discretion in respect of the ROIC component, as this would be inconsistent with our core objective to ensure LTI outcomes align to business performance, investor outcomes, and stakeholder expectations; and

> as a result, total vesting for the FY18 award is 43.4 per cent.

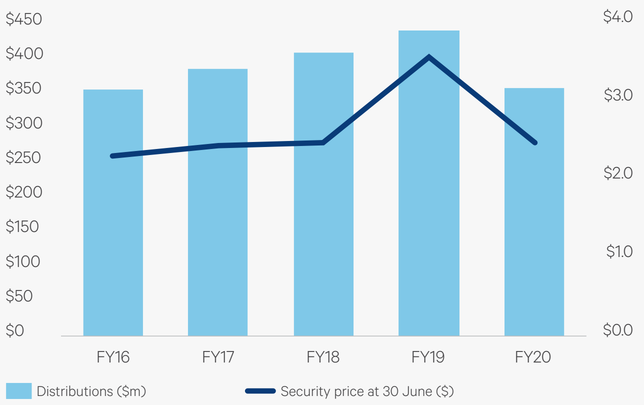
The diagram below sets out the Group's performance and the resulting LTI outcomes for the Executive KMP:

FY18 LTI grants to eligible participants and relative TSR and ROIC performance hurdles set

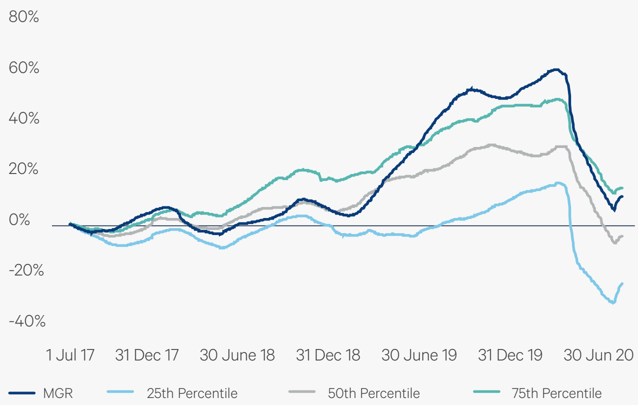
30 June 2020: three-year performance period ends for the FY18 grants and performance is measured for relative TSR and ROIC

RELATIVE TSR

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



MIRVAC'S TSR (1 JULY 2017 TO 30 JUNE 2020)



Mirvac's absolute TSR performance of 10.69 per cent was at the 68th percentile of the comparator group.

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

+

ROIC

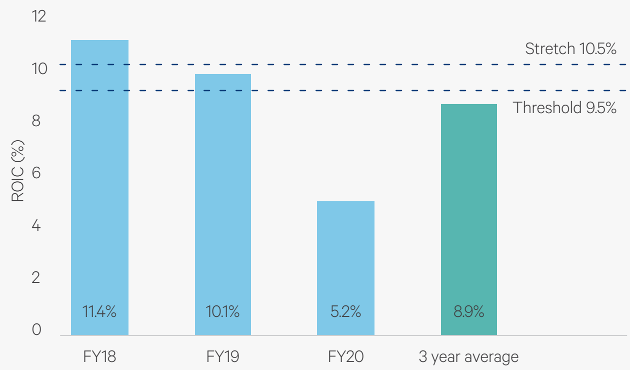
ROIC performance

Performance over the three-year period:

> FY18 exceeded the stretch target;
> FY19 exceeded the threshold; and
> FY20 performance was significantly impacted by the COVID-19 pandemic resulting in the threshold performance hurdle not being met.

Mirvac's average annual ROIC over the three-year performance period was 8.9 per cent, resulting in none of the ROIC component vesting.

MIRVAC'S ROIC PERFORMANCE OVER THE THREE YEARS



None of the performance rights linked to the ROIC measure vested.

=

43.4 per cent of the total FY18 LTI award vested.

REMUNERATION REPORT

EXECUTIVE KMP VESTING OUTCOMES FOR THE PAST THREE YEARS

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

Grant year	Performance hurdle	Performance period	Performance period ended	Vested %
FY16	Relative TSR and ROIC	3 years	30 June 2018	84.0
FY17	Relative TSR and ROIC	3 years	30 June 2019	100.0
FY18	Relative TSR and ROIC	3 years	30 June 2020	43.4

PAST FINANCIAL PERFORMANCE

The table below provides summary information on the Group's earnings and securityholders' wealth for the five years to 30 June 2020:

	FY20	FY19	FY18	FY17	FY16
Profit attributable to the stapled securityholders of Mirvac ($m)	**558**	1,019	1,089	1,164	1,033
Operating profit ($m)[1]	**602**	631	608	534	482
Distributions for the year ($m)	**357**	440	408	386	355
Security price at 30 June ($)	**2.17**	3.13	2.17	2.13	2.02
Operating earnings per stapled security (EPS) – diluted (cents)	**15.3**	17.1	15.6	14.4	13.0
Statutory EPS – basic (cents)	**14.2**	27.6	29.4	31.4	27.9

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

8 SUMMARY OF FY20 REMUNERATION

CEO/MD remuneration	The CEO/MD's remuneration was not changed during FY20. Remuneration for the CEO/MD in the table in section 9 decreased to $3.0m from $7.0m in FY19 due to: > a voluntary 20 per cent reduction in fixed remuneration for a three-month period, from 1 April to 30 June; > no STI award for FY20 v 128 per cent of target in FY19; > 43.4 per cent vesting of the FY18 LTI award v 100 per cent vesting of the FY17 award; and > the decrease in security price ($2.17 at 30 June 2020 v $3.13 at 30 June 2019). The CEO/MD has not had an increase to her fixed remuneration since she commenced in 2012.
Fixed and total target remuneration	All Executives took a voluntary 20 per cent reduction in fixed remuneration for a period from 1 April to 30 June. There were no increases to the fixed remuneration or total target remuneration for any Executive KMP during FY20.
STI	A Group operating profit gateway is applied, such that no STI pool is funded unless operating profit is at least 90 per cent of plan. The FY20 operating profit was below the gateway, as a result, no FY20 STI awards were made. Notwithstanding the financial impacts to operating profit and ROIC, Mirvac has performed well, meeting or exceeding targets against the strategic objectives, see pages 70 to 73.
LTI	Vesting of LTI grants is dependent on achieving relative TSR performance and ROIC targets over a three-year period, with the Board having over-arching discretion to ensure vesting outcomes are appropriately aligned to performance. The three-year performance period for the FY18 LTI completed on 30 June 2020. Mirvac's absolute TSR performance of 10.69 per cent was at the 68th percentile of the comparator group, resulting in vesting of 86.8 per cent of the relative TSR component. Mirvac's three-year average ROIC of 8.9 per cent did not meet the threshold performance hurdle. As a result, none of the ROIC portion of the FY18 LTI award will vest. Total vesting for the FY18 LTI award is 43.4 per cent.
Non-Executive Director fees	No changes to fees however, all Non-Executive Directors took a voluntary 20 per cent reduction in fees for a three-month period, from 1 April to 30 June.

9 ACTUAL REMUNERATION RECEIVED IN FY20

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:

> *cash STI*: the cash portion of any STI payments to be made in September 2020 in recognition of performance during FY20;

> *deferred STI vested:* the value of the deferred STI from prior years that vested in FY20 (being the number of rights that vested multiplied by the security price on the vesting date); and

> *LTI vested:* the value of performance rights whose performance period ended 30 June 2020 (being the number of performance rights that vested multiplied by the security price on 30 June 2020, being the last business day of the performance period).

Actual remuneration received in FY20

Executive KMP	Year	Fixed remuneration [1] $	Cash STI $	Deferred STI vested $	LTI vested $	Other [2] $	Total $
Susan Lloyd-Hurwitz	**FY20**	**1,425,000**	**—**	**609,533**	**999,530**	**19,854**	**3,053,917**
	FY19	1,500,000	1,153,125	467,100	3,890,881	24,716	7,035,822
Brett Draffen	**FY20**	**902,500**	**—**	**391,883**	**379,822**	**12,166**	**1,686,371**
	FY19	950,000	740,625	308,984	1,478,534	15,451	3,493,594
Shane Gannon [3]	**FY20**	**855,000**	**—**	**372,098**	**359,832**	**11,994**	**1,598,924**
	FY19	900,000	703,125	293,329	1,400,716	14,365	3,311,535
Campbell Hanan	**FY20**	**773,333**	**—**	**292,951**	**177,695**	**10,760**	**1,254,739**
	FY19	800,000	553,125	230,703	691,711	12,447	2,287,986
Susan MacDonald [4,5]	**FY20**	**760,000**	**—**	**274,933**	**177,695**	**10,421**	**1,223,049**
	FY19	800,000	553,125	203,301	605,248	14,100	2,175,774
Stuart Penklis [6]	**FY20**	**760,000**	**—**	**228,296**	**155,482**	**10,317**	**1,154,095**
	FY19	800,000	553,125	82,843	345,856	12,175	1,793,999

1. Includes the 20 per cent voluntary reduction in fixed remuneration for a three-month period, from 1 April 2020 to 30 June 2020 in response to the COVID-19 pandemic. Reduction in fixed remuneration for Campbell Hanan is for the three-month period from 1 May 2020 to 31 July 2020.
2. Includes long service leave accrued during the year.
3. In FY20, Shane Gannon elected to purchase additional leave: the amount shown above reflects fixed remuneration before deducting the purchased leave, less the voluntary 20 per cent deduction.
4. In FY19, Susan MacDonald elected to purchase additional leave: the amount shown above reflects fixed remuneration before deducting the purchased leave.
5. In FY20, Susan MacDonald took a number of days of unpaid leave over the course of the year; the amount shown above reflects fixed remuneration before deducting the unpaid leave period, less the voluntary 20 per cent deduction.
6. In FY20, Stuart Penklis cashed-out $70,769 of annual leave; the amount shown above reflects fixed remuneration before the addition of the cashed-out leave.

Executive KMP STI awards in FY20

The STI pool funding is calculated based on operating profit and ROIC. A Group operating profit gateway is applied, such that no STI pool is funded unless operating profit is at least 90 per cent of plan. The FY20 operating profit was below the gateway, as a result, no FY20 STI awards were made.

The following table shows the actual STI outcomes (including any deferred component) for each of the Executive KMP for FY20:

Executive KMP	STI target % of fixed remuneration	STI max % of fixed remuneration	Actual STI % max	STI forfeited % max	Actual STI (total) $
Susan Lloyd-Hurwitz	80	160	0	100	—
Brett Draffen	80	160	0	100	—
Shane Gannon	80	160	0	100	—
Campbell Hanan	70	140	0	100	—
Susan MacDonald	70	140	0	100	—
Stuart Penklis	70	140	0	100	—

REMUNERATION REPORT

10 TOTAL REMUNERATION IN FY20

The following statutory table shows the total remuneration for members of the Executive KMP for FY19 and FY20. These disclosures are calculated in accordance with the accounting standards and accordingly differ from the information presented in the actual remuneration received in FY20 table in section 9.

		Short-term benefits			Post-employment	Security-based payments		Other long-term benefits			
Executive KMP	Year	Cash salary and fees [1] $	Cash STI [2] $	Non-cash benefits [3] $	Super-annuation contributions $	Value of LTI rights [4] $	Value of deferred STI rights [4] $	Long service leave [5] $	Term-ination benefits $	Total remuneration $	Performance related remuneration % of total remuneration
Susan Lloyd-Hurwitz	**FY20**	**1,403,997**	**—**	**—**	**21,003**	**704,846**	**249,641**	**19,854**	**—**	**2,399,341**	**40%**
	FY19	1,479,469	1,153,125	274	20,531	1,723,182	421,561	24,442	—	4,822,584	68%
Brett Draffen	**FY20**	**872,475**	**—**	**9,022**	**21,003**	**267,841**	**161,456**	**12,166**	**—**	**1,343,963**	**32%**
	FY19	920,447	740,625	9,132	20,531	654,809	270,890	15,341	—	2,631,775	63%
Shane Gannon [6]	**FY20**	**799,382**	**—**	**—**	**21,003**	**253,744**	**153,438**	**11,994**	**—**	**1,239,561**	**33%**
	FY19	879,469	703,125	116	20,531	620,345	257,193	14,249	—	2,495,028	63%
Campbell Hanan	**FY20**	**752,331**	**—**	**—**	**21,003**	**125,305**	**121,372**	**10,760**	**—**	**1,030,771**	**24%**
	FY19	779,469	553,125	—	20,531	306,344	202,402	12,447	—	1,874,318	57%
Susan MacDonald [7,8]	**FY20**	**715,965**	**—**	**—**	**21,003**	**125,305**	**121,372**	**10,421**	**—**	**994,066**	**25%**
	FY19	764,084	553,125	1,226	20,531	290,517	197,895	12,874	—	1,840,252	57%
Stuart Penklis [9]	**FY20**	**758,675**	**—**	**51,091**	**21,003**	**132,735**	**117,008**	**10,317**	**—**	**1,090,829**	**23%**
	FY19	726,088	553,125	53,493	20,531	231,186	175,782	12,062	—	1,772,267	54%

1. Cash salary and fees includes accrued annual leave paid out as part of salary. Includes the 20 per cent voluntary reduction in fixed remuneration for a three-month period, from 1 April 2020 to 30 June 2020 in response to the COVID-19 pandemic. Reduction in fixed remuneration for Campbell Hanan is for the three-month period from 1 May 2020 to 31 July 2020.
2. Cash STI relates to cash portion of STI awards accrued for the relevant year and payable in September following the end of the relevant financial year.
3. Non-cash benefits include salary-sacrificed benefits and related fringe benefits tax where applicable.
4. Valuation of rights is conducted by an independent advisor. Significant decrease in FY20 is a result of the expense reversal in relation to the ROIC component of the FY18 LTI award which did not vest.
5. Long service leave relates to amounts accrued during the year.
6. In FY20, Shane Gannon elected to purchase additional leave. The amount shown above reflects the accounting expense relating to cash salary and is therefore net of any purchased leave amounts. There was no change to fixed remuneration.
7. In FY19, Susan MacDonald elected to purchase additional leave. The amount shown above reflects the accounting expense relating to cash salary and is therefore net of any purchased leave amounts. There was no change to fixed remuneration.
8. In FY20, Susan MacDonald took a number of days of unpaid leave over the course of the year. The amount shown above reflects the accounting expense relating to cash salary and is therefore net of any unpaid leave period. There was no change to fixed remuneration.
9. In FY20, Stuart Penklis cashed out $70,769 of annual leave, this is included as cash salary and fees. There was no change to fixed remuneration.

11 LTI GRANTS IN FY20

The table below shows LTI grants made during FY20, subject to performance conditions over the three-year performance period ending 30 June 2022. Accounting standards require the fair value of the grants be recognised over the performance period. The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

Executive KMP	LTI max as a % of fixed remuneration	Performance measure	Number of performance rights granted	Fair value per performance right $	Maximum total value of grant [1] $
Susan Lloyd-Hurwitz		Relative TSR	308,218	1.98	609,039
		ROIC	462,329	2.33	1,075,405
Total	**150**		**770,547**		**1,684,444**
Brett Draffen		Relative TSR	117,123	1.98	231,435
		ROIC	175,685	2.33	408,654
Total	**90**		**292,808**		**640,089**
Shane Gannon		Relative TSR	110,958	1.98	219,253
		ROIC	166,439	2.33	387,147
Total	**90**		**277,397**		**606,400**
Campbell Hanan		Relative TSR	54,794	1.98	108,273
		ROIC	82,192	2.33	191,184
Total	**50**		**136,986**		**299,457**
Susan MacDonald		Relative TSR	54,794	1.98	108,273
		ROIC	82,192	2.33	191,184
Total	**50**		**136,986**		**299,457**
Stuart Penklis		Relative TSR	54,794	1.98	108,273
		ROIC	82,192	2.33	191,184
Total	**50**		**136,986**		**299,457**

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

Key inputs used in valuing performance rights granted during FY20 were as follows:

Grant date	2 December 2019	Exercise price	$nil
Performance hurdles	Relative TSR and ROIC	Expected life	2.6 years
Performance period start	1 July 2019	Volatility	20.93%
Performance period end	30 June 2022	Risk-free interest rate (per annum)	0.60%
Security price at grant date	$3.39	Distribution yield (per annum)	3.42%

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

REMUNERATION REPORT

12 EQUITY INSTRUMENT DISCLOSURES RELATING TO EXECUTIVE KMP

SECURITYHOLDINGS

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

As at 30 June 2020, the number of ordinary securities in Mirvac held by Executive KMP, including their personally related parties, is set out below:

Executive KMP	Balance 1 July 2019	Changes	Balance 30 June 2020	Value 30 June 2020 $	Minimum securityholding guideline $	Date securityholding to be attained [1]
Susan Lloyd-Hurwitz	3,260,835	1,142,105	4,402,940	9,554,380	2,250,000	June 2021
Brett Draffen	1,389,497	(544,497)	845,000	1,833,650	950,000	June 2021
Shane Gannon	48,913	568,286	617,199	1,339,322	900,000	June 2021
Campbell Hanan	240,000	225,428	465,428	1,009,979	800,000	June 2021
Susan MacDonald	612,831	157,606	770,437	1,671,848	800,000	June 2021
Stuart Penklis [2]	—	74,099	74,099	160,795	800,000	May 2022

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

OPTIONS

No options (i.e. a right to acquire a security upon payment of an exercise price) were granted as remuneration during FY20 and no unvested or unexercised options are held by Executive KMP as at 30 June 2020.

PERFORMANCE RIGHTS HELD DURING THE YEAR

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

		LTI		Deferred STI		
Executive KMP	Balance 1 July 2019	Rights issued	Rights vested/ forfeited relating to performance period ended 30 June 2020	Rights issued	Rights vested/ forfeited	Balance 30 June 2020
Susan Lloyd-Hurwitz	2,513,678	770,547	(1,061,320)	124,797	(197,838)	2,149,864
Brett Draffen	1,032,059	292,808	(403,302)	80,154	(127,195)	874,524
Shane Gannon	978,134	277,397	(382,076)	76,095	(120,773)	828,777
Campbell Hanan	535,387	136,986	(188,680)	59,862	(95,084)	448,471
Susan MacDonald	529,539	136,986	(188,680)	59,862	(89,236)	448,471
Stuart Penklis	485,425	136,986	(165,094)	59,862	(74,099)	443,080

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

						Vested			Lapsed		
Executive KMP	Plan	Grant date	Number of rights granted	Value at grant date[1]	Vesting date	Number of rights	% of total grant	Value of rights	Number of rights	% of total grant	Value of rights
Susan Lloyd-Hurwitz	STI	26 Sep 17	103,111	210,346	26 Sep 19	103,111	100.0%	210,346	—	0.0%	—
	LTI	6 Dec 17	1,061,320	1,599,940	30 Jun 20	460,612	43.4%	694,374	600,708	56.6%	905,566
	STI	1 Oct 18	94,727	214,083	30 Sep 19	94,727	100.0%	214,083	—	0.0%	—
	STI	1 Oct 18	94,727	204,610	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	1,159,793	1,433,041	30 Jun 21	—		—	—		—
	STI	30 Sep 19	62,399	183,838	30 Sep 20	—		—	—		—
	STI	30 Sep 19	62,398	176,996	30 Sep 21	—		—	—		—
	LTI	2 Dec 19	770,547	1,684,444	30 Jun 22	—		—	—		—
Total			**3,409,022**	**5,707,298**		**658,450**		**1,118,803**	**600,708**		**905,566**
Brett Draffen	STI	26 Sep 17	66,354	135,362	26 Sep 19	66,354	100.0%	135,362	—	0.0%	—
	LTI	6 Dec 17	403,302	607,977	30 Jun 20	175,033	43.4%	263,862	228,269	56.6%	344,115
	STI	1 Oct 18	60,841	137,501	30 Sep 19	60,841	100.0%	137,501	—	0.0%	—
	STI	1 Oct 18	60,841	131,417	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	440,721	544,556	30 Jun 21	—		—	—		—
	STI	30 Sep 19	40,077	118,074	30 Sep 20	—		—	—		—
	STI	30 Sep 19	40,077	113,681	30 Sep 21	—		—	—		—
	LTI	2 Dec 19	292,808	640,089	30 Jun 22	—		—	—		—
Total			**1,405,021**	**2,428,657**		**302,228**		**536,725**	**228,269**		**344,115**
Shane Gannon	STI	26 Sep 17	63,012	128,544	26 Sep 19	63,012	100.0%	128,544	—	0.0%	—
	LTI	6 Dec 17	382,076	575,979	30 Jun 20	165,820	43.4%	249,975	216,256	56.6%	326,004
	STI	1 Oct 18	57,761	130,540	30 Sep 19	57,761	100.0%	130,540	—	0.0%	—
	STI	1 Oct 18	57,760	124,762	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	417,525	515,894	30 Jun 21	—		—	—		—
	STI	30 Sep 19	38,048	112,096	30 Sep 20	—		—	—		—
	STI	30 Sep 19	38,047	107,923	30 Sep 21	—		—	—		—
	LTI	2 Dec 19	277,397	606,400	30 Jun 22	—		—	—		—
Total			**1,331,626**	**2,302,138**		**286,593**		**509,059**	**216,256**		**326,004**
Campbell Hanan	STI	26 Sep 17	49,646	101,278	26 Sep 19	49,646	100.0%	101,278	—	0.0%	—
	LTI	6 Dec 17	188,680	284,435	30 Jun 20	81,887	43.4%	123,445	106,793	56.6%	160,990
	STI	1 Oct 18	45,438	102,690	30 Sep 19	45,438	100.0%	102,690	—	0.0%	—
	STI	1 Oct 18	45,438	98,146	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	206,185	254,762	30 Jun 21	—		—	—		—
	STI	30 Sep 19	29,931	88,182	30 Sep 20	—		—	—		—
	STI	30 Sep 19	29,931	84,901	30 Sep 21	—		—	—		—
	LTI	2 Dec 19	136,986	299,457	30 Jun 22	—		—	—		—
Total			**732,235**	**1,313,851**		**176,971**		**327,413**	**106,793**		**160,990**
Susan MacDonald	STI	26 Sep 17	43,798	89,348	26 Sep 19	43,798	100.0%	89,348	—	0.0%	—
	LTI	6 Dec 17	188,680	284,435	30 Jun 20	81,887	43.4%	123,445	106,793	56.6%	160,990
	STI	1 Oct 18	45,438	102,690	30 Sep 19	45,438	100.0%	102,690	—	0.0%	—
	STI	1 Oct 18	45,438	98,146	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	206,185	254,762	30 Jun 21	—		—	—		—
	STI	30 Sep 19	29,931	88,182	30 Sep 20	—		—	—		—
	STI	30 Sep 19	29,931	84,901	30 Sep 21	—		—	—		—
	LTI	2 Dec 19	136,986	299,457	30 Jun 22	—		—	—		—
Total			**726,387**	**1,301,921**		**171,123**		**315,483**	**106,793**		**160,990**
Stuart Penklis	STI	26 Sep 17	34,052	69,466	26 Sep 19	34,052	100.0%	69,466	—	0.0%	—
	LTI	6 Dec 17	165,094	248,879	30 Jun 20	71,650	43.4%	108,013	93,444	56.6%	140,866
	STI	1 Oct 18	40,047	90,506	30 Sep 19	40,047	100.0%	90,506	—	0.0%	—
	STI	1 Oct 18	40,047	86,502	30 Sep 20	—		—	—		—
	LTI	3 Dec 18	206,185	254,762	30 Jun 21	—		—	—		—
	STI	30 Sep 19	29,931	88,182	30 Sep 20	—		—	—		—
	STI	30 Sep 19	29,931	84,901	30 Sep 21	—		—	—		—
	LTI	2 Dec 19	136,986	299,457	30 Jun 22	—		—	—		—
Total			**682,273**	**1,222,655**		**145,749**		**267,985**	**93,444**		**140,866**

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

REMUNERATION REPORT

13 OTHER TRANSACTIONS WITH KMP

There are a number of transactions between KMP and the Group. On occasions, Directors and other KMP participate in arrangements available to directly purchase Mirvac developed residential property. These transactions are made on terms equivalent to those that prevail in arm's length transactions and are at market rates.

As set out in the Directors' report, a number of the Directors of Mirvac are also Directors of other companies. On occasions, the Group may purchase goods and services from or supply goods and services to these companies. These transactions are undertaken on normal commercial terms and conditions and the Director or other KMP does not directly influence these transactions.

14 SERVICE AGREEMENTS FOR EXECUTIVE KMP

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

There were no changes to the service agreements for Executive KMP in FY20.

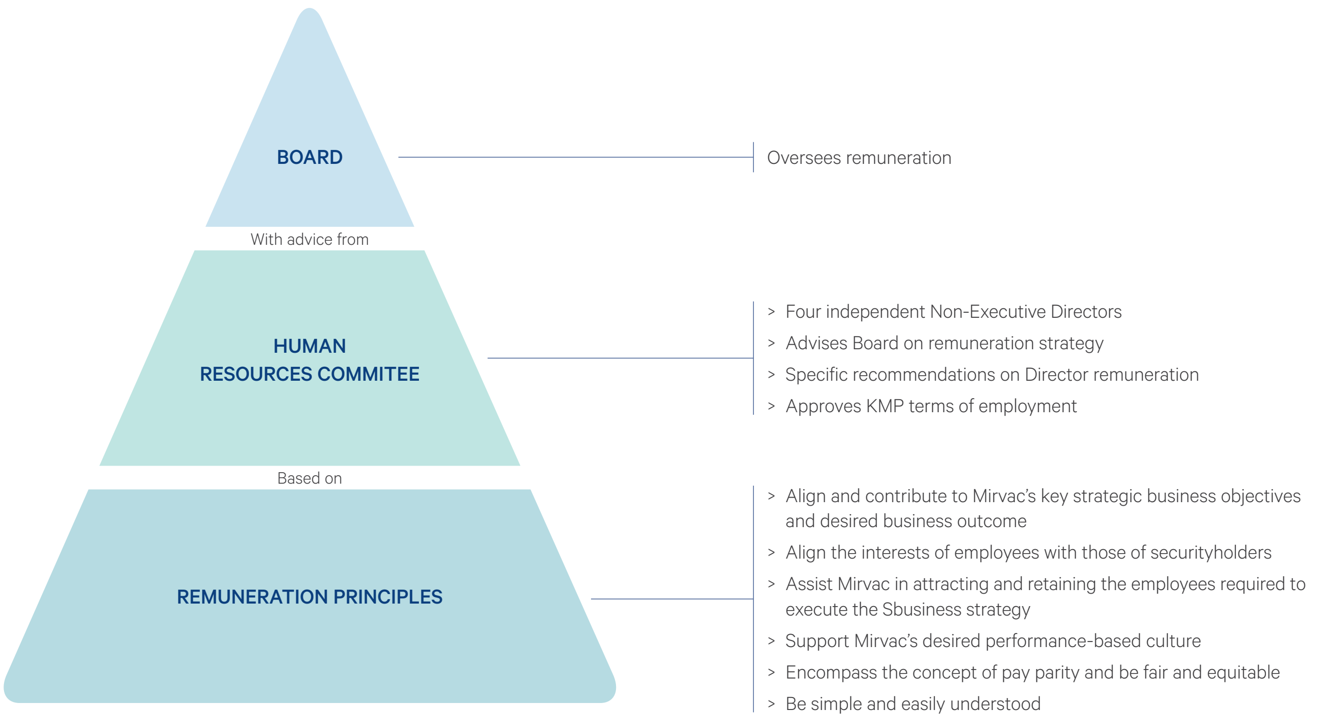
The key terms of the service agreements for the CEO/MD and other Executive KMP members are summarised below:

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

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

15 GOVERNANCE AND HOW REMUNERATION DECISIONS ARE MADE

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



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

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

During FY20, Ernst & Young provided the HRC with:

> market remuneration benchmarking and information, used as an input to the annual review of Executive KMP remuneration; and

> regulatory updates and market trend analysis.

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

16 NON-EXECUTIVE DIRECTORS' REMUNERATION

APPROACH TO NON-EXECUTIVE DIRECTOR FEES

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

Mirvac Limited's Constitution provides that Non-Executive Directors may determine their own remuneration, but the total amount provided to all Directors (not including the CEO/MD and any other Executive Directors) must not exceed the sum agreed by securityholders at a general meeting.

The maximum aggregate remuneration of $2.25m per annum was approved by securityholders at the 2014 AGM.

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

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

The schedule of fees for Non-Executive Directors during FY20 is set out in the table below and fees are annual fees, unless otherwise stated:

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

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

ACTUAL REMUNERATION FOR NON-EXECUTIVE DIRECTORS

All Non-Executive Directors took a voluntary 20 per cent reduction in fees for a three-month period, from 1 April to 30 June.

		Short-term benefits [1]	Post-employment [2]	
		Cash salary and fees $	Superannuation contributions $	Total $
Non-Executive KMP				
John Mulcahy	**FY20**	**434,997**	**21,003**	**456,000**
	FY19	459,469	20,531	480,000
Christine Bartlett	**FY20**	**176,119**	**16,731**	**192,850**
	FY19	185,388	17,612	203,000
Peter Hawkins	**FY20**	**202,146**	**19,204**	**221,350**
	FY19	212,785	20,215	233,000
Jane Hewitt [3]	**FY20**	**176,119**	**16,731**	**192,850**
	FY19	104,465	9,924	114,389
James M. Millar AM	**FY20**	**202,146**	**19,204**	**221,350**
	FY19	212,785	20,215	233,000
Samantha Mostyn	**FY20**	**179,641**	**13,209**	**192,850**
	FY19	188,911	14,089	203,000
Peter Nash [4]	**FY20**	**180,522**	**12,328**	**192,850**
	FY19	116,266	9,840	126,106
Former Non-Executive KMP				
John Peters [5]	**FY20**	**60,881**	**17,258**	**78,139**
	FY19	178,804	24,196	203,000
Elana Rubin [6]	**FY20**	**71,360**	**6,779**	**78,139**
	FY19	185,388	17,612	203,000
Total	**FY20**	**1,683,931**	**142,447**	**1,826,378**
	FY19	1,844,261	154,234	1,998,495

1. Includes the 20 per cent voluntary reduction in fees for a three-month period, from 1 April 2020 to 30 June 2020 in response to the COVID-19 pandemic.
2. Relates to payments required under superannuation legislation.
3. Jane Hewitt joined the Board as a Non-Executive Director in FY19 (10 December 2018).
4. Peter Nash joined the Board as a Non-Executive Director in FY19 (19 November 2018).
5. John Peters ceased as a Non-Executive Director on 19 November 2019. In addition to the above fees, he received farewell gift (a non-cash benefit, including related fringe benefits tax, to the value of $1,070).
6. Elana Rubin ceased as a Non-Executive Director on 19 November 2019. In addition to the above fees, she received farewell gift (a non-cash benefit, including related fringe benefits tax, to the value of $1,311).

REMUNERATION REPORT

MINIMUM SECURITYHOLDING FOR NON-EXECUTIVE DIRECTORS AND ACTUAL SECURITYHOLDING

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

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

	Balance 1 July 2019	Changes	Balance 30 June 2020	Minimum securityholding requirement	Date securityholding to be attained
Non-Executive KMP					
John Mulcahy	100,000	5,172	105,172	50,000	December 2020
Christine Bartlett	50,000	5,172	55,172	50,000	December 2020
Peter Hawkins	596,117	—	596,117	50,000	December 2020
Jane Hewitt [1]	—	20,000	20,000	50,000	December 2021
James M. Millar AM	50,000	5,172	55,172	50,000	December 2020
Samantha Mostyn [2]	37,269	11,436	48,705	50,000	December 2020
Peter Nash [3,4]	20,445	13,003	33,448	50,000	November 2021
Former Non-Executive KMP					
John Peters [5]	70,000	(70,000)	—	50,000	December 2020
Elana Rubin [6]	54,343	(54,343)	—	50,000	December 2020

1. Jane Hewitt joined the Board as a Non-Executive Director on 10 December 2018.
2. Samantha Mostyn participates in the voluntary Non-Executive Director Fee Sacrifice Rights Plan. In addition to the above securities, she has 6,042 rights which will automatically be converted to Mirvac securities in the first trading window of FY21, which when added to her current securityholding will result in her exceeding the minimum securityholding requirement.
3. Peter Nash joined the Board as a Non-Executive Director on 19 November 2018.
4. Peter Nash participates in the voluntary Non-Executive Director Fee Sacrifice Rights Plan. In addition to the above securities, he has 7,551 rights which will automatically be converted to Mirvac securities in the first trading window of FY21.
5. John Peters ceased as a Non-Executive Director on 19 November 2019. The above change/disposal reflects final disclosure of a KMP.
6. Elana Rubin ceased as a Non-Executive Director on 19 November 2019. The above change/disposal reflects final disclosure of a KMP.

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. These transactions are made on terms equivalent to those that prevail in arm's length transactions and are at market rates.

TERMS USED IN THIS REMUNERATION REPORT

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

AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 30 June 2020

Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

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

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mirvac Limited and the entities it controlled during the period.

JReilly

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
20 August 2020

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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

FINANCIAL REPORT

For the year ended 30 June 2020

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 $m	2019 $m
Revenue	B2	**2,116**	2,186
Other income			
Revaluation of investment properties and investment properties under construction	C2	**14**	516
Share of net profit of joint ventures	C3	**131**	69
Net gain on sale of assets		**15**	—
Gain on financial instruments	B2	**36**	7
Total revenue and other income		**2,312**	2,778
Development expenses		**1,020**	1,040
Cost of goods sold interest		**17**	21
Inventory write-downs and losses	B3	**30**	4
Selling and marketing expenses		**38**	34
Investment property expenses and outgoings	C3	**187**	190
Depreciation and amortisation expenses		**76**	52
Impairment loss on receivables	B3	**51**	(1)
Employee and other expenses	B3	**158**	178
Finance costs	B3	**119**	126
Loss on financial instruments	B3	**33**	63
Profit before income tax		**583**	1,071
Income tax expense	B5	**(20)**	(52)
Profit from continuing operations		**563**	1,019
Profit for the year is attributable to:			
Stapled securityholders	B1	**558**	1,019
Non-controlling interests		**5**	—
Other comprehensive income that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	E3	**9**	(13)
Other comprehensive income for the year		**9**	(13)
Total comprehensive income for the year		**572**	1,006
Total comprehensive income for the year is attributable to:			
Stapled securityholders		**567**	1,006
Non-controlling interests		**5**	—
		572	1,006

Earnings per stapled security (EPS) attributable to stapled securityholders		**Cents**	Cents
Basic EPS	H2	**14.2**	27.6
Diluted EPS	H2	**14.2**	27.6

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	2020 $m	2019 $m
Current assets			
Cash and cash equivalents		324	134
Receivables	F1	275	239
Inventories	C4	444	621
Other assets		37	30
Total current assets		1,080	1,024
Non-current assets			
Receivables	F1	128	156
Inventories	C4	1,240	1,088
Investment properties	C2	11,167	10,640
Investments in joint ventures	C3	744	860
Derivative financial assets	D3	607	325
Other financial assets	F2	68	60
Other assets		158	47
Property, plant and equipment		17	20
Right-of-use assets	F6	21	—
Intangible assets	F3	102	102
Deferred tax assets	B5	75	98
Total non-current assets		14,327	13,396
Total assets		15,407	14,420
Current liabilities			
Payables	F4	373	454
Deferred revenue	B2	26	181
Borrowings	D2	200	—
Derivative financial liabilities	D3	4	1
Lease liabilities	F6/H4	4	—
Provisions	F5	142	262
Total current liabilities		749	898
Non-current liabilities			
Payables	F4	125	55
Deferred revenue	B2	70	50
Borrowings	D2	4,100	3,435
Lease liabilities	F6/H4	68	—
Derivative financial liabilities	D3	131	102
Provisions	F5	6	6
Total non-current liabilities		4,500	3,648
Total liabilities		5,249	4,546
Net assets		10,158	9,874
Equity			
Contributed equity	E2	7,503	7,444
Reserves	E3	28	23
Retained earnings		2,576	2,376
Total equity attributable to the stapled securityholders		10,107	9,843
Non-controlling interests	G3	51	31
Total equity		10,158	9,874

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 2020

		Attributable to stapled securityholders					
	Note	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance 1 July 2018		6,825	33	1,797	8,655	—	8,655
Profit for the year		—	—	1,019	1,019	—	1,019
Other comprehensive income for the year		—	(13)	—	(13)	—	(13)
Total comprehensive income for the year		—	(13)	1,019	1,006	—	1,006
Transactions with owners of the Group							
Security-based payments							
Expense recognised – EEP	E2	1	—	—	1	—	1
Expense recognised – LTI and STI	E2/E4	—	13	—	13	—	13
LTI vested	E2/E4	9	(9)	—	—	—	—
STI vested	E2/E4	—	(1)	—	(1)	—	(1)
Legacy schemes vested	E2	1	—	—	1	—	1
Distributions	E1	—	—	(440)	(440)	—	(440)
Stapled securities buy-back	E2	(130)	—	—	(130)	—	(130)
Stapled securities issued net of transaction costs	E2	738	—	—	738	—	738
Non-controlling interests on acquisition of subsidiary	G3	—	—	—	—	31	31
Total transactions with owners of the Group		619	3	(440)	182	31	213
Balance 30 June 2019		7,444	23	2,376	9,843	31	9,874
Change in accounting policy	A	—	—	(1)	(1)	—	(1)
Restated total equity 1 July 2019		7,444	23	2,375	9,842	31	9,873
Profit for the year		—	—	558	558	5	563
Other comprehensive income for the year		—	9	—	9	—	9
Total comprehensive income for the year		**—**	**9**	**558**	**567**	**5**	**572**
Transactions with owners of the Group							
Security-based payments							
Expense recognised – EEP	E2	**1**	**—**	**—**	**1**	**—**	**1**
Expense recognised – LTI and STI	E2/E4	**—**	**9**	**—**	**9**	**—**	**9**
LTI vested	E2/E4	**11**	**(11)**	**—**	**—**	**—**	**—**
STI vested	E2/E4	**—**	**(2)**	**—**	**(2)**	**—**	**(2)**
Legacy schemes vested	E2	**1**	**—**	**—**	**1**	**—**	**1**
Distributions	E1	**—**	**—**	**(357)**	**(357)**	**—**	**(357)**
Stapled securities issued net of transaction costs	E2	**46**	**—**	**—**	**46**	**—**	**46**
Non-controlling interests of subsidiary	G3	**—**	**—**	**—**	**—**	**15**	**15**
Total transactions with owners of the Group		**59**	**(4)**	**(357)**	**(302)**	**15**	**(287)**
Balance 30 June 2020		**7,503**	**28**	**2,576**	**10,107**	**51**	**10,158**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 $m	2019 $m
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**2,205**	2,770
Payments to suppliers and employees (inclusive of GST)		**(1,764)**	(2,215)
		441	555
Interest received		**12**	4
Distributions received from joint ventures		**156**	112
Distributions received		**1**	2
Interest paid		**(155)**	(155)
Net cash inflows from operating activities	H4	**455**	518
Cash flows from investing activities			
Payments for investment properties		**(696)**	(895)
Proceeds from sale of investment properties		**68**	—
Payments to related parties		**(243)**	(79)
Receipts from related parties		**317**	—
Payments of loans to unrelated parties		**(42)**	(63)
Repayments of loans from unrelated parties		**23**	98
Payments for property, plant and equipment		**(4)**	(12)
Contributions to joint ventures		**(16)**	(9)
Proceeds from joint ventures		**134**	31
Payments for software under development		**(5)**	—
Proceeds/(payments) for financial assets		**1**	(14)
Net cash outflows from investing activities		**(463)**	(943)
Cash flows from financing activities			
Proceeds from borrowings		**2,115**	4,733
Repayments of borrowings		**(1,488)**	(4,618)
Distributions paid		**(486)**	(416)
Payments for stapled securities buy-back		**—**	(130)
Proceeds from stapled securities issued		**46**	750
Equity raising costs		**(1)**	(12)
Proceeds from non-controlling interests		**15**	31
Principal element of lease payments		**(3)**	—
Net cash inflows from financing activities		**198**	338
Net increase/(decrease) in cash and cash equivalents		**190**	(87)
Cash and cash equivalents at the beginning of the year		**134**	221
Cash and cash equivalents at the end of the year		**324**	134

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

A BASIS OF PREPARATION

MIRVAC GROUP – STAPLED SECURITIES

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

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

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

> Mirvac Limited or MPT commencing winding up.

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

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

STATEMENT OF COMPLIANCE

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

BASIS OF PREPARATION

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

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

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

IMPACT OF COVID-19 ON THE GROUP

The World Health Organization declared a global pandemic in March 2020 as a result of the novel coronavirus (COVID-19). The effects of this health crisis are continuing to unfold and the ultimate extent of the social, medical and economic impacts worldwide are unknown. The Group has considered the impact of COVID-19 in preparing its financial report for the year.

The critical accounting estimates and key judgements areas of the Group have required additional consideration and analysis due to the impact of COVID-19. Given the uncertainty of the extent of the pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the financial year, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

In the real estate sector, the pandemic has accelerated some trends already gaining momentum such as increased demand for online shopping, whilst other trends including the densification of office and living spaces have experienced the reverse as social distancing measures gain importance in the fight against the pandemic. The Australian Government also introduced a National Cabinet Mandatory Code of Conduct for SME commercial tenants (the Code) which outlined a framework by which lessors and impacted tenants should negotiate in response to the pandemic.

The effects on the real estate sector will be dependent on the severity and duration of the pandemic. Specific impacts on the Group across the segments in which it operates are summarised below:

OFFICE & INDUSTRIAL

The return-to-office rate varies by state, with Victoria undergoing an extended lock down from July 2020, and by employer, as workers are facing public transport challenges and social distancing challenges in the workplace. Some tenants are reassessing their office footprint in light of the work-from-home mandate, however, to date the Group has not experienced a material change in demand for office space.

The Industrial portfolio has benefited from the increase in online sales particularly for logistics and e-commerce tenants and as a whole the sector has exhibited a degree of resilience during the pandemic.

RETAIL

Supermarkets had experienced a surge in sales as a result of panic buying across the country and from people staying in rather than dining out. Conversely, Government mandated closures for some specific industries had resulted in a temporary cessation of trade for those retailers and others who voluntarily closed during the peak months of April through to June 2020. As a result of those closures and reduced patronage in the Group's shopping centres, a number of retailers sought rental relief from the Group.

RESIDENTIAL

The demand for new houses and apartments has been impacted by the effects of the COVID-19 pandemic including rising unemployment, falling consumer confidence, national and international border closures, together with restrictions on inspections and more cautious bank lending practices. Although demand has been impacted by the effects of the pandemic, the residential sector is also impacted by other broader factors including housing supply and demand fundamentals, and relevant government policy and stimulus.

CORPORATE & OTHER

This segment holds an investment in the Tucker Box Hotel Group joint venture which invests in hotels across Australia and the Group's Build to Rent (BTR) business which invests in apartments with the aim of producing rental income and for capital appreciation. The impact to tourism, events and therefore hotel accommodation has had a severe impact on occupancy for the hotels of the Tucker Box Hotel Group joint venture, although mandatory hotel quarantine contracts with some state Governments have offered some reprieve. There has been limited impact on the Group's BTR business during the year as leasing and operations are expected to commence in FY21.

A BASIS OF PREPARATION

Continued

IMPACT OF COVID-19 ON THE GROUP CONTINUED

The impact of COVID-19 increases the level of judgement required across a number of key areas for the Group, in particular the recognition and measurement of the assets of the Group. The COVID-19 assumptions and considerations for the critical accounting estimates and key judgements areas of the Group are outlined in further detail in the following sections of this financial report:

Revenue
Refer to Note B2

Expenses
Refer to Note B3

Events occurring after the end of the year
Refer to Note B4

Income tax
Refer to Note B5

Investment properties
Refer to Note C1 & C2

Investment in joint ventures
Refer to Note C3

Inventories
Refer to Note C4

Borrowings
Refer to Note D2

Expected credit losses
Refer to Note F1

Intangible assets
Refer to Note F3

GOING CONCERN

The Group has considered its ability to continue as a going concern, using projected cash flow forecasts and other Group metrics and information for at least the next 12 months from the approval of these financial statements, taking into consideration an estimation of the continued business impacts of COVID-19. This assessment assumes the Group will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business beyond this period.

As of 30 June 2020, the Group was in a strong capital position with net working capital of $331m, and undrawn capacity under its debt facilities of $1,119m maturing in 6.7 years. As of 30 June 2020, the Group had capital commitments of $654m. The Group's going concern assumption is supported by the following:

> the Group has cash of $324m as at 30 June 2020 and has available undrawn debt facilities of $1,119m;
> the Group's limited tenant and investment exposure to the severely COVID-19 impacted industries of hospitality, travel, accommodation and tourism;
> the Group's weighted average debt maturity is 6.7 years;
> the Group's debt is fixed or hedged to a level of 74%;
> the Group's gearing at 30 June 2020 is at 22.8%; and
> the Group does not expect any potential covenant breaches for a minimum period of 12 months from the date of approval of these financial statements.

COMPARATIVE INFORMATION

Where necessary, comparative information has been restated to conform to the current year's disclosures and are presentational in nature. These restatements had no impact to the reported net assets or profit for the year ended 30 June 2019. Refer to the following notes for further information:

> B5 Income tax;
> C3 Investments in joint ventures;
> C4 Inventories;
> F3 Intangible assets; and
> H5 Auditors' remuneration.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group adopted AASB16 *Leases* during the current reporting period. As a result of adopting this new standard, the Group amended its accounting policies. There has been an adjustment to the 1 July 2019 opening retained earnings as a result of adoption of AASB 16, with new disclosures included where required. Refer to Changes in accounting policies and Financial statement impact on adoption at 1 July 2019 section below for further details.

Other amended standards and interpretations adopted by the Group for the year ended 30 June 2020 have not had a significant impact on the current period or any prior period and are not likely to have a significant impact on in future periods. The other amendments are listed below:

> AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures;*
> AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle;*
> AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement; and*
> Interpretation 23 *Uncertainty over Income Tax Treatments and* AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments.*

CHANGES IN ACCOUNTING POLICIES

This section explains the impact of the adoption of AASB 16 *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

Note the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2019 are the relevant policies for the purpose of comparatives.

Accounting standard	AASB 16 *Leases*
Nature of change	AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard removes the distinction between operating and finance leases for lessees, resulting in almost all leases being recognised on the lessee's consolidated SoFP. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term (less than 12 months) and low-value leases.
Application	Mirvac has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated SoFP on 1 July 2019.
Impact on financial statements	*Measurement of lease liabilities* On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, which contained the following components: > fixed payments (including in-substance fixed payments), less any lease incentives receivable; > variable lease payments that are based on an index (CPI) or a fixed rate as outlined in the lease, initially measured using the index (CPI) or fixed rate as at the commencement date; and > lease payments with reasonably certain extension options. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate is calculated by applying the interest rate on the Group's external borrowings for a term near equivalent to the lease. If there are no borrowings that mature within a reasonable proximity of the lease term, indicative pricing of where the Group can price a new debt capital market issue for a comparative term is used in the calculation. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.77%. *Measurement of right-of-use assets* The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Right-of-use assets are measured at cost comprising of the following: > the amount of the initial measurement of lease liability; > any lease payments made at or before the commencement date, less any lease incentives received; > any initial direct costs; and > restoration costs. *Lease term* The Group determines the lease term as the non-cancellable period of a lease together with both: > the periods covered by an option to extend the lease if it is reasonably certain to exercise that option; and > periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. *Practical expedients applied* In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard: > applying a single discount rate to a portfolio of leases with reasonably similar characteristics; > accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases; > excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and > using hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*. *Lessor accounting* The adoption of AASB 16 did not have a significant impact on the accounting for assets held as lessor under operating leases. Lease income relating to variable lease payments for the year ended 30 June 2020 were $3m.

A BASIS OF PREPARATION

Continued

FINANCIAL STATEMENT IMPACT ON ADOPTION AT 1 JULY 2019

There is an opening retained earnings adjustment as at 1 July 2019 of ($1m) resulting from the Group's adoption of AASB 16.

The movements in the consolidated SoFP from the adoption of AASB 16 as shown in the table below include:

> the Group's investment properties that are held under ground leases being grossed up for the lease liabilities;
> right-of-use assets recognised for the Group's state administration office leases;
> lease liabilities for the ground leases and state administration office leases;
> retained earnings impact; and
> associated tax adjustments.

The comparatives have not been restated due to the application of the modified retrospective approach.

> The difference between the operating lease commitments ($56m) disclosed at 30 June 2019 and the balance of the lease liabilities ($75m) recognised at 1 July 2019 reflects:
  – discounting using the incremental borrowing rate;
  – the inclusion of ground leases in the lease liabilities (excluded from the operating lease commitments as they form part of investment properties); and
  – lease payments being net of incentives under AASB 16.

The following table shows the adjustments for AASB 16 as recognised for each individual financial statement line item. Line items that were not affected by the changes have been included within "all other".

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)

	30 June 2019 As originally presented $m	Total AASB 16 impact $m	1 July 2019 Restated $m
Current assets			
All other current assets	1,037	—	1,037
Total current assets	**1,037**	**—**	**1,037**
Non-current assets			
Right-of-use assets	—	25	25
Investment properties	10,640	47	10,687
Deferred tax assets	98	2	100
All other non-current assets	2,658	—	2,658
Total non-current assets	**13,396**	**74**	**13,470**
Total assets	**14,433**	**74**	**14,507**
Current liabilities			
Lease liabilities	—	3	3
All other current liabilities	898	—	898
Total current liabilities	**898**	**3**	**901**
Non-current liabilities			
Lease liabilities	—	72	72
All other non-current liabilities	3,661	—	3,661
Total non-current liabilities	**3,661**	**72**	**3,733**
Total liabilities	**4,559**	**75**	**4,634**
Net assets	**9,874**	**(1)**	**9,873**
Equity			
Retained earnings	2,376	(1)	2,375
All other equity	7,498	—	7,498
Total equity	**9,874**	**(1)**	**9,873**

B RESULTS FOR THE YEAR

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

B1 SEGMENT INFORMATION

The Group identifies its operating segments based on the internal reporting provided to the Executive Leadership Team, who are the Group's chief operating decision makers.

OFFICE & INDUSTRIAL

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

This segment also develops properties and manages joint ventures and properties for capital partners.

RETAIL

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

This segment also develops shopping centres and manages properties for capital partners.

RESIDENTIAL

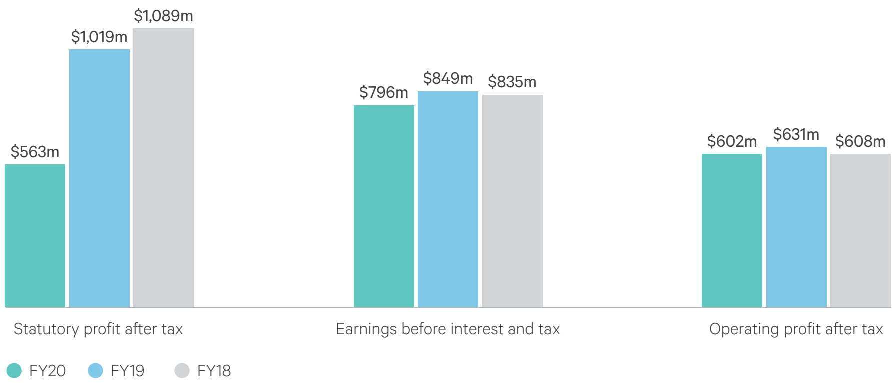
Designs, develops, markets and sells residential properties to external customers. These include masterplanned communities and apartments in core metropolitan markets, at times in conjunction with capital partners.

CORPORATE & OTHER

Covers Group functions including governance, finance, legal, risk management and corporate secretarial. This segment holds the investment in the Tucker Box Hotel Group joint venture (refer to note C3). From 1 July 2019, this segment also includes the Build to Rent business which invests in apartments to hold for the long term to produce rental income and capital appreciation.

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

THREE-YEAR PERFORMANCE REVIEW



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

KEY PROFIT METRICS

	Office & Industrial		Retail		Residential		Corporate & Other[4]		Total	
	2020 $m	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m
Property NOI	**402**	391	**142**	175	**—**	—	**10**	16	**554**	582
Development EBIT	**80**	125	**—**	6	**242**	219	**(2)**	—	**320**	350
Asset and funds management EBIT	**20**	19	**1**	—	**—**	—	**1**	1	**22**	20
Management and administration expenses	**(18)**	(17)	**(15)**	(13)	**(17)**	(18)	**(50)**	(55)	**(100)**	(103)
Earnings before interest and tax (EBIT)[1]	**484**	518	**128**	168	**225**	201	**(41)**	(38)	**796**	849
Development finance costs[2]	**(2)**	(4)	**—**	—	**(40)**	(38)	**—**	—	**(42)**	(42)
Other net interest costs[3]	**—**	—	**—**	—	**—**	—	**(82)**	(101)	**(82)**	(101)
Income tax expense	**—**	—	**—**	—	**—**	—	**(70)**	(75)	**(70)**	(75)
Operating profit after tax	**482**	514	**128**	168	**185**	163	**(193)**	(214)	**602**	631

1. EBIT includes share of net profit of joint ventures.
2. Includes cost of goods sold interest of $2m in Office & Industrial (2019: $4m) and $15m in Residential (2019: $17m).
3. Includes interest revenue of $12m (2019: $4m).
4. As of 1 July 2019, the Build to Rent operations have been included within the results of the Corporate & Other segment in line with how management view the results of the business.

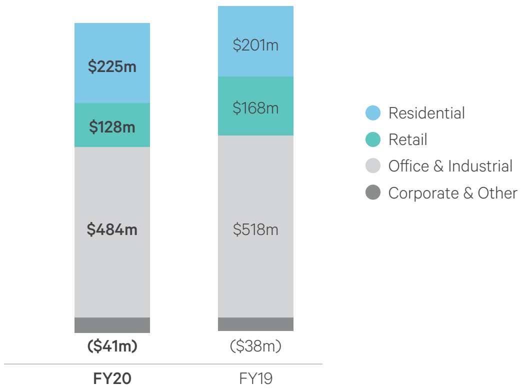
B RESULTS FOR THE YEAR

Continued

B1 SEGMENT INFORMATION CONTINUED

OPERATING EBIT: FY19 TO FY20

EBIT BY SEGMENT



REVENUE BY FUNCTION

	Office & Industrial		Retail		Residential		Corporate & Other		Total	
	2020 $m	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m
Property rental revenue	**483**	461	**288**	287	**—**	—	**—**	—	**771**	748
Development revenue[1]	**376**	569	**—**	20	**917**	817	**—**	—	**1,293**	1,406
Asset and funds management revenue[2]	**21**	23	**7**	9	**—**	—	**2**	2	**30**	34
Other revenue	**9**	4	**8**	5	**9**	7	**23**	8	**49**	24
Total operating revenue	**889**	1,057	**303**	321	**926**	824	**25**	10	**2,143**	2,212
Share of net profit of joint ventures	**27**	26	**—**	—	**125**	53	**9**	16	**161**	95
Total other income	**27**	26	**—**	—	**125**	53	**9**	16	**161**	95
Total operating revenue and other income	**916**	1,083	**303**	321	**1,051**	877	**34**	26	**2,304**	2,307
Non-operating items[3]	**300**	426	**(299)**	74	**—**	—	**7**	(29)	**8**	471
Total statutory revenue and other income	**1,216**	1,509	**4**	395	**1,051**	877	**41**	(3)	**2,312**	2,778

1. Includes management fees.
2. Property management revenue incurred on the Group's investment properties of $9m in Office & Industrial (2019: $10m) and $8m in Retail (2019: $8m) has been eliminated.
3. Relates mainly to fair value of investment properties and investment properties under construction.

ADDITIONAL SEGMENT INFORMATION

	Office & Industrial		Retail		Residential		Corporate & Other		Total	
	2020 $m	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m
Segment assets and liabilities										
Assets										
Investment properties[1]	**7,748**	7,071	**3,191**	3,441	**—**	128	**228**	—	**11,167**	10,640
Inventories	**141**	141	**7**	7	**1,536**	1,561	**—**	—	**1,684**	1,709
Indirect investments[2]	**596**	580	**3**	3	**182**	302	**321**	341	**1,102**	1,226
Other assets[3]	**270**	131	**26**	27	**57**	86	**1,101**	614	**1,454**	858
Total assets	**8,755**	7,923	**3,227**	3,478	**1,775**	2,077	**1,650**	955	**15,407**	14,433
Total liabilities	**291**	217	**136**	76	**253**	446	**4,569**	3,820	**5,249**	4,559
Net assets	**8,464**	7,706	**3,091**	3,402	**1,522**	1,631	**(2,919)**	(2,865)	**10,158**	9,874
Other segment information										
Share of net profit of joint ventures	**31**	30	**—**	—	**125**	53	**(25)**	(14)	**131**	69
Depreciation and amortisation expenses	**40**	27	**18**	16	**2**	1	**16**	8	**76**	52
Additions for investment properties and PPE	**511**	617	**86**	161	**1**	2	**92**	9	**690**	789
Additions of investments in joint ventures	**14**	5	**—**	—	**1**	—	**—**	4	**15**	9

1. Includes investment properties under construction. As of 1 July 2019, the investment property held by the Residential segment was transferred to the Corporate & Other segment in line with how management view the results of the business.
2. Includes carrying value of investments in joint ventures and other indirect investments.
3. As part of the Group's review of assets for AASB 16 and the review of current contractual arrangements related to the provision of Software as a Service (SaaS), the Group reclassified $23m of software assets from PPE to Intangible assets to provide more relevant information on the underlying assets. The comparative balances in the consolidated SoFP have been restated to reflect the reclassification.

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	2020 Total $m	2019 Total $m
Profit for the year attributable to stapled securityholders	744	(189)	178	(175)	**558**	1,019
Exclude specific non-cash items						
Revaluation of investment properties & investment properties under construction[1]	(316)	314	—	(12)	**(14)**	(516)
Net (gain)/loss on financial instruments	(7)	—	—	4	**(3)**	56
Depreciation for right-of-use assets	—	—	—	4	**4**	—
Straight-lining of lease revenue[2]	(9)	—	—	—	**(9)**	(8)
Amortisation of lease incentives and leasing costs	74	18	—	—	**92**	76
Share of net (profit)/loss of joint ventures relating to movement of non-cash items[3]	(4)	—	—	34	**30**	27
AASB 16 – net movement	—	—	—	(4)	**(4)**	—
Exclude other non-operating items						
Net gain from sale of assets	—	(15)	—	—	**(15)**	—
Provision for impairment of inventories	—	—	7	—	**7**	—
Net gains from fair value of investment properties included in non-controlling interests	—	—	—	6	**6**	—
Tax effect						
Tax effect of non-cash and non-operating adjustments[4]	—	—	—	(50)	**(50)**	(23)
Operating profit after tax	482	128	185	(193)	**602**	631
Amortisation of software	1	1	1	4	**7**	—
FFO	483	129	186	(189)	**609**	631

1. Includes Mirvac's share in the joint ventures' revaluation of investment properties which is included within Share of net profit of joint ventures.
2. Included within Revenue.
3. Included within Share of net profit of joint ventures.
4. Included within Income tax expense.

B RESULTS FOR THE YEAR

Continued

B2 REVENUE

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

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade allowances and duties and taxes paid. The Group recognises revenue from the transfer of goods or services over time and at a point in time in the following revenue streams.

DEVELOPMENT REVENUE

Settlement revenue

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

Although the demand for new houses and apartments has been impacted by the effects of the COVID-19 pandemic largely through macro-economic factors and general consumer uncertainty, the Group has also experienced a reduction in development revenue due to settlement delays experienced across a number of projects. These delays are mainly in MPC projects and are due to the impact of COVID-19 on purchasers' ability to settle on time for reasons such as changes in employment circumstances, slower and more detailed financing processes and offshore funding (refer to C4 for the COVID-19 considerations on inventory NRV assessments). As settlement revenue is recognised at a point in time being on settlement, there is no judgement applied as a result of the pandemic.

Construction service revenue

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

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

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

Construction service revenue has been impacted by the COVID-19 pandemic as delays in the provision of these services will reduce the amount of revenue recognised. Judgement is required for revenue recognition on a percentage completion basis which requires the consideration of estimated costs and project completion. The uncertainty surrounding the supply chain for raw materials, the potential for mandatory shut downs across a number of industries and associated workplaces may cause construction delays. The Group is closely monitoring the various supply chains and potential impacts on project timeframes. For the year ended 30 June 2020 there were no material interruptions that impacted the construction service revenue recognised.

Development management service revenue

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

Development management service revenue has been impacted by COVID-19 in a similar way to Construction service revenue, as delays in the provision of these services will reduce the amount of revenue recognised. For the year ended 30 June 2020 there were no material interruptions that impacted the recognition of development service revenue recognised.

DEFERRED REVENUE

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

At 30 June 2020, the Group held $96m of deferred revenue which mainly related to Queensland project: 80 Ann Street, Brisbane and Sydney project: Green Square. (2019: $231m mainly related to Melbourne projects: The Eastbourne, 477 Collins Street, Queensland project: 80 Ann Street and Sydney projects: Green Square and South Eveleigh).

During the year, the Group recognised $193m in revenue from contracts for which deferred revenue was held at the beginning of the financial year.

The recognition of deferred revenue is contractually based. Judgement is required in determining whether performance obligations have been satisfied for the recognition of the associated revenue. The revenue recognised for the year has been impacted by COVID-19.

INVESTMENT PROPERTY RENTAL REVENUE

The Group invests in properties for rental yields and capital appreciation. Rental revenue from investment properties is recognised on a straight-line basis over the lease term, net of any incentives. Modifications to the leases are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. The Group also provides services to the lessees which primarily consist of general building management and operations in accordance with their lease agreements. Service income, representing the recovery of associated costs from the lessees, is recognised over time when the services are provided.

As a result of COVID-19, the Group has granted or is in the process of granting rental relief to a number of its tenants across its operating segments of Retail and Office & Industrial.

From mid March 2020, the Group commenced a tenant focussed rental relief strategy to engage with its tenants to ascertain the estimated extent of relief the Group's tenants would require in light of mandatory Government shut downs, increased social distancing measures and for the population to work from home if possible.

Each tenant has had their rental relief request reviewed and considered on a case-by-case basis, with consideration given to the Code, if applicable, and each tenant's specific circumstance. The types of relief provided have included rental abatements, rent free periods combined with lease extensions, rental payment deferrals or a combination of these. Accordingly, some judgement has been required to be applied in order to determine whether the relief provided or proposed to be provided constitutes a lease modification under AASB 16 *Leases*.

In considering the appropriate treatment for rental relief provided or expected to be provided, the Group considered the following:

i) if the lease amendment for the provision of relief by the lessor was executed on or before the reporting date;

ii) if the lease amendment for the provision of relief by the lessor is substantial such that the change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease has resulted in a lease modification, irrespective of whether the Code applies to the tenancy; and

iii) whether the application of AASB 9 *Financial Instruments* is more appropriate to recognise an expected credit loss for trade debtors at the reporting date or derecognise the debtor to the extent that there is no reasonable expectation of recovering all or part of the debtor in the future.

As a number of rental relief negotiations had not been finalised and therefore, amended leases not executed by 30 June 2020, there was minimal impact to the amount of investment property rental revenue recognised for the year. Instead, the impact from the COVID-19 pandemic was recognised as an expense of $47m within impairment loss on receivables in the consolidated SoCI, in accordance with AASB 9 *Financial Instruments* and ASIC guidance.

ASSET AND FUNDS MANAGEMENT REVENUE

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

Although the basis for recognition of asset and funds management revenue has not changed as a result of the impact from the COVID-19 pandemic, the value of the assets upon which the fees are calculated for some mandates has reduced as a result of a decrement in the fair value of the underlying assets of the fund. Accordingly, this has reduced the amount of funds management revenue recognised for the year.

Additionally, there has been a significant decrease in the amount of leasing activity as a result of the pandemic and accordingly a corresponding reduction in asset management revenue.

GOVERNMENT GRANTS

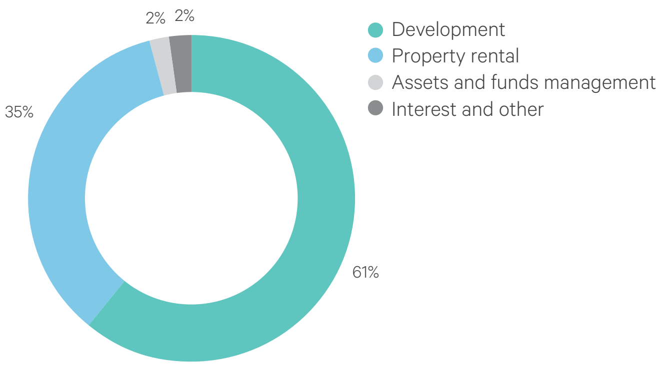
During the year, the Group was in receipt of the JobKeeper government wage subsidy that was made available to businesses that have been impacted by COVID-19. Certain entities within the Group qualified for the subsidy as their decline in turnover from the COVID-19 pandemic met the required threshold. This subsidy was recognised by the Group as revenue and included within Other income on an accruals basis. There were no unfulfilled conditions or other contingencies in respect of the grant recognised.

B RESULTS FOR THE YEAR

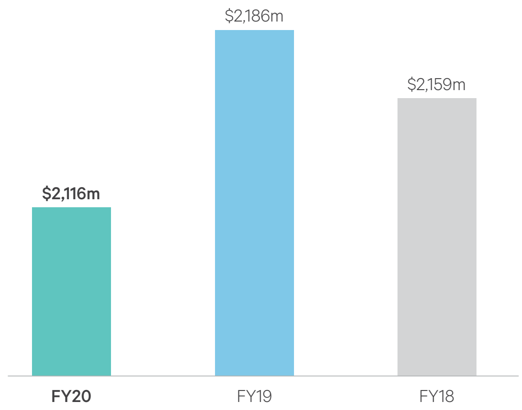
Continued

B2 REVENUE CONTINUED

FY20 REVENUE BY FUNCTION



REVENUE: FY18 TO FY20



	2020 $m	2019 $m
Revenue		
Settlement revenue	574	880
Construction and development management services revenue	719	526
Total development revenue	**1,293**	1,406
Lease revenue[1]	640	631
Service revenue	104	91
Total property rental revenue	**744**	722
Asset and funds management revenue	30	34
Interest revenue	12	4
Other revenue[2]	37	20
Total revenue	**2,116**	2,186

1. Includes straight-lining of lease revenue of $10m (2019: $8m).
2. Includes $9m of government grants being the JobKeeper wage subsidy (2019: $nil).

COSTS TO OBTAIN A CONTRACT

Sales commissions, incurred to obtain a contract, are capitalised and included within other assets on the consolidated SoFP and expensed when the associated settlement revenue is recognised.

	2020 $m	2019 $m
Expensed during the period[1]	18	12
Incremental costs to obtain a contract		
Current	4	7
Non-current	4	13
Total incremental costs to obtain a contract	**8**	20

1. No impairment loss was recognised during the year (2019: $nil).

TRANSACTION PRICE ALLOCATED TO REMAINING PERFORMANCE OBLIGATIONS

The transaction price allocated to partially unsatisfied performance obligations at 30 June 2020 is as set out below.

	2020 $m	2019 $m
Within one year	851	1,237
More than one year	515	914
Total	**1,366**	2,151

Gain on financial instruments	2020 $m	2019 $m
Gain on assets at fair value through profit or loss	7	5
Gain on cross currency derivatives	29	1
Gain on foreign exchange	—	1
Total gain on financial instruments	**36**	7

B3 EXPENSES

DEVELOPMENT EXPENSES

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

COST OF GOODS SOLD INTEREST

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

INVESTMENT PROPERTY EXPENSES AND OUTGOINGS

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

DEPRECIATION

Depreciation on property, plant and equipment is calculated on a straight-line basis over the estimated useful life of the asset, usually between 3-15 years.

SELLING AND MARKETING EXPENSES

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

B RESULTS FOR THE YEAR

Continued

B3 EXPENSES CONTINUED

Profit before income tax includes the following specific expenses:	2020 $m	2019 $m
Total inventory write-downs and losses		
Provision for impairment of inventories	7	—
Inventory costs written off	23	4
Total inventory write-downs and losses	30	4
Total impairment loss on receivables		
Bad debts expense	10	—
Loss allowance on trade debtors	38	(1)
Loss allowance on loans receivable	3	—
Total impairment loss on receivables	51	(1)
Total employee and other expenses		
Employee benefits expenses	77	104
Security-based payments expense	12	14
Total employee expenses	89	118
Compliance, consulting and professional fees	23	17
Office and administration expenses	21	24
IT infrastructure and other expenses	25	19
Total other expenses	69	60
Total employee and other expenses	158	178
Interest and borrowing costs		
Interest paid/payable	148	151
Interest on lease liabilities	3	—
Interest capitalised [1]	(35)	(29)
Borrowing costs amortised	3	4
Total finance costs	119	126
Add: cost of goods sold interest [2]	17	21
Total interest and borrowing costs	136	147
Loss on financial instruments		
Loss on interest rate derivatives	33	63
Total loss on financial instruments	33	63

1. Relates to residential projects $10m (2019: $13m) and commercial projects $25m (2019: $16m).
2. This interest was previously capitalised and has been expensed in the current period. The interest relates to residential projects $15m (2019: $17m) and commercial projects $2m (2019: $4m).

B4 EVENTS OCCURRING AFTER THE END OF THE YEAR

In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts on the recoverability and fair value of assets post 30 June 2020.

The additional restrictions implemented in early August 2020 in Victoria as a result of the sudden increased number of COVID-19 cases has not had any significant impacts on the Group's operations to date and is not expected to have a material impact on the recoverability or fair value of the Group's assets.

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

B5 INCOME TAX

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

ACCOUNTING FOR INCOME TAX

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

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

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

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. Accordingly, the deferred tax assets and deferred tax liabilities are permitted to be offset in the consolidated SoFP. The Group has adopted the change in offsetting deferred tax assets and liabilities for the year ended 30 June 2020 (previously deferred tax balances disclosed separately). Comparative balances in the consolidated SoFP have been restated to reflect the change in presentation. As at 30 June 2019, the restated deferred tax assets balance is $98m being the net position of deferred tax assets of $436m and deferred tax liabilities of $338m.

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	2020 $m	2019 $m
Profit before income tax	583	1,072
Add/(less): Group elimination entries not subject to corporate taxation	2	(1)
Less: MPT profit not subject to taxation	(538)	(893)
Less: Mirvac Ltd trust profits not subject to taxation [1]	(13)	—
Profit which is subject to taxation	34	178
Income tax expense calculated at 30%	10	53
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income		
Non-deductible equity accounted losses	11	—
Other non-deductible/non-assessable items	(1)	—
	20	53
Over provision in prior years	—	(1)
Income tax expense [2]	20	52
Effective tax rate [3]	27%	29%

1. Trust income that is not subject to corporate taxation as not wholly owned by Mirvac Ltd tax group.
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. The FY20 effective tax rate has been normalised to 27% by excluding equity losses.

Reconciliation of income tax expense to tax paid	2020 $m	2019 $m
Deferred tax	20	52
Total income tax expense	20	52
Temporary differences		
Deferred revenue	(26)	(25)
Inventories	105	8
Unrealised derivative financial instrument revaluations	2	20
Unrealised foreign currency translation revaluations	(1)	—
Receivables	(40)	(5)
Right-of-use-assets	2	—
Lease liabilities	(2)	—
Other temporary differences	(7)	(4)
Transfer from tax losses	(53)	(46)
Tax paid	—	—

B RESULTS FOR THE YEAR

Continued

B5 INCOME TAX CONTINUED

Unrecognised tax and capital losses	2020 $m	2019 $m
Unused tax losses which have not been recognised as deferred tax assets due to uncertainty of utilisation[1]	—	58
Unused capital losses which have not been recognised as deferred tax assets due to uncertainty of utilisation[2]	214	214[3]
Total unrecognised tax and capital losses	**214**	272
Potential tax benefit at 30 per cent	**64**	82

1. Unused tax losses relate to losses from the James Fielding Group in 2005 which can only be utilised after the Mirvac Ltd tax group tax losses have been utilised and are then subject to an annual utilisation factor of less than 1%. Losses were cancelled in FY20.
2. Unused capital losses can only be utilised against capital gains.
3. The comparative has been amended to reflect an amendment of prior period unused capital losses during the year.

Movement in deferred tax	Balance 30 June 2018 $m	Recognised in retained earnings $m	1 July 2018 Restated[1] $m	Recognised in profit or loss $m	Recognised in other comprehensive income $m	Balance 30 June 2019 as originally presented $m	AASB 16 Impact[1] $m	1 July 2019 Restated $m	Recognised in profit or loss $m	Recognised in other comprehensive income $m	Balance 30 June 2020 $m
Unearned gains and losses with joint ventures	16	—	16	(1)	—	15	—	15	(7)	—	8
Accruals	23	—	23	1	—	24	—	24	(2)	—	22
Employee provisions and accruals	9	—	9	—	—	9	—	9	1	—	10
Deferred revenue	136	(35)	101	(25)	—	76	—	76	(26)	—	50
Derivative financial instruments	34	—	34	19	(10)	43	—	43	2	8	53
Impairment of loans to unrelated parties	2	—	2	(2)	—	—	—	—	1	—	1
PPE	1	—	1	—	—	1	—	1	1	—	2
Tax losses	213	—	213	(46)	—	167	—	167	(53)	—	114
Lease liabilities	—	—	—	—	—	—	28	28	(2)	—	26
Foreign exchange translation losses	22	—	22	—	79	101	—	101	(1)	72	172
Deferred tax assets	456	(35)	421	(54)	69	436	28	464	(86)	80	458
Investments in joint ventures	(2)	(1)	(3)	(4)	—	(7)	—	(7)	—	—	(7)
Inventories[2]	(267)	39	(228)	8	—	(220)	(12)	(232)	105	—	(127)
Derivative financial instruments	(36)	—	(36)	—	(61)	(97)	—	(97)	—	(85)	(182)
Land and buildings	(1)	—	(1)	—	—	(1)	—	(1)	1	—	—
Prepayments	—	(3)	(3)	(2)	—	(5)	—	(5)	—	—	(5)
Receivables	—	—	—	(5)	—	(5)	—	(5)	(40)	—	(45)
Right-of-use assets	—	—	—	—	—	—	(14)	(14)	2	—	(12)
Other	(7)	—	(7)	4	—	(3)	—	(3)	(2)	—	(5)
Deferred tax liabilities	(313)	35	(278)	1	(61)	(338)	(26)	(364)	66	(85)	(383)
Net deferred tax assets	143	—	143	(53)	8	98	2	100	(20)	(5)	75

1. Refer to Changes in accounting policies in Note A Basis of Preparation.
2. Includes investments properties that are considered trading stock for tax purposes.

Deferred tax assets expected to be recovered after more than 12 months are $362m (2019: $381m).

The Group estimates future taxable profits based on approved budgets and forecasts extending five years. Future taxable profits are influenced by a variety of general economic and business conditions, which are outside the control of the Group. 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. The potential business impacts of COVID-19 have been reflected in the current forecasts. The recoverability of deferred tax assets including those arising from tax losses has been determined with reference to these forecasts.

C PROPERTY AND DEVELOPMENT ASSETS

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

C1 PROPERTY PORTFOLIO

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

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

INVESTMENT PROPERTIES

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

Mirvac accounts for its investment properties at fair value and revaluations are recognised as Other income.

INVESTMENTS IN JOINT VENTURES (JV)

Mirvac enters into arrangements with third parties to jointly own investment properties. If Mirvac has joint control over the activities and joint rights to the net assets of an arrangement, then it is classified as a JV. The JV holds investment property at fair value and Mirvac recognises its share of the JV's profit or loss as Other income.

For further details on accounting for JV, refer to note C3.

JUDGEMENTS IN FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants.

For all investment property that is measured at fair value, the existing use of the property is considered the highest and best use.

As a result of the COVID-19 pandemic, assessing fair value as at the reporting date involved considering uncertainties around the underlying assumptions and inputs to fair value given the forward looking nature of these assumptions.

The uncertainty exists largely in the first two years of the valuation cash flow, and increases in investment properties with higher near-term expiry and with greater proportions of SME tenants due to the potential for increased vacancy in the market and the difficultly for SMEs to maintain turnover in the current environment.

The COVID-19 pandemic has also created unprecedented economic uncertainty, in particular the absence of a significant level of market transactions which are ordinarily a key source of evidence for assessing the fair value of investment properties. Australia is navigating through the impact of the COVID-19 pandemic and the length of time it will take the measures implemented by the Government to manage the effects of COVID-19 on the broader economy and property markets, is still unknown.

As such, the 30 June 2020 valuation process has been adjusted for the current period compared to the process that would typically be followed and adopted in more normalised market conditions. To assist with calculating reliable estimates, Mirvac uses independent valuers on a rotational basis. Approximately 25% of the portfolio is independently valued every six months, with management internally estimating the fair value of the remaining properties using estimation techniques by suitably qualified personnel. As a result of a lack of market transactions and the uncertainty provided by COVID-19, the Group increased the level of independent valuations across its segments, particularly across the markets and asset types it invests in where the impacts from COVID-19 have been more significant. As at 30 June 2020, the Group undertook independent valuations covering 40% of its investment property portfolio, by value and by number.

The fair values of properties are calculated using a combination of market sales comparison, discounted cash flow and capitalisation rate.

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.

Currently, market sales comparison information is not readily available and therefore, it can be difficult to obtain supporting evidence for any material movement in property yields across the sectors in which the Group has exposure. This is largely due to a lack of recent transaction activity in Australia as a result of the COVID-19 pandemic. Comparable transactions are difficult and are more challenging to identify in the current environment.

C PROPERTY AND DEVELOPMENT ASSETS

Continued

C1 PROPERTY PORTFOLIO CONTINUED

JUDGEMENTS IN FAIR VALUE ESTIMATION CONTINUED

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

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

Capitalisation rate: The rate or yield at which the annual net income from an investment is capitalised to ascertain its capital value at a given date. The annual net income is based on contracted rents, market rents, operating costs and future income on vacant space. The capitalisation rate reflects the nature, location and tenancy profile of the property together with current market evidence and sales of comparable properties.

The valuations undertaken by the Group's independent experts consider the DCF methodology to be one of the most reliable valuation techniques to apply in the current environment, as this methodology allows the DCF calculation to capture the impact of the COVID-19 pandemic by adjusting the future cash flows for the expected tenant rental relief and also make assumptions on the extent and timing of recovery.

This methodology is in contrast to the capitalisation approach, where cash flows are not adjusted for risk but, rather, risk is reflected in determining the discount rate. This discount rate inherently requires a more explicit consideration of the wider than normal range of possible future outcomes.

The DCF methodology also requires an appropriate discount rate to be used whereby there is consistency between the risk factors inherent in the cash flows and the risk factors accounted for in the discount rate, without double counting of the same risk factors. This is because although it is considered more reliable to adjust the cash flow projections in order to consider specific risk factors in the DCF model, in the current circumstances it may not be practical to quantify the full impact in the cash flows alone.

Accordingly, the Group has in most cases used a mid-point valuation which has involved the determination of fair value using both the DCF and capitalisation rate approaches and adopted a value that is between these two amounts.

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

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

Note C2 explains the key inputs and sensitivity to changes in the measurement of fair value of investment properties.

LEASE INCENTIVES

The carrying amount of properties includes lease incentives provided to tenants. Lease incentives are deferred and recognised on a straight-line basis over the lease term and do not change under AASB 16.

GROUND LEASES

On adoption of AASB 16 on 1 July 2019, a lease liability reflecting the leasehold arrangements of investment properties needs to be separately disclosed in the consolidated SoFP and the carrying value of the investment properties is adjusted (i.e. increased) so that the net of these two amounts equals the fair value of the investment properties. The lease liabilities are calculated as the net present value of the future lease payments discounted at the incremental borrowing rate.

At 30 June 2020, $47m of lease liabilities for ground leases has been recognised in the consolidated SoFP.

Lease liabilities are subsequently measured by:

> increasing the carrying amount to reflect interest on the lease liability;

> reducing the carrying amount to reflect the lease payments made; and

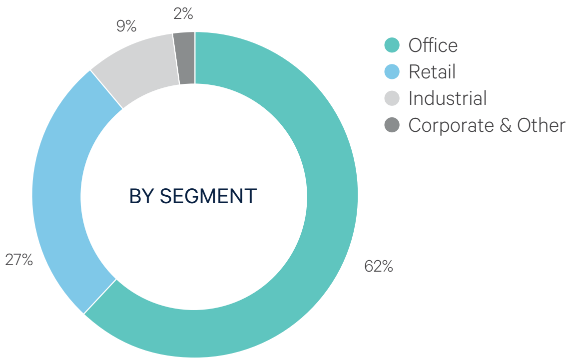
> remeasuring the carrying amount to reflect any reassessment or lease modifications.

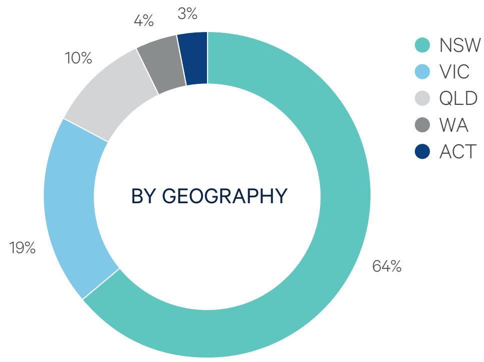
Some ground leases contain variable payment terms that are linked to sales generated. Variable lease payments that depend on sales are recognised in the consolidated SoCI in the period in which the condition that triggers those payments occurs. For the year ended 30 June 2020, variable lease payments on ground leases were $2m.

	Note	Office $m	Industrial $m	Retail $m	Corporate & Other $m	2020 Total $m	2019 Total $m
Investment properties		6,024	917	3,191	228	**10,360**	9,904
Investment properties under construction		780	27	—	—	**807**	736
Total investment properties	C2	6,804	944	3,191	228	**11,167**	10,640
Investments in JVs[1]		465	—	—	—	**465**	461
Total property portfolio		7,269	944	3,191	228	**11,632**	11,101

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

PROPERTY PORTFOLIO AS AT 30 JUNE 2020





OFFICE

- $614m increase in Office assets
- 1% net valuation uplift
- Weighted average capitalisation rate of 5.25%

RETAIL

- Weighted average capitalisation rate of 5.55%
- Disposed of St Mary's Village, NSW for a 36% premium above book value.

INDUSTRIAL

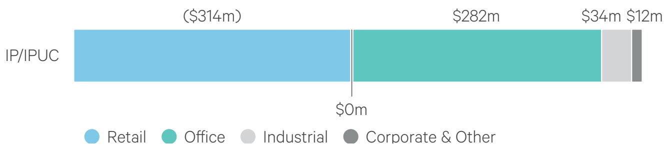
- $67m increase in Industrial assets
- 1.5% net valuation uplift
- Weighted average capitalisation rate of 5.60%

CORPORATE & OTHER

- Achieved practical completion for LIV Indigo, Sydney Olympic Park
- Weighted average capitalisation rate of 4.00%

REVALUATION OF PROPERTY PORTFOLIO

FY20 net revaluation movement $14m



FY19 net revaluation movement $516m

C PROPERTY AND DEVELOPMENT ASSETS

Continued

C2 INVESTMENT PROPERTIES

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

Movements in investment properties	Office $m	Industrial $m	Retail $m	Corporate & Other[1] $m	**2020 Total $m**	2019 Total $m
Balance 1 July	6,194	877	3,441	128	**10,640**	9,294
Adoption of AASB16 – ground leases	—	—	47	—	**47**	—
Restated investment properties at 1 July 2019	6,194	877	3,488	128	**10,687**	—
Expenditure capitalised	467	9	86	88	**650**	583
Acquisitions	6	29	—	—	**35**	231
Disposals	—	—	(50)	—	**(50)**	—
Net revaluation gain/(loss) from fair value adjustments	282	34	(314)	12	**14**	516
Transfer (to)/from inventories	(77)	—	—	—	**(77)**	91
Amortisation expense	(68)	(5)	(19)	—	**(92)**	(75)
Balance 30 June	6,804	944	3,191	228	**11,167**	10,640

1. As of 1 July 2019, the investment property held by the Residential segment was transferred to the Corporate & Other segment in line with how management view the results of the business.

FAIR VALUE MEASUREMENT AND VALUATION BASIS

The basis of valuation of investment properties is fair value. Fair values are based on market values, being the price that would be received to sell an asset in an orderly transaction between market participants at the reporting date.

Investment properties are measured as Level 3 financial instruments. Refer to note D5 for explanation of the levels of fair value measurement. The following are the unobservable inputs used in determining the fair value measurement of investment 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.

Unobservable inputs	Details
Capitalisation rate	The rate at which net market income is capitalised to determine the value of a property.
Discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. This should reflect the opportunity cost of capital, that is, the required rate of return the capital can earn if put to other uses having regard to a similar risk profile.
Terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation.
Market rent and growth rate	The rent at which a tenancy could be leased in the market including rental growth in future years at the date of valuation. Market rent includes gross rent and net rent. Gross rent is where outgoings are incorporated in the rent being paid. Net market rent is where the owner recovers outgoings from the tenant on a pro-rata basis.

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

		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 %
2020						
Office	**6,804**	**312–1,480**	**2.64–3.97**	**4.63–7.50**	**4.88–7.50**	**6.25–8.25**
Industrial	**944**	**102.50–486**	**2.70–3.05**	**4.84–6.50**	**5.25–7.00**	**6.25–7.50**
Retail	**3,191**	**304–1,439**	**2.03–3.53**	**4.75–8.75**	**5.00–9.00**	**6.50–9.50**
Corporate & Other	**228**	**560**[1]	**2.99**	**4.00**	**4.00**	**6.25**
2019						
Office	6,194	200–1,531	3.10–4.00	4.75–8.00	5.00–8.00	6.25–8.25
Industrial	877	100 – 470	2.92–3.47	5.00–7.00	5.27–7.50	6.75–7.75
Retail	3,441	206–1,374	2.80–4.04	4.50–8.00	4.75–8.25	6.50–9.50
Corporate & Other	128	552[1]	3.00	4.00	4.00	6.50

1. Average net market income per apartment per week.

COVID-19 IMPACTS ON FAIR VALUE MEASUREMENT

Whilst the current economic climate and the impacts of the COVID-19 pandemic are still unfolding and remain uncertain, the assessment undertaken to determine the fair value of the Group's portfolio is based on the assumptions and analysis performed and outlined below.

An evaluation of each investment property in the portfolio was undertaken considering the following factors:

i) Location and asset quality across the markets that the Group invests in;

ii) Capital expenditure including development and operational capital expenditure forecasts;

iii) Tenancy schedules: Tenancy schedules including all contractual lease information were used as the basis of all forecasts and valuations, specifically the contracted cash flows from the tenants and including tenant size and weighted average lease expiry. Assets with long WALEs and a small number of large tenants were viewed as having the least risk in valuations;

iv) Market rents: rents that could be achieved if tenancy was leased on the open market as at valuation date. Passing rent refers to contractual rent as at the valuation date;

v) Growth rates and incentives: ten-year forecasts for incentives and growth rates applied to future leasing assumptions;

vi) Downtime: period of vacancy between leases on a tenancy;

vii) COVID-19 impact on the tenancies, in particular rental relief requested, ability to trade and industry that the tenants operate in; and

viii) Fair value inputs: capitalisation rate, discount rate and terminal rate applied to capitalisation income, discounted cash flow and terminal capitalisation income.

Following this evaluation on a property basis, the valuations have been calibrated on a portfolio basis, by segment, to ensure consistency in any assumptions such as in the modelling of leasing retention rates, incentives, downtime, growth, COVID-19 support adjustments and the expected recovery period where relevant.

SENSITIVITY ANALYSIS

Due to the significant judgement of fair value the COVID-19 pandemic presents, a sensitivity analysis has been undertaken to further stress test the Group's assessment of fair value at 30 June 2020.

The following sensitivity analysis is based on a range of potential capitalisation rate and terminal yield and discount rate movements on a portfolio basis compared to the actual capitalisation rates and terminal yields and discount rates adopted by the Group at 30 June 2020, and are considered to be the key unobservable inputs that would be expected to have the most material impact on the fair values adopted if they moved.

As noted in note C1, the base case was the fair value for each property as at reporting date, where primarily the midpoint of the DCF and capitalisation approaches were adopted. The stress testing performed was based on the same approach adopted for each property and was based on softening both the capitalisation rate and terminal yield and the discount rate by 0.125% and 0.25%.

The below table presents the outcome of the sensitivity analysis as the decrement to the fair value of the investment property portfolio (including Office JV but excluding IPUC and development assets) should the unobservable inputs move by the amount indicated. For example a softening of 12.5 bps of the capitalisation rate and terminal yield and the discount rate of 25 bps across the investment property portfolio would have resulted in a decrement of $324m in addition to the fair value presented as at 30 June 2020.

		Capitalisation rate and terminal yield movement by		
		0%	0.125%	0.25%
	0%	—	($218m)	($430m)
Discount rate movement by	0.125%	($60m)	($270m)	($471m)
	0.25%	($108m)	($324m)	($517m)

C PROPERTY AND DEVELOPMENT ASSETS

Continued

C3 INVESTMENTS IN JOINT VENTURES

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

Mirvac initially records its JVs 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 JVs 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.

JUDGEMENTS IN TESTING FOR IMPAIRMENT OF INVESTMENTS IN JVs

JVs 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.

JVs held by the Group primarily hold investments in investment property and inventory. As the accounting policies of the Group are consistently applied to the JVs, the impacts from COVID-19 pertaining to Investment property, outlined in note C2 and Inventory in C4 also apply to the underlying assets of the JV.

The Group holds a 50% interest in the Tucker Box Hotel group, which invests in hotels across Australia as investment properties. The hotel, tourism and accommodation sector has been severely impacted by the COVID-19 pandemic with a significant reduction in cash flows and consequently the valuations of the hotel investment properties. As at 30 June 2020, 72% (by value) of the Tucker Box portfolio was independently valued by expert and experienced hotel valuers with adjusted assumptions for the impact of the COVID-19 pandemic. These adjusted assumptions include:

> Hotel trading conditions which have been significantly impacted by softer tourism and broader economic conditions, with a ban on international tourism and state border closures;

> Room occupancy and Average room rates have been directly impacted as a result of the decline in room night demand with assumptions surrounding normalised levels extending to around 3-4 years time;

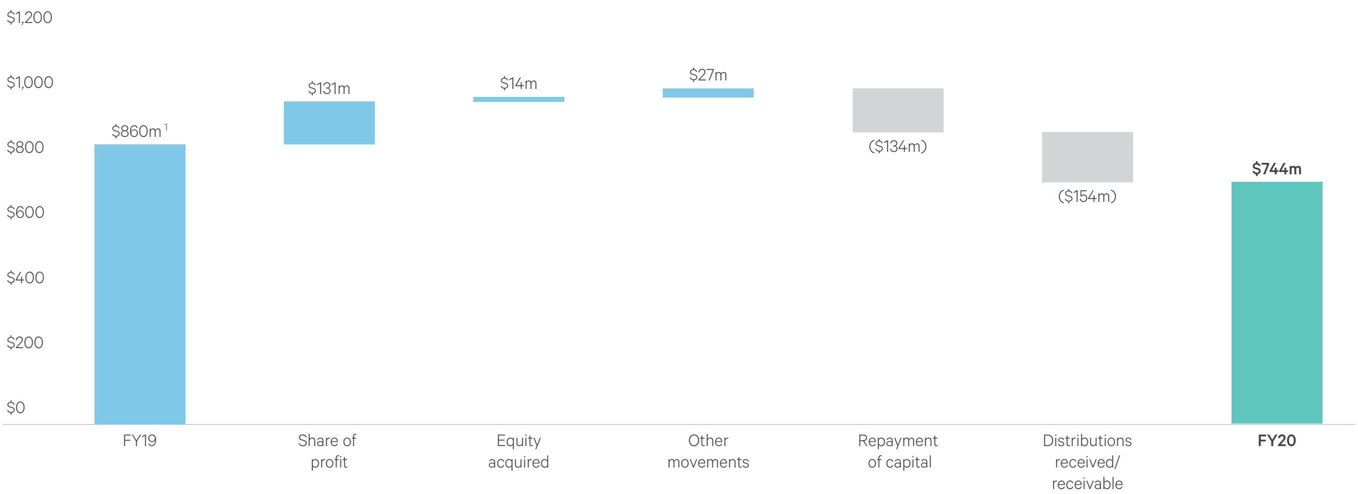
> Other department revenues and expenses such as food and beverage, in line with the adjustment for room occupancy.

The Group has considered these adjusted assumptions have been suitably included into the valuations of the investment properties of Tucker Box as at 30 June 2020. Accordingly, the impact of COVID-19 has been incorporated within the fair value of the underlying investment properties of the JV.

Additionally, JVs have been assessed for their recoverability using COVID-19 impacted cash flows and assumptions. Their ability to continue as a going concern for at least 12 months post the date of this annual report has also been reviewed by assessing the cash flows, access to liquidity and impacts of COVID-19 on each JV. Accordingly, at 30 June 2020, none of the Group's investments in JVs is considered to be impaired (2019: none).

All JVs are established or incorporated in Australia. Information relating to JVs is as follows:

MOVEMENTS IN THE CARRYING AMOUNT OF JVs



1. Investments in JVs as at 30 June 2019 has been restated to reflect the change in accounting treatment for the Fast Track Bromelton Pty Ltd joint arrangement from an investment in JV to a joint operation. As at 30 June 2019, the Group recognised its proportional share of assets, liabilities, revenues and expenses of the joint arrangement which resulted in an increase of $25m in non-current inventory and a corresponding decrease in investments in JVs.

The table below provides summarised financial information for those JVs that are significant to the Group. The Group does not have any associates.

The information presented reflects the total amounts presented in the financial statements of the relevant JVs 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 JVs.

	Mirvac 8 Chifley Trust[1]		Mirvac (Old Treasury) Trust[1]		Tucker Box Hotel Group		Other joint ventures		Total	
	2020 $m	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m
Principal activities	Property investment		Property investment		Hotel investment		Various			
Summarised SoFP										
Cash and cash equivalents	**2**	2	**6**	6	**2**	2	**79**	72	**89**	82
Other current assets	**1**	1	**1**	1	**2**	6	**196**	554	**200**	562
Total current assets	**3**	3	**7**	7	**4**	8	**275**	626	**289**	644
Total non-current assets	**475**	479	**456**	444	**520**	583	**222**	139	**1,673**	1,645
Borrowings	**—**	—	**—**	—	**184**	—	**—**	159	**184**	159
Other current liabilities	**3**	3	**7**	6	**17**	11	**20**	51	**47**	71
Total current liabilities	**3**	3	**7**	6	**201**	11	**20**	210	**231**	230
Borrowings	**—**	—	**—**	—	**—**	188	**45**	49	**45**	237
Other non-current liabilities	**—**	—	**—**	—	**1**	1	**166**	5	**167**	6
Total non-current liabilities	**—**	—	**—**	—	**1**	189	**211**	54	**212**	243
Net assets	**475**	479	**456**	445	**322**	391	**266**	501	**1,519**	1,816
Group's share of net assets in %	**50**	50	**50**	50	**50**	50	**—**	—	**—**	—
Group's share of net assets in $	**238**	240	**228**	223	**161**	196	**135**	250	**762**	909
Carrying amount in Group's consolidated SoFP	**221**	223	**221**	215	**164**	195	**138**	227	**744**	860

1. The difference between the carrying amount and the Group's share in the net assets of its investment is a result of eliminations due to the Group's transactions with its investee.

	Mirvac 8 Chifley Trust		Mirvac (Old Treasury) Trust		Tucker Box Hotel Group		Other joint ventures		Total	
	2020 $m	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m	**2020 $m**	2019 $m
Principal activities	Property investment		Property investment		Hotel investment		Various			
Summarised SoCI										
Revenue	**28**	26	**47**	47	**27**	42	**855**	282	**957**	397
EBITDA	**27**	26	**27**	26	**26**	41	**252**	105	**332**	198
Interest income	**—**	—	**—**	—	**—**	—	**3**	1	**3**	1
Interest expense	**—**	—	**—**	—	**6**	7	**10**	1	**16**	8
Income tax expense	**—**	—	**—**	—	**—**	—	**—**	1	**—**	1
Profit/(loss) after tax	**23**	20	**39**	40	**(54)**	(27)	**244**	104	**252**	137
Non-operating items	**4**	6	**(12)**	(14)	**74**	61	**1**	—	**67**	53
Operating profit after tax	**27**	26	**27**	26	**20**	34	**245**	104	**319**	190
Profit/(loss) after tax	**23**	20	**39**	40	**(54)**	(27)	**244**	104	**252**	137
Other comprehensive income	**—**	—	**—**	—	**—**	—	**—**	(2)	**—**	(2)
Total comprehensive income	**23**	20	**39**	40	**(54)**	(27)	**244**	102	**252**	135
Distributions received/receivable by the Group from JVs	**14**	13	**14**	13	**8**	15	**118**	66	**154**	107

C PROPERTY AND DEVELOPMENT ASSETS

Continued

C3 INVESTMENTS IN JOINT VENTURES CONTINUED

CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2020, the Group's share of its JV's capital commitments which have been approved but not yet provided for was $44m (2019: $47m).

GOING CONCERN OF TUCKER BOX HOTEL GROUP

The COVID-19 pandemic has had a severe impact on occupancy of the hotels of the Tucker Box Hotel Group joint venture and accordingly the profit of this JV throughout the pandemic has decreased substantially.

As at 30 June 2020, the Tucker Box joint venture is in compliance with all borrowing covenants. However, based on estimates made at 30 June 2020, it is considered likely that due to the impact of COVID-19, the Tucker Box Hotel Group will breach a lending covenant within the next 12 months. This potential breach does not impact any of the Group's banking covenants. The joint venture is responding to this matter including engaging in discussion with the joint venture's syndicated lenders.

The unitholders of the joint venture have provided the Tucker Box Hotel Group with a Letter of Support of up to $1.5m each for a period extending to 30 September 2021.

C4 INVENTORIES

The Group develops residential and commercial properties for sale in the ordinary course of business.

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). Following a review and assessment of the project forecasts, there were Inventory write-downs and losses recognised during the year of $30m (2019: $4m), refer to note B3.

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. The key assumptions used in the project forecasts for the Group's NRV assessments include:

Key assumption	Details of key assumption
Sales rates / volumes	The rate at which lots are sold over a given period.
Sales price	The price which a specific lot is sold to the general public.
Sales incentives	Recognised as a % of purchase price, which is allocated to either direct or indirect expenditure to induce the sale of a lot.
Settlement volumes	The number of lot settlements achievable over a given period.
Cost to complete	All remaining costs to complete the program of works and sell unsold stock, measured at reporting date.
Program duration	The duration of a project from commencement to completion of all stages, a project program generally extends from the approval to purchase through to the final settlement of lots and may extend over many years.

As a result of the COVID-19 pandemic, additional considerations have been adopted in undertaking the NRV assessments for the Group as at 30 June 2020. As well as considering historical data, the Group has modelled a range of possible scenarios based on current evidence relating to sales rates, pricing, timing of settlements, expected incentives, estimated cost to complete and program duration to determine the risk of impairment of the carrying value of inventories.

Taking both a macro and a micro lens to estimate, as best as possible, the impact from COVID-19 on each project, the Group has considered those areas with the greatest potential impact on the respective drivers for each segment, including:

> Primary employment sectors and COVID-19 related impacts in particular catchment areas;
> International and state-based migration patterns;
> Availability of finance to homebuyers and investors;
> Property prices and available market rents on properties acquired for investment purposes;
> Impact of Government mandated physical distancing requirements and workplace shutdowns; and
> Supply chain interruptions.

In order to better understand the impact on sales volumes and prices at a project level, an analysis of the buyer profile was undertaken across the various project catchments. Each catchment is assessed for primary employment sectors and forecast level of COVID-19 impact, growth reliant on overseas migration and composition of purchaser type. This information is combined with current and forecast supply and demand at a corridor level, market share, incentive strategies, anticipated government stimulus and other market insights to inform the sale rate and sales revenue assumptions adopted, which have a flow-on impact to the development program and related assumptions around development and construction costs.

While the level of impact is expected to vary significantly project-by-project due to the varied composition of inputs and the nuances of the different markets considered in the project forecasts, the Group has undertaken various scenario modelling at a segment level to assess the impact of changes to the above drivers on the significant assumptions made in the determination of NRV as tabled below:

Base case (adopted)

This scenario has resulted in the recognition of an increase in provision for impairment of residential inventories of $7m as at 30 June 2020.

Residential Apartments & Masterplanned Communities

> Assumes sales prices of new and completed stock are impacted based on specific corridor performance of each project – each has been adjusted accordingly;
> Assumes a moderate slowdown in sales rates for specific projects based on corridor and buyer profile;
> Assumes an increase in sales incentives to assist with selling available stock where appropriate;
> Assumes some impact to construction program where sales target need to be achieved prior to commencement;
> Assumes an extended settlement duration for some projects where sales rates have been adjusted; and
> Assumes an increase in costs such as overheads and interest due to extended timeframes, offset by savings from interest rate reduction.

Office & Industrial and Retail

> Sales price contractually determined prior to commencement of development, no impact; and
> No significant impact on construction programmes.

Downside

This scenario would result in an increase in impairment provision as at 30 June 2020, however the Group's scenario modelling indicates this would not be significant.

Residential Apartments & Masterplanned Communities

> Assumes a higher level of sales incentives offered for projects in corridors prone to further downside risk;
> Assumes a prolonged slowdown in sales rates across projects, resulting in greater holding costs for unsold inventory and other deployed capital;
> Assumes increased utilisation of project contingency; and
> Construction programmes impacted by Government mandated workplace lockdowns in certain locations.

Office & Industrial and Retail

> Sales price contractually determined prior to commencement of development, no impact; and
> Construction programmes impacted by Government mandated lockdowns in CBD locations.

Upside

This scenario would result in a decrease to impairment provision as at 30 June 2020.

Residential Apartments & Masterplanned Communities

> Assumes sales prices of new and completed stock are not impacted;
> Assumes limited slowdown in sales rates in the short term for some projects, offset by an increase in sales rates for others due to early market recovery;
> No additional costs incurred; and
> No impact on construction programs.

Office & Industrial and Retail

> Sales price contractually determined prior to commencement of development, no impact; and
> No significant impact on construction programs.

C PROPERTY AND DEVELOPMENT ASSETS

Continued

C4 INVENTORIES CONTINUED

	2020		2019	
	Current $m	Non-current $m	Current $m	Non-current $m
Residential apartments				
Acquisition costs	67	232	48	170
Development costs	177	369	375	375
Interest capitalised during development	12	32	10	41
Provision for impairment of inventories	(20)	(43)	(5)	(57)
Total residential apartments	236	590	428	529
Residential masterplanned communities				
Acquisition costs	102	477	94	388
Development costs	31	77	26	70
Interest capitalised during development	8	27	9	27
Provision for impairment of inventories	(2)	(10)	(4)	(6)
Total residential masterplanned communities	139	571	125	479
Total Residential	375	1,161	553	1,008
Office & Industrial				
Acquisition costs	19	6	34	4
Development costs	49	73	32	77
Interest capitalised during development	1	—	1	—
Provision for impairment of inventories	—	(7)	—	(7)
Total Office & Industrial	69	72	67	74
Retail				
Development costs	—	7	1	6
Total Retail	—	7	1	6
Total inventories	444	1,240	621	1,088

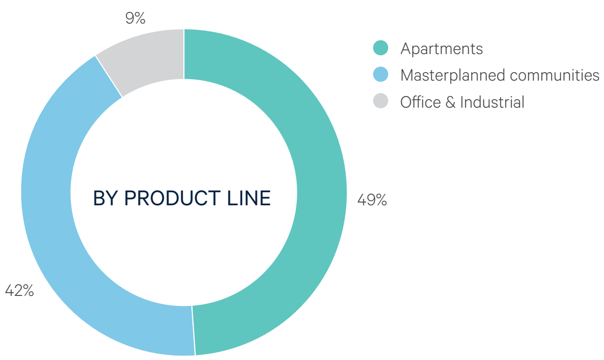
RESIDENTIAL

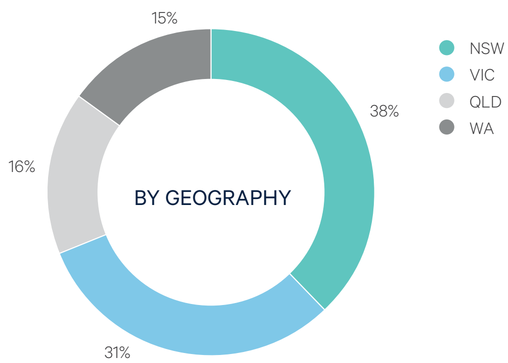
- Key inventory movements during the year included The Eastbourne, East Melbourne VIC, Yarra's Edge, Docklands VIC and Pavilions, Sydney Olympic Park NSW
- 2,563 lots settled during the year

OFFICE & INDUSTRIAL

- Practical completion achieved for: South Eveleigh Building 2, Sydney, NSW
- Key active developments: Locomotive Workshops, South Eveleigh NSW, 477 Collins Street, Melbourne VIC and 80 Ann Street, Brisbane QLD

INVENTORIES AS AT 30 JUNE 2020





Movements in inventories	2020 $m	2019 $m
Balance 1 July	1,709	1,795 [1]
Costs incurred	888	1,055
Settlements	(1,023)	(1,070)
Provision utilisation	3	16
Provision for impairment of inventories	7	—
Inventory costs written off	23	4
Transfer from/(to) investment properties	77	(91)
Balance 30 June	**1,684**	1,709

1. Inventories as at 1 July 2018 and 30 June 2019 have been restated to reflect the change in accounting treatment for the Fast Track Bromelton Pty Ltd joint arrangement from an investment in JV to a joint operation. As at 30 June 2019, the Group recognised its proportional share of assets, liabilities, revenues and expenses of the joint arrangement which resulted in an increase of $25m in non-current inventory and a corresponding decrease in investments in JVs.

C5 COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

At 30 June 2020, capital commitments on Mirvac's investment property portfolio were $654m (2019: $273m). There were no investment properties pledged as security by the Group (2019: nil).

LEASE COMMITMENTS

Lease revenue from investment properties is accounted for as operating leases. The revenue from leases is recognised in the consolidated SoCI on a straight-line basis over the lease term.

The future receipts are shown as undiscounted contractual cash flows.

FUTURE OPERATING LEASE RECEIPTS AS A LESSOR

D CAPITAL STRUCTURE AND RISKS

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

D1 CAPITAL MANAGEMENT

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

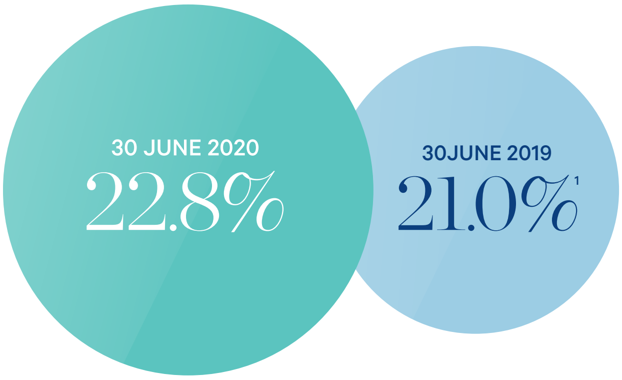
The Group seeks to maintain a minimum investment-grade credit rating of BBB+ or Baa1 to reduce the cost of capital and diversify its sources of debt capital. The Group's target gearing ratio is between 20 and 30 per cent.

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

At 30 June 2020, the Group was in compliance with all debt covenants.

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

GEARING RATIO



1. Gearing as at 30 June 2019 has been restated to reflect the offsetting of deferred tax assets and deferred tax liabilities on the consolidated SoFP.

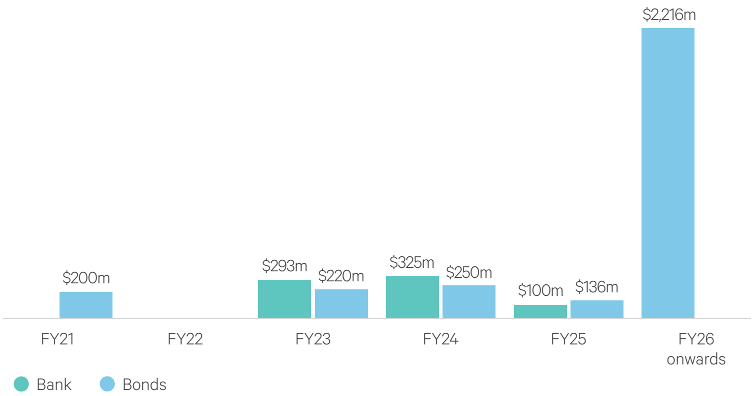
D2 BORROWINGS AND LIQUIDITY

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

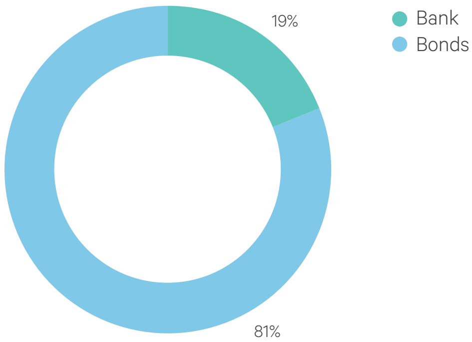
During the year, the Group entered into $810m of new bank facilities with maturities ranging from 3-5 years to provide additional liquidity to the Group. The Group also extended the term of $430m of debt for a further 12 months

At 30 June 2020, the Group had $1,443m of cash and committed undrawn facilities available.

DEBT DRAWN MATURITIES AS AT 30 JUNE 2020



DEBT DRAWN SOURCES AS AT 30 JUNE 2020



BORROWINGS

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

As part of its COVID-19 response the Group increased the amount of liquidity available via new undrawn bank debt facilities, and also extended the maturity date of some facilities that were due to expire within the next 15 months for a further 12 months. This effectively reduced the amount of debt that would need to be repaid in the next 2 years. Due to the wide reaching impacts of COVID-19, many other companies also sought to extend their liquidity around the same time, which saw an increase in demand for credit facilities and pricing increases. As a result, credit availability did reduce however given Mirvac's strong financial position, banking relationships and credit rating, the Group was able to obtain approvals for increased facilities available.

	2020				2019			
	Current $m	**Non-current $m**	**Total carrying amount $m**	**Total fair value $m**	Current $m	Non-current $m	Total carrying amount $m	Total fair value $m
Unsecured facilities								
Bank loans	—	718	718	718	—	—	—	—
Bonds	200	3,396	3,596	3,709	—	3,448	3,448	3,486
Total unsecured borrowings	200	4,114	4,314	4,427	—	3,448	3,448	3,486
Prepaid borrowing costs	—	(14)	(14)	(14)	—	(13)	(13)	(13)
Total borrowings	200	4,100	4,300	4,413	—	3,435	3,435	3,473
Undrawn facilities			1,119				1,292	
Other								
Lease liabilities	4	68	72	72	—	—	—	—

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

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

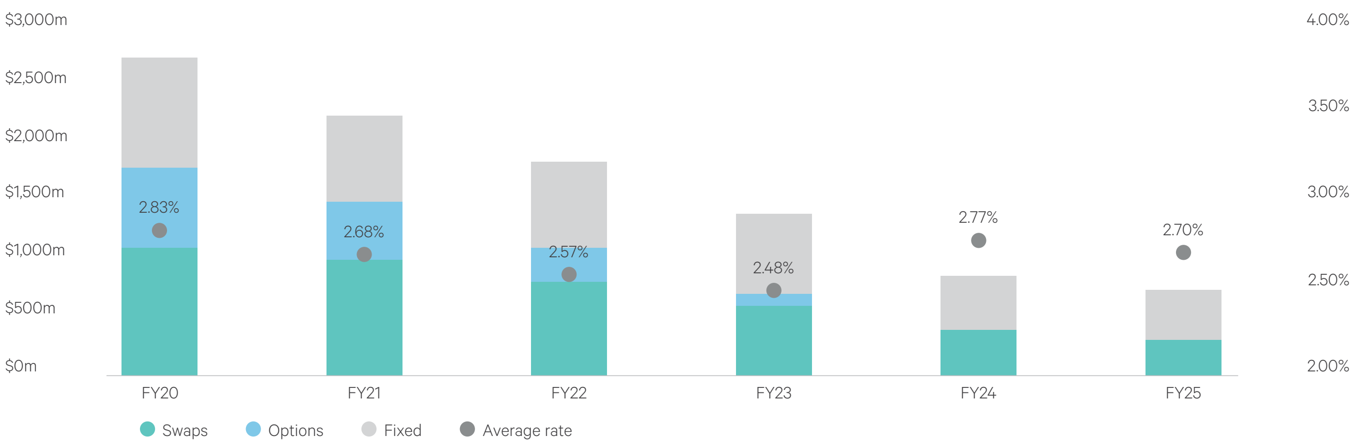
	2020						2019					
		Fixed interest maturing in:						Fixed interest maturing in:				
	Floating interest rate $m	**Less than 1 year $m**	**1 to 2 years $m**	**2 to 5 years $m**	**Over 5 years $m**	**Total $m**	Floating interest rate $m	Less than 1 year $m	1 to 2 years $m	2 to 5 years $m	Over 5 years $m	Total $m
Bank loans	718	—	—	—	—	718	—	—	—	—	—	—
Bonds	2,064	200	—	325	432	3,021	2,065	—	200	300	547	3,112
Interest rate derivatives	(1,800)	300	400	800	300	—	(1,800)	100	300	1,000	400	—
Total	982	500	400	1,125	732	3,739	265	100	500	1,300	947	3,112

D3 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

HEDGING PROFILE AT 30 JUNE 2020



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

D CAPITAL STRUCTURE AND RISKS

Continued

D3 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

DERIVATIVES THAT QUALIFY FOR HEDGE ACCOUNTING

Mirvac's treasury policy sets out the hedging strategy and objectives to manage exposures arising from fluctuations in interest rates and foreign currency exchange rates. During the year, Mirvac adopted hedge accounting for foreign currency bonds only.

At implementation, Mirvac formally designates and documents the relationship between hedging instruments (cross currency interest rate swaps only) and the hedged items (foreign currency bonds) as well as the proposed effectiveness of the risk management objective that the hedge relationship addresses. On an ongoing basis, Mirvac documents its assessment of retrospective and prospective hedge effectiveness of all hedge relationships for changes in fair values or cash flows.

Fair value hedge

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

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

Cash flow hedge

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

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

Cost of hedging

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

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

	2020		2019	
	Asset $m	**Liability $m**	Asset $m	Liability $m
Current				
Interest rate derivatives – through profit or loss	—	4	—	1
Total current derivative financial instruments	—	4	—	1
Non-current				
Interest rate derivatives – through profit or loss	—	131	1	102
Cross currency interest rate swaps – cash flow hedges	607	—	324	—
Total non-current derivative financial instruments	607	131	325	102
Total derivative financial assets/liabilities	607	135	325	103

Master netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), may the net position owing/receivable to a single counterparty in the same currency be taken as owing and all the relevant derivative arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the consolidated SoFP.

D4 FINANCIAL RISK MANAGEMENT

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

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

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

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

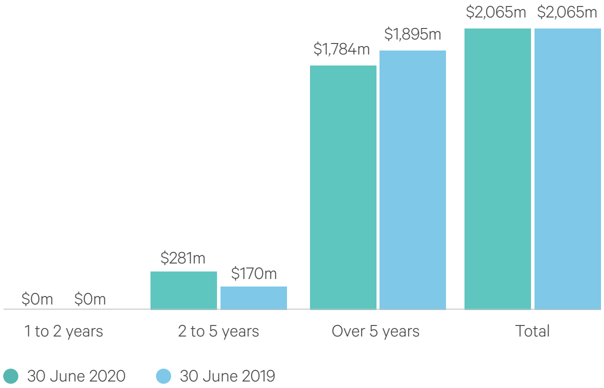
MARKET RISK

Foreign exchange risk

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

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

NOTIONAL AMOUNT AND EXPIRY OF CCIRS



D CAPITAL STRUCTURE AND RISKS

Continued

D4 FINANCIAL RISK MANAGEMENT CONTINUED

Sensitivity analysis – interest rate risk and foreign exchange risk

This sensitivity analysis shows the impact on profit after tax and equity if Australian interest rates, USD:AUD, JPY:AUD and HKD:AUD exchange rates changed by 25 basis points (bps) (2019: 50 bps). Given the low interest rate environment that the Group is operating in and with official interest rates holding for the medium term, a 25 bps movement is a more appropriate sensitivity to consider for 30 June 2020.

Total impact on profit after tax and equity		2020 ↑ 25 bps	2020 ↓ 25 bps	2019 ↑ 50 bps	2019 ↓ 50 bps
Sensitivity in:	**Changes in:**				
Interest rate risk[1]	Australian interest rates	$10m increase	$15m decrease	$28m increase	$30m decrease
Foreign exchange risk[2]	Foreign interest rates	—	—	—	—
Foreign exchange risk[2]	Foreign exchange rates	—	—	—	—

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

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

	2020	2019
Carrying amount	$2,640m	$2,401m
Original debt amount	$2,065m	$2,065m
Original hedged amount	$2,065m	$2,065m
Maturity date	Dec 2022 – Mar 2034	Dec 2022 – Mar 2034
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since inception of the hedge	$589m	$312m
Change in value of hedged item used to determine hedge ineffectiveness	($581m)	($343m)
Weighted average hedged rate for outstanding hedging instruments against AU$1	US$0.79 YEN84.60 HK$6.04	US$0.79 YEN84.60 HK$6.04

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:

	2020 Maturing in:					2019 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]	399	52	132	11	594	635	25	55	25	740
Unsecured bank loans	7	7	726	—	740	—	—	—	—	—
Bonds	331	126	1,034	2,834	4,325	132	333	884	3,160	4,509
Lease liabilities	4	4	12	52	72	—	—	—	—	—
Net settled derivatives										
Interest rate derivatives – floating to fixed	35	27	36	5	103	24	22	33	6	85
Gross settled derivatives (cross currency swaps)										
> Outflow	47	49	430	2,010	2,536	67	64	366	2,240	2,737
> (Inflow)	(91)	(91)	(627)	(2,261)	(3,070)	(85)	(89)	(480)	(2,448)	(3,102)
	732	174	1,743	2,651	5,300	773	355	858	2,983	4,969

1. Includes deferred revenue.

D5 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

> **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;

> **Level 2:** not traded in an active market but calculated with significant inputs coming from observable market data; and

> **Level 3:** significant inputs to the calculation that are not based on observable market data (unobservable inputs).

Mirvac holds no Level 1 financial instruments.

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

OTHER FINANCIAL ASSETS

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

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

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

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

	2020				2019			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets carried at fair value								
Investments in unlisted entities	—	—	68	68	—	—	60	60
Derivative financial instruments	—	607	—	607	—	325	—	325
	—	607	68	675	—	325	60	385
Financial liabilities carried at fair value								
Derivative financial instruments	—	135	—	135	—	102	—	102
	—	135	—	135	—	102	—	102

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

	2020		2019		
	Investments in unlisted entities $m	**Total other financial assets $m**	Investments in unlisted entities $m	Loan notes $m	Total other financial assets $m
Balance 1 July	60	60	40	81	121
Acquisitions	—	—	15	—	15
Net gain recognised in gain on financial instruments	8	8	5	—	5
Repayments	—	—	—	(81)	(81)
Balance 30 June	68	68	60	—	60

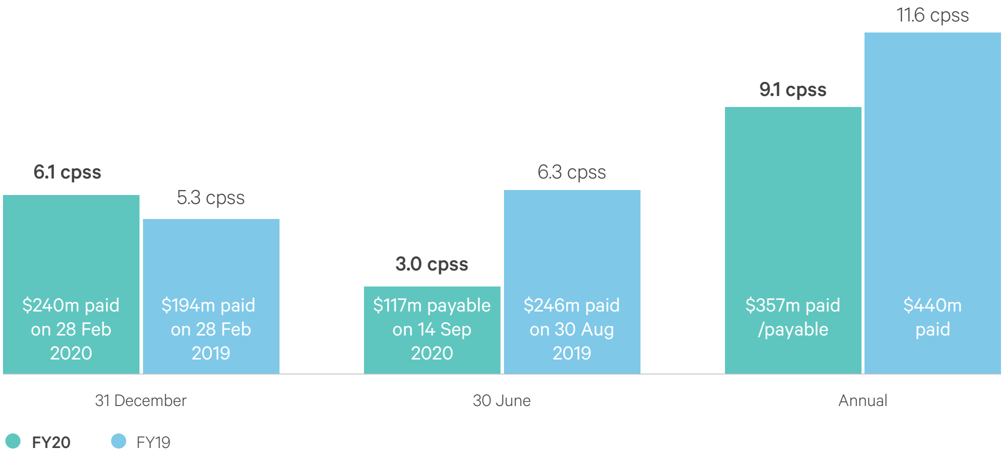
Refer to note C2 for a reconciliation of the carrying value of investment properties, also classified as Level 3.

E EQUITY

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

E1 DISTRIBUTIONS

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



All distributions in the current and prior periods were unfranked. Franking credits available for future years, based on a tax rate of 30 per cent, total $24m (2019: $24m).

E2 CONTRIBUTED EQUITY

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

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

The Group successfully completed a security purchase plan (SPP) and issued 15.9 million new stapled securities for proceeds of $46.2m on 4 July 2019. The non-underwritten SPP of up to $75m was announced to the market on 29 May 2019 together with a fully underwritten $750m institutional placement. The stapled securities issued under the SPP rank equal with the existing stapled securities on issue.

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

CONTRIBUTED EQUITY

	2020		2019	
	No. securities m	**Securities $m**	No. securities m	Securities $m
Mirvac Limited – ordinary shares issued	**3,933**	**2,162**	3,909	2,154
MPT – ordinary units issued	**3,933**	**5,341**	3,909	5,290
Total contributed equity		**7,503**		7,444

The total number of stapled securities issued as listed on the ASX at 30 June 2020 was 3,934m (2019: 3,911m) which included 2m of stapled securities issued under the LTI plan and EIS (2019: 2m). Securities issued to employees under the Mirvac employee LTI plan and EIS are accounted for as options and are recognised in the security-based payments reserve, not in contributed equity.

MOVEMENTS IN PAID UP EQUITY

	2020		2019	
	No. securities m	**Securities $m**	No. securities m	Securities $m
Balance 1 July	**3,909,393,073**	**7,444**	3,707,614,815	6,825
Securities issued under EEP	**341,865**	**1**	430,731	1
LTI vested [1]	**6,882,196**	**11**	6,660,092	9
Legacy schemes vested	**205,883**	**1**	242,063	1
Security buy-back	**—**	**—**	(58,079,881)	(130)
Securities issued	**15,914,244**	**46**	252,525,253	738
Balance 30 June	**3,932,737,261**	**7,503**	3,909,393,073	7,444

1. Stapled securities issued for LTIs during the year, relate to LTIs that vested in the prior year.

Mirvac issues securities to employees as security-based payments; refer to note E4 for details.

E3 RESERVES

COST OF HEDGING RESERVE

The cost of hedging reserve is used to record gains or losses on derivatives that relate to the currency basis spread. Currency basis spread is the liquidity premium that is charged for exchanging different currencies, and changes over time impacting the fair value of a cross currency swap.

CASH FLOW HEDGE RESERVE

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

SECURITY-BASED PAYMENTS (SBP) RESERVE

The SBP reserve recognises the SBP expense. Further details on SBP are explained in note E4.

NON-CONTROLLING INTERESTS (NCI) RESERVE

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

	Note	Cost of hedging reserve $m	Cash flow hedge reserve $m	SBP reserve $m	NCI reserve $m	Capital reserve $m	Total reserves $m
Balance 1 July 2018		—	(4)	30	8	(1)	33
Hedging reserve movements		6	—	—	—	—	6
Cash flow hedge movements		—	(19)	—	—	—	(19)
SBP movements	E4	—	—	3	—	—	3
Balance 30 June 2019		6	(23)	33	8	(1)	23
Hedging reserve movements		**(6)**	**—**	**—**	**—**	**—**	**(6)**
Cash flow hedge movements		**—**	**14**	**—**	**—**	**—**	**14**
SBP movements	E4	**—**	**—**	**(3)**	**—**	**—**	**(3)**
Balance 30 June 2020		**—**	**(9)**	**30**	**8**	**(1)**	**28**

E4 SECURITY-BASED PAYMENTS

Mirvac currently operates the following SBP schemes:

> Employee Exemption Plan (EEP);

> Long-term Incentives Plan (LTI); and

> Short-term incentive (STI) awards.

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

EEP

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

LTI

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

ACCOUNTING FOR THE SBP SCHEMES

The EEP securities issued each year are recognised as an expense and a movement in contributed equity. The securities issued in FY20 were issued on 6 March 2020 at a stapled security price of $3.11. At 30 June 2020, a total of 8.4m (2019: 8.1m) stapled securities have been issued to employees under the EEP.

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

E EQUITY

Continued

E4 SECURITY-BASED PAYMENTS CONTINUED

RECONCILIATION OF RIGHTS OUTSTANDING UNDER SBP SCHEMES

	Balance 1 July	Issued	Vested	Forfeited	Balance 30 June
LTI	13,605,204	7,721,056	(6,882,196)	(393,107)	14,050,957
STI	1,098,001	808,259	(709,930)	—	1,196,330
Total rights FY19	14,703,205	8,529,315	(7,592,126)	(393,107)	15,247,287
LTI	**14,050,957**	**5,427,999**	**(2,746,083)**	**(3,853,131)**	**12,879,742**
STI	**1,196,330**	**541,292**	**(792,201)**	**—**	**945,421**
Total rights FY20	**15,247,287**	**5,969,291**	**(3,538,284)**	**(3,853,131)**	**13,825,163**

The weighted average remaining contractual life of SBP schemes as at 30 June 2020 was 1.36 years (2019: 1.47 years). SBP expense recognised within employee benefits expenses is as follows:

	2020 $m	2019 $m
LTI	**7**	11
STI	**3**	2
Total SBP expense taken to SBP reserve	**10**	13
EEP recognised directly in contributed equity	**1**	1
Total SBP expense	**11**	14

The movements in the SBP reserve are as follows:

	2020 $m	2019 $m
Balance 1 July	**33**	30
Total SBP expense taken to SBP reserve	**10**	13
LTI vested and taken to contributed equity	**(11)**	(9)
STI vested	**(2)**	(1)
Balance 30 June	**30**	33

JUDGEMENT IN CALCULATING FAIR VALUE OF SBP

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

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

Grant date	2 December 2019	Exercise price	$nil
Performance hurdles	Relative TSR and ROIC	Expected life	2.6 years
Performance period start	1 July 2019	Volatility	20.93%
Performance period end	30 June 2022	Risk-free interest rate (per annum)	0.60%
Security price at grant date	$3.39	Distribution yield (per annum)	3.42%

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

F OPERATING ASSETS AND LIABILITIES

F1 RECEIVABLES

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

The expected credit loss (ECL) of receivables is reviewed on an ongoing basis. The Group applies the simplified approach to measuring ECL as appropriate based on the different characteristics of each financial asset class. To measure the ECL, management has grouped together its receivables based on shared credit risk characteristics and the days past due. The Group uses judgement in making assumptions about risk of default and ECL rates and the inputs to the impairment calculation, based on the Group's past history, existing market conditions and future looking estimates at the end of each reporting period. Receivables which are known to be uncollectable are written off.

For loans receivable, at inception of a loan, an ECL provision is recognised which considers the following:

> The historical bad debt write offs incurred for similar loan arrangements; and

> The collateral held over the loan; and

> The creditworthiness of the borrower.

Over the life of the loan, the risk profile is reassessed in accordance with the three-stage approach.

> **Stage 1 – Performing:** includes loans that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these loans, 12-month expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the loan.

> **Stage 2 – Underperforming:** includes loans that have had a significant increase in credit risk since initial recognition but are not credit-impaired. For these loans a lifetime ECL over the life of the loan is recognised, and interest revenue is still calculated on the gross carrying amount of the asset.

> **Stage 3 – Non-performing:** consists of loans that are credit-impaired, which is when one or more events that have a detrimental impact on the estimated future cash flows of the loan has occurred. For these assets, a lifetime ECL is also recognised, but interest revenue is calculated on the net carrying amount (net of the ECL provision).

The consideration of the stage of the loan requires significant judgement, in particular when assessing whether there has been a significant increase in credit risk and in estimating ECL provision.

The Group has considered the impact on its trade debtors and loan receivables in light of increased credit risk resulting from the impacts of COVID-19.

Trade debtors

For trade debtors relating to Retail, Office and Industrial for investment property rental income, trade debtors have significantly increased as at 30 June 2020, as a result of COVID-19. Many of the Group's tenants have experienced cash flow and financial difficulties due to mandatory closures, a halt on discretionary spending, employment instability and the general economic downturn. As a result, the Expected Credit Loss (ECL) which recognises a provision of uncollectable debts over the life of the lease with the debtor, has also significantly increased as at 30 June 2020.

The calculation of the ECL considers the historical bad debt write offs which are specific to each segment, less collateral held and adjusted for specific known factors such as the financial situation of a tenant. Further, with the impact of COVID-19, the Group has extended the ECL provision as at 30 June 2020 for two key areas:

1. For tenants with rental relief deals pending, where the arrears are likely to be written off but the lease amendment was not executed by 30 June 2020 or the negotiations finalised. This amount is considered to be at risk and likely to be converted into an incentive in the future and a provision taken for this amount in full. In these cases, where the Group has no reasonable expectations of recovering all or part of the receivable, the receivable has been reduced with a corresponding expense recognised; and
2. For trade debtors which are net of rental relief and collateral held, consideration has been given to the following factors in order to assess the severity by which the tenant has been impacted by the pandemic on a high, medium or low basis and an increase in ECL provision recorded accordingly:
   > the industry in which the tenant operates and if this has been impacted by mandatory Government restrictions;

   > the size and legal structure of the tenant;

   > location and demographic information affecting the tenant; and

   > sales data, rental relief requests and other impacts on trading activities during the pandemic.

For the year ended 30 June 2020, trade debtors written off during the year were $10m. The increase in the ECL provision for trade debtors was $38m. These amounts are included in Impairment loss on receivables in the consolidated SoCI.

Loans receivable

The COVID-19 impacts for the Group's loans considers the qualitative factors surrounding the borrower and the risks that they may have or will be facing as a result of the impact of COVID-19 on their business operations and financial position. The assessment is made on an individual instrument level rather than a collective approach for all loans.

Most loans receivable held by the Group are assessed to be at Stage 1, however the occurrence of COVID-19 has resulted in a reassessment of the loan recoverability in light of changing economic circumstances resulting from COVID-19 on the borrower.

Accordingly, some loans have moved into Stage 2 – Underperforming as at 30 June 2020, with a significant increase in credit risk since initial recognition, however there is no objective evidence of impairment and therefore interest revenue continues to be calculated on the gross carrying amount of the asset.

F OPERATING ASSETS AND LIABILITIES

Continued

F1 RECEIVABLES CONTINUED

		2020			2019		
	Note	**Gross $m**	**Loss allowance $m**	**Net $m**	Gross $m	Loss allowance $m	Net $m
Current receivables							
Trade receivables		**99**	**(41)**	**58**	65	(3)	62
Loans to related parties	H3	**—**	**—**	**—**	79	—	79
Loans to unrelated parties		**101**	**(39)**	**62**	17	—	17
Other receivables		**155**	**—**	**155**	81	—	81
Total current receivables		**355**	**(80)**	**275**	242	(3)	239
Non-current receivables							
Loans to related parties	H3	**5**	**—**	**5**	—	—	—
Loans to unrelated parties		**103**	**—**	**103**	168	(36)	132
Other receivables		**20**	**—**	**20**	24	—	24
Total non-current receivables		**128**	**—**	**128**	192	(36)	156
Total receivables		**483**	**(80)**	**403**	434	(39)	395

LOSS ALLOWANCE

	2020 $m	2019 $m
Balance 1 July	**(39)**	(73)
Amounts utilised for write-off of receivables	**—**	33
Loss allowance (recognised) / released	**(41)**	1
Balance 30 June	**(80)**	(39)

AGEING

		Days past due					
	Not past due $m	1 – 30 $m	31 – 60 $m	61 – 90 $m	91 – 120 $m	Over 120 $m	Total $m
Total receivables	420	4	2	1	1	6	434
Loss allowance	(36)	(1)	(1)	—	—	(1)	(39)
Balance 30 June 2019	384	3	1	1	1	5	395
Total receivables	**422**	**17**	**16**	**17**	**4**	**7**	**483**
Loss allowance	**(39)**	**(11)**	**(12)**	**(11)**	**(4)**	**(3)**	**(80)**
Balance 30 June 2020	**383**	**6**	**4**	**6**	**—**	**4**	**403**

The Group does not have any significant credit risk exposure to a single customer. The Group holds collateral over receivables of $219m (2019: $246m). The collateral held equals the carrying amount of the relevant receivables. The terms and conditions of the collateral are outlined in the lease agreements, however generally as lessor, the Group has the right to call upon the collateral if a lessee breaches their lease. Refer to note D4 for further details on the Group's exposure to, and management of, credit risk.

LOANS RECEIVABLE

	2020				2019			
	Stage 1 $m	**Stage 2 $m**	**Stage 3 $m**	**Total $m**	Stage 1 $m	Stage 2 $m	Stage 3 $m	Total $m
Opening loss allowance	—	—	36	36	—	—	36	36
Loss allowance recognised during the year	—	—	3	3	—	—	—	—
Closing loss allowance	—	—	39	39	—	—	36	36

The gross carrying amount of loans receivable representing the maximum exposure to loss, is as follows:

	2020 $m	2019 $m
Stage 1 – Performing	118	220
Stage 2 – Underperforming	47	—
Stage 3 – Non-performing	44	44
Total gross loans receivable	209	264
Less: Loan allowance	(39)	(36)
Total net loans receivable	170	228

F2 OTHER FINANCIAL ASSETS

INVESTMENTS IN UNLISTED ENTITIES

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

FAIR VALUE MEASUREMENT

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

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

	2020 $m	2019 $m
Non-current		
Investments in unlisted entities	68	60
Total other financial assets	68	60

F OPERATING ASSETS AND LIABILITIES

Continued

F3 INTANGIBLE ASSETS

Mirvac's intangible assets consists of goodwill, management rights and software.

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

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

Software consists of purchased and internally generated capitalised development costs. Software is held at cost less accumulated amortisation. The Group amortises IT development and software using a straight-line method over the estimated useful life or contract term of 1-10 years.

Costs incurred in design and testing of software are capitalised, including employee costs where it is evident that the software will generate probable future economic benefits.

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

Carrying amounts	Balance 1 July 2018 $m	Additions $m	Amortisation $m	Balance 30 June 2019 $m	Additions $m	Amortisation $m	**Balance 30 June 2020 $m**
Goodwill							
Office & Industrial	67	—	—	67	—	—	**67**
Total goodwill	67	—	—	67	—	—	**67**
Management rights							
Office & Industrial	8	2	(1)	9	—	(1)	**8**
Retail	3	—	—	3	—	—	**3**
Total management rights	11	2	(1)	12	—	(1)	**11**
Software							
Corporate & Other	—	—	—	21[1]	3	(7)	**17**
Total software	—	—	—	21	3	(7)	**17**
Software under development							
Corporate & Other	—	—	—	2[1]	5	—	**7**
Total software under development	—	—	—	2	5	—	**7**
Total intangible assets	78	2	(1)	102	8	(8)	**102**

1. As part of the Group's review of assets for AASB 16 and the review of current contractual arrangements related to the provision of Software as a Service (SaaS), the Group reclassified $23m of software assets from PPE to Intangible assets to provide more relevant information on the underlying assets. The comparative balances in the consolidated SoFP have been restated to reflect the reclassification.

IMPAIRMENT TESTING

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

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

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

The Group has assessed whether the impact of COVID-19 has led to any impairment of assets, including intangibles which involves assessing the financial performance, including estimates of future cash flows and earnings of the CGUs which may be significantly affected by the direct or indirect impacts of the pandemic.

Indicators of impairment may include, but are not limited to, significant changes with an adverse effect on an entity that have taken place during the period, or will take place in the near future in the market or economic environment in which the entity operates; and the extent to which assets are used or are expected to be used.

Where indicators of impairment were present at 30 June 2020, an assessment of the recoverable amount has been undertaken of the relevant intangible asset. As at 30 June 2020 no intangibles were impaired (2019: none).

KEY ASSUMPTIONS USED TO CALCULATE VALUE IN USE AND THE HIGHER OF FAIR VALUE LESS COSTS TO SELL

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

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

For CGU relating to the Group's property portfolio, the value in use is the discounted present value of estimated cash flows that the CGU will generate. The cash flow projections are based on approved forecasts covering a 10- year period. AASB 136 *Impairment of Assets* recommends that cash flow projections should cover a maximum period of 5 years, unless a longer period can be justified. As the cash flow projections used for budgeting and forecasting are based on long-term, predictable and quantifiable leases, with renewal assumptions based on sector and industry experience, management is comfortable that a 10-year cash flow projection is more appropriate. The key assumptions used to determine the forecast cash flows included net market rent, capital expenditure, Capitalisation rate, growth rate, discount rate and market conditions. The growth rate has been adjusted to reflect current market conditions and does not exceed the long-term average growth rate for the business in which the CGU operates. A terminal growth rate of three per cent has also been applied.

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

	2020		2019	
Cash generating units	**Growth rate [1] % pa**	**Pre-tax discount rate % pa**	Growth rate [1] % pa	Pre-tax discount rate % pa
Goodwill				
Office & Industrial	**— [2]**	**6.6**	— [2]	6.7
Management rights				
Retail	**3.0**	**13.0**	3.0	13.0

1. Weighted average growth rate used to extrapolate cash flows beyond the forecast period.
2. The value in use calculation is based on forecasts approved by management covering a 10-year period. No forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing projects and investment properties.

F4 PAYABLES

Payables are measured at amortised costs. Due to the short-term nature of current payables, their carrying amount is assumed to be the same as their fair value. For the majority of non-current payables, the carrying amount is also not significantly different to their fair value.

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

	2020 $m	2019 $m
Current		
Trade payables	**97**	142
Accruals	**195**	229
Deferred land payment	**10**	16
Annual leave accrual	**15**	15
Other payables	**56**	52
Total current payables	**373**	454
Non-current		
Deferred land payment	**29**	35
Other payables	**96**	20
Total non-current payables	**125**	55
Total payables	**498**	509

F OPERATING ASSETS AND LIABILITIES

Continued

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.

DISTRIBUTION PAYABLE

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

WARRANTIES

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

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

	Long service leave $m	Distribution payable $m	Warranties $m	Total $m
Balance 1 July 2019	16	246	6	268
Additional provisions	—	357	11	368
Payments made/amounts utilised	—	(486)	(4)	(490)
Net long service leave movement	2	—	—	2
Balance 30 June 2020	**18**	**117**	**13**	**148**
Current	**12**	**117**	**13**	**142**
Non-current	**6**	**—**	**—**	**6**

F6 LEASES

RIGHT-OF-USE ASSETS

The right-of-use assets recognised in the consolidated SoFP include:

	30 June 2020 $m	30 June 2019 $m
Property leases	21	—
Total right-of-use assets	**21**	—

There were no additions to the right-of-use assets during the year.

RIGHT-OF-USE ASSETS AMOUNTS RECOGNISED IN THE CONSOLIDATED SOCI

The consolidated SoCI shows the following amounts relating to leases:

	30 June 2020 $m	30 June 2019 $m
Depreciation on property leases	4	—
Total depreciation	**4**	—
Interest expense on property leases	1	—
Total interest expense (included in finance costs)	**1**	—

THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group leases include ground leases and property leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated SoCI over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets which meet the definition of an investment property form part of the investment property balance and are measured at fair value in accordance with AASB 140 *Investment Property* (refer to note C1).

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated SoCI. Short-term leases are leases with a lease term of 12 months or less.

G GROUP STRUCTURE

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

G1 GROUP STRUCTURE AND DEED OF CROSS GUARANTEE

CONTROLLED ENTITIES

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

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

STRUCTURED ENTITIES

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

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

FUNDS AND TRUSTS

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

CLOSED GROUP

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

Closed Group SoCI	**2020 $m**	2019 $m
Revenue	**1,816**	1,994
Other income		
Revaluation of investment properties and investment properties under construction	**1**	—
Share of net profit of joint ventures	**120**	53
Gain on financial instruments	**29**	2
Total revenue and other income	**1,966**	2,049
Development expenses	**1,274**	1,446
Inventory write-downs and losses	**32**	—
Selling and marketing expenses	**35**	34
Investment properties expenses and outgoings	**1**	13
Depreciation and amortisation expenses	**22**	11
Impairment loss on receivables	**3**	—
Employee and other expenses	**133**	179
Finance costs	**235**	131
Loss on financial instruments	**34**	63
Profit before income tax	**197**	172
Income tax expense	**(18)**	(54)
Profit for the year	**179**	118

G GROUP STRUCTURE

Continued

G1 GROUP STRUCTURE AND DEED OF CROSS GUARANTEE CONTINUED

Closed Group SoFP	2020 $m	2019 $m
Current assets		
Cash and cash equivalents	281	109
Receivables	495	200
Inventories	1,722	292
Other assets	21	28
Total current assets	2,519	629
Non-current assets		
Receivables	1,876	1,598
Inventories	8	1,530
Investment properties	42	161
Investments in joint ventures	63	272
Derivative financial assets	607	325
Other financial assets	1,231	925
Property, plant and equipment	12	42
Right-of-use assets	40	—
Intangible assets	63	40
Deferred tax assets	96	78
Total non-current assets	4,038	4,971
Total assets	6,557	5,600
Current liabilities		
Payables	—	519
Deferred revenue	48	—
Borrowings	200	—
Lease liabilities	7	—
Derivative financial liabilities	5	1
Provisions	23	16
Total current liabilities	283	536
Non-current liabilities		
Payables	33	45
Deferred revenue	58	76
Borrowings	4,100	3,448
Derivative financial liabilities	131	102
Provisions	5	5
Lease liabilities	39	—
Total non-current liabilities	4,366	3,676
Total liabilities	4,649	4,212
Net assets	1,908	1,388
Equity		
Contributed equity	2,435	2,154
Reserves	26	14
Retained earnings	(553)	(780)
Total equity	1,908	1,388

Refer to note I2 Controlled Entities for a list of the members of the Closed Group as at 30 June 2020.

G2 PARENT ENTITY

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

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

Parent entity	2020 $m	2019 $m
Current assets	5,072	4,820
Total assets	5,651	5,440
Current liabilities	3,363	3,153
Total liabilities	3,364	3,154
Equity		
Contributed equity	2,161	2,153
SBP reserve	29	33
Retained earnings	97	100
Total equity	2,287	2,286
Loss for the year	(3)	(1)
Total comprehensive loss for the year	(3)	(1)

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 2020, the parent entity did not provide any other guarantees (2019: $nil), have any contingent liabilities (2019: $nil), or any capital commitments (2019: $nil).

G GROUP STRUCTURE

Continued

G3 NON-CONTROLLING INTERESTS

NON-CONTROLLING INTERESTS

On 31 July 2018, the Group launched the Australian Build to Rent Club (ABTRC or the club) with the Clean Energy Finance Corporation committing to a 30.1% non-controlling interest. Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement financial performance, consolidated statement of changes in equity and consolidated SoFP. The club was established in Australia.

The financial information of ABTRC is provided below and is before intercompany eliminations.

	2020 $m	2019 $m
Accumulated balances of the NCI	51	31
Profit allocated to the NCI for the year	5	—

Summarised Consolidated Statement of Financial Performance	2020 $m	2019 $m
Revaluation of investment property	18	—
Profit before tax	18	—
Income tax expense	(2)	—
Profit for the year	16	—
Total comprehensive income	16	—
Attributable to:		
Stapled securityholders	11	—
Non-controlling interest	5	—

Summarised Consolidated Statement of Financial Position	2020 $m	2019 $m
Current assets	2	4
Non-current assets	228	106
Total assets	230	110
Current liabilities	59	7
Non-current liabilities	2	—
Total liabilities	61	7
Net assets	169	103
Equity		
Contributed equity	169	103
Total equity	169	103
Attributable to:		
Stapled securityholders	118	72
Non-controlling interest	51	31

Summarised Consolidated Cash Flow information	2020 $m	2019 $m
Net operating cash inflows	—	—
Net investing cash outflows	(62)	(99)
Net financing cash inflows	58	103
Net (decrease)/increase in cash	(4)	4

H OTHER DISCLOSURES

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

H1 CONTINGENT LIABILITIES

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

	2020 $m	2019 $m
Bank guarantees and performance bonds granted in the normal course of business	204	256
Health and safety claims	1	1
Payments for investment properties contingent on planning approvals	126	—

As at 30 June 2020, the Group had no contingent liabilities relating to joint ventures (2019: $nil).

H2 EARNINGS PER STAPLED SECURITY

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

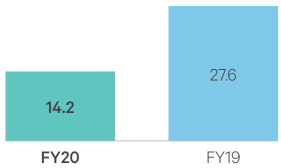
> the profit attributable to stapled securityholders; by

> 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.

	2020	2019
Profit attributable to stapled securityholders used to calculate basic and diluted EPS ($m)	558	1,019
WANOS used in calculating basic EPS (m)	3,932	3,694
WANOS used in calculating diluted EPS (m)	3,933	3,696

Basic and diluted EPS (cents)



H3 RELATED PARTIES

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

KEY MANAGEMENT PERSONNEL COMPENSATION

The Remuneration report on pages 68 to 88 provides detailed disclosures of key management personnel compensation. The total expense is summarised below:

	2020 $000	2019 $000
Short-term employment benefits	7,046	11,714
Security-based payments	2,534	5,352
Post-employment benefits	268	278
Other long-term benefits	76	91
Total key management personnel compensation	**9,924**	17,435

There are no outstanding loans to directors or employees (2019: nil).

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

From time to time key management personnel participate in arrangements available to directly purchase Mirvac developed residential property. These transactions are made on terms equivalent to those that prevail in arm's length transactions and are at market rates. The deposits received and the amounts committed by key management personnel for Mirvac developed residential property exchanged are summarised below:

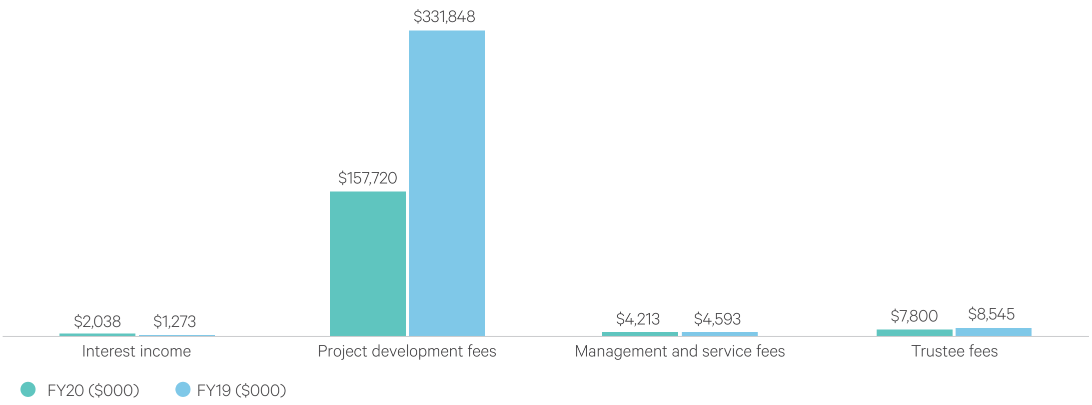
Mirvac developed property purchased by key management personnel	2020 $m	2019 $m
Exchanges	—	—
Deposits received	—	—
Outstanding commitments	—	4,211

H OTHER DISCLOSURES

Continued

H3 RELATED PARTIES CONTINUED

TRANSACTIONS WITH JV



	2020 $000	2019 $000
Loans due from JV and other related parties		
Balance 1 July	79,275	4,047
Loans advanced	287,200	79,275
Loan repayments received	(361,475)	(4,047)
Balance 30 June	**5,000**	79,275

Transactions between Mirvac and its related parties were made on commercial terms and conditions. Distributions received from JV were on the same terms and conditions that applied to other securityholders. Equity interests in JV are set out in note C3.

H4 CASH FLOW INFORMATION

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

RECONCILIATION OF PROFIT TO OPERATING CASH FLOW

	2020 $m	2019 $m
Profit from continuing operations	563	1,019
Net (gain)/loss on financial instruments	(3)	57
Net gain on foreign exchange	—	(1)
Share of net profit of joint ventures	(131)	(69)
Joint venture distributions received	157	112
Revaluation of investment properties and investment properties under construction	(14)	(516)
Depreciation and amortisation expenses	75	52
Inventory write-downs and losses	30	4
Impairment loss on receivables	51	(1)
Net gain on sale of investment properties	(15)	—
Security-based payments expense	12	14
Change in operating assets and liabilities		
Increase in receivables	(90)	(50)
Decrease in inventories	—	82
Decrease in payables	(204)	(216)
Increase/(decrease) in provisions	8	(5)
Decrease in tax effected balances	23	46
Decrease in other assets/liabilities	(7)	(10)
Net cash inflows from operating activities[1]	**455**	518

1. Includes receipts of $6m for government grants for the JobKeeper wage subsidy (2019: $nil).

NET DEBT RECONCILIATION

	Liabilities from financing activities						
	Current lease liabilities $m	Non-current lease liabilities $m	Current borrowings $m	Non-current borrowings $m	Total liabilities $m	Cash and cash equivalents $m	Total $m
Balance 1 July 2018	—	—	(135)	(2,938)	(3,073)	221	(2,852)
Net cash flow movements	—	—	134	(236)	(102)	(87)	(189)
Other non-cash movements	—	—	1	(261)	(260)	—	(260)
Balance 30 June 2019	—	—	—	(3,435)	(3,435)	134	(3,301)
Balance 1 July 2019	**—**	**—**	**—**	**(3,435)**	**(3,435)**	**134**	**(3,301)**
Recognised on adoption of AASB 16	**3**	**72**	**—**	**—**	**75**	**—**	**75**
Net cash flow movements	**(3)**	**—**	**(200)**	**(427)**	**(630)**	**190**	**(440)**
Other non-cash movements	**4**	**(4)**	**—**	**(238)**	**(238)**	**—**	**(238)**
Balance 30 June 2020	**4**	**68**	**(200)**	**(4,100)**	**(4,228)**	**324**	**(3,904)**

H5 AUDITORS' REMUNERATION

	2020 $000	2019 [1] $000
Audit services		
Audit and review of financial reports	**2,096**	1,863
Other assurance services	**589**	525
Total audit services	**2,685**	2,388
Other services		
Advisory services	**37**	246
Total other services	**37**	246
Total auditors' remuneration	**2,722**	2,634

1. 2019 audit fee revised to reflect additional billing relating to the FY19 audit not agreed as at the date of signing.

APPENDICES

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

I1 PROPERTY LISTING

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

	Fair value	Lease liability gross up	Book value		Capitalisation rate		Discount rate	
Office	2020 $m	2020 $m	2020 $m	2019 $m	2020 %	2019 %	2020 %	2019 %
1 Darling Island, Pyrmont NSW	300	—	**300**	291	**5.38**	5.50	**6.50**	6.75
101-103 Miller Street, North Sydney NSW (50% interest)	315	—	**315**	296	**5.25**	5.38	**6.25**	6.75
10-20 Bond Street, Sydney NSW (50% interest)	333	—	**333**	325	**5.00**	5.00	**6.50**	6.50
189 Grey Street, Southbank QLD	87	—	**87**	87	**6.50**	6.50	**7.25**	7.25
2 Riverside Quay, Southbank VIC (50% interest)	147	—	**147**	140	**5.00**	5.13	**6.50**	6.50
200 George Street, Sydney NSW (50% interest)	519	—	**519**	496	**4.63**	4.75	**6.25**	6.50
23 Furzer Street, Phillip ACT	309	—	**309**	303	**6.00**	6.00	**7.00**	7.00
275 Kent Street, Sydney NSW (50% interest)	879	—	**879**	757	**4.63**	5.00	**6.38**	6.75
340 Adelaide Street, Brisbane QLD	78	—	**78**	72	**6.75**	6.75	**7.00**	7.25
367 Collins Street, Melbourne VIC	413	—	**413**	389	**5.25**	5.38	**6.50**	6.75
37 Pitt Street, Sydney NSW	100	—	**100**	100	**5.75**	5.75	**6.75**	6.75
380 St Kilda Road, Melbourne VIC	180	—	**180**	176	**5.75**	6.00	**6.50**	6.75
383 La Trobe Street, Melbourne VIC	124	—	**124**	124	**5.38**	5.38	**6.50**	7.00
40 Miller Street, North Sydney NSW	175	—	**175**	147	**5.38**	6.25	**6.63**	7.00
51 Pitt Street, Sydney NSW	40	—	**40**	40	**5.75**	5.75	**6.75**	6.75
Various lots, 53 Walker Street & 97 Pacific Highway, North Sydney NSW[1]	32	—	**32**	26	**—**	—	**—**	—
55 Coonara Avenue, West Pennant Hills NSW[2]	—	—	**—**	77	**—**	8.00	**—**	8.25
60 Margaret Street, Sydney NSW (50% interest)	346	—	**346**	340	**5.13**	5.13	**6.38**	6.25
65 Pirrama Road, Pyrmont NSW	193	—	**193**	183	**5.63**	5.75	**6.50**	6.50
664 Collins Street, Melbourne VIC (50% interest)	151	—	**151**	143	**5.00**	5.13	**6.50**	6.50
6-8 Underwood Street, Sydney NSW	21	—	**21**	21	**5.75**	5.75	**6.75**	6.75
699 Bourke Street, Melbourne VIC (50% interest)	107	—	**107**	103	**5.13**	5.25	**6.50**	6.50
75 George Street, Parramatta NSW	88	—	**88**	88	**5.75**	5.75	**6.50**	7.00
90 Collins Street, Melbourne VIC	261	—	**261**	260	**5.25**	5.25	**6.50**	6.50
Allendale Square, 77 St Georges Terrace, Perth WA	221	—	**221**	239	**6.75**	6.75	**7.25**	7.25
Locomotive Carpark, South Eveleigh NSW	13	—	**13**	13	**7.50**	7.50	**8.25**	8.25
CBA Buildings 1 & 3, South Eveleigh NSW (33.3% interest)[3]	208	—	**208**	—	**4.88**	—	**6.75**	—
Quay West Carpark, 109-111 Harrington Street, Sydney NSW	38	—	**38**	39	**6.50**	6.50	**7.25**	7.75
Riverside Quay, Southbank VIC	346	—	**346**	311	**5.38**	5.88	**6.75**	7.13
Total investment properties	6,024	—	**6,024**	5,586				
Investment properties under construction								
477 Collins Street, Melbourne VIC (50% interest)	338	—	**338**	177	**—**	—	**—**	—
CBA Buildings 1 & 3, South Eveleigh NSW (33.3% interest)[3]	—	—	**—**	169	**—**	5.25	**—**	7.25
CBA Building 2, South Eveleigh NSW (33.3% interest)	171	—	**171**	107	**—**	5.25	**—**	7.25
80 Ann Street, Brisbane QLD (50% interest)	111	—	**111**	71	**—**	—	**—**	—
Locomotive Workshops, Locomotive Street, South Eveleigh NSW	160	—	**160**	84	**—**	—	**—**	—
Total investment properties under construction	780	—	**780**	608				
Total investment properties and investment properties under construction	6,804	—	**6,804**	6,194				
Investments in joint ventures								
8 Chifley Square, Sydney NSW (50% interest)	237	—	**237**	240	**4.88**	4.88	**6.50**	6.50
David Malcolm Justice Centre, 28 Barrack Street, Perth WA (50% interest)	228	—	**228**	221	**5.50**	5.50	**7.25**	7.25
Total investments in joint ventures	465	—	**465**	461				
Total Office	7,269	—	**7,269**	6,655				

I1 PROPERTY LISTING CONTINUED

Industrial	Fair value 2020 $m	Lease liability gross up 2020 $m	Book value 2020 $m	Book value 2019 $m	Capitalisation rate 2020 %	Capitalisation rate 2019 %	Discount rate 2020 %	Discount rate 2019 %
1-47 Percival Road, Smithfield NSW	45	—	**45**	45	**6.50**	6.50	**7.25**	7.25
271 Lane Cove Road, North Ryde NSW	38	—	**38**	38	**6.50**	7.00	**7.25**	7.75
274 Victoria Road, Rydalmere NSW	57	—	**57**	52	**5.00**	5.25	**6.50**	6.75
34-38 Anzac Avenue, Smeaton Grange NSW	31	—	**31**	31	**6.50**	6.50	**7.50**	7.50
36 Gow Street, Padstow NSW	35	—	**35**	35	**6.25**	6.25	**7.25**	7.25
39 Britton Street, Smithfield NSW	23	—	**23**	24	**6.25**	6.25	**7.25**	7.25
39 Herbert Street, St Leonards NSW	201	—	**201**	187	**5.78**	5.75	**7.00**	7.38
8 Brabham Drive, Huntingwood NSW	26	—	**26**	23	**5.75**	6.10	**6.75**	7.00
Calibre, 60 Wallgrove Road, Eastern Creek NSW (50% interest)	132	—	**132**	130	**4.88-5.13**	4.88-5.13	**6.25**	6.75
Hoxton Distribution Park, Hoxton Park NSW (50% interest)	183	—	**183**	171	**4.84**	5.22	**6.50**	6.92
Nexus Industry Park, Lyn Parade, Prestons NSW	146	—	**146**	141	**6.00-6.75**	6.00-6.75	**6.75-7.25**	7.00-7.25
Total investment properties	917	—	**917**	877				
Investment properties under construction								
864-882 Mamre Road, Kemps Creek NSW[4]	27	—	**27**	—	**—**	—	**—**	—
Total Investment properties under construction	27	—	**27**	—				
Total investment properties and investment properties under construction	944	—	**944**	877				
Total industrial	944	—	**944**	877				

Retail	Fair value 2020 $m	Lease liability gross up 2020 $m	Book value 2020 $m	Book value 2019 $m	Capitalisation rate 2020 %	Capitalisation rate 2019 %	Discount rate 2020 %	Discount rate 2019 %
1-3 Smail Street, Ultimo NSW (50% interest)	39	—	**39**	35	**5.25**	5.50	**6.50**	6.75
80 Bay Street, Glebe NSW (50% interest)	14	—	**14**	13	**5.50**	5.50	**6.50**	6.75
Birkenhead Point Brand Outlet, Drummoyne NSW[5]	393	6	**399**	427	**5.50-8.75**	5.25-8.00	**7.00-9.50**	7.25-9.50
Broadway Sydney, Broadway NSW (50% interest)	395	1	**396**	427	**4.75**	4.50	**6.50**	6.50
Cherrybrook Village, Cherrybrook NSW	92	—	**92**	97	**6.00**	6.00	**7.00**	7.50
Cooleman Court, Weston ACT	67	—	**67**	68	**6.50**	6.50	**7.00**	7.25
East Village, Zetland NSW	306	—	**306**	326	**5.25**	5.25	**7.00**	7.00
Greenwood Plaza, North Sydney NSW (50% interest)	100	—	**100**	119	**5.75**	5.50	**7.00**	7.50
Harbourside, Sydney NSW	200	40	**240**	262	**6.00**	5.75	**6.75**	6.75
Kawana Shoppingworld, Buddina QLD (50% interest)	187	—	**187**	209	**5.75**	5.50	**6.75**	7.25
Metcentre, Sydney NSW (50% interest)	76	—	**76**	82	**5.75**	5.50	**7.00**	7.00
Moonee Ponds Central, Moonee Ponds VIC	95	—	**95**	90	**6.00**	6.00	**7.00**	7.00
Orion Springfield Central, Springfield QLD	429	—	**429**	440	**5.25**	5.00	**6.75**	7.50
Rhodes Waterside, Rhodes NSW (50% interest)	188	—	**188**	207	**5.50**	5.25	**6.75**	7.00
South Village, Kirrawee NSW	97	—	**97**	108	**5.75**	5.75	**7.00**	7.50
St Marys Village Centre, St Marys NSW[6]	—	—	**—**	50	**—**	6.50	**—**	7.50
Stanhope Village, Stanhope Gardens NSW	137	—	**137**	147	**5.75**	5.75	**7.00**	7.00
Toombul, Nundah QLD	295	—	**295**	292	**6.00**	6.00	**7.00**	7.50
Tramsheds Sydney, Glebe NSW	34	—	**34**	42	**5.75**	5.75	**7.00**	7.00
Total investment properties	3,144	47	**3,191**	3,441				
Total Retail	3,144	47	**3,191**	3,441				

1. Lot 2, 97 Pacific Highway, North Sydney NSW was acquired during the year.
2. Investment property was transferred to Inventories during the year.
3. Investment property under construction was completed during the year and was reclassified to Investment property
4. Land was acquired during the year.
5. Book value includes Birkenhead Point Marina, Drummoyne NSW and 64 Roseby Street, Drummoyne NSW.
6. Investment property was disposed of during the year.

I APPENDICES

Continued

I1 PROPERTY LISTING CONTINUED

Corporate & Other	Fair value 2020 $m	Lease liability gross up 2020 $m	Book value 2020 $m	Book value 2019 $m	Capitalisation rate 2020 %	Capitalisation rate 2019 %	Discount rate 2020 %	Discount rate 2019 %
LIV Indigo, 2 Figtree Drive, Sydney Olympic Park NSW[1]	228	—	**228**	128	**4.00**	—	**6.25**	—
Total investment properties	228	—	**228**	128				
Total Corporate & Other	228	—	**228**	128				
Property portfolio								
Total investment properties and investment properties under construction	11,120	47	**11,167**	10,640				
Total investments in joint ventures	465	—	**465**	461				
Total property portfolio	11,585	47	**11,632**	11,101				

1. Investment property under construction was completed during the year and was reclassified to Investment property.

I2 CONTROLLED ENTITIES

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

A Revocation Deed dated 1 June 2019 was lodged with ASIC on 13 June 2019 which became operative in accordance with the terms of the Revocation Deed on 14 December 2019 and as such, a number of entities are no longer members of the Closed Group from that date. These entities are noted in the footnotes to Interests in controlled entities of Mirvac not included in the Closed Group.

Members of the Closed Group

CN Collins Pty Ltd
Hoxton Park Airport Pty Limited[1]
Mirvac (Docklands) Pty Limited
Mirvac (WA) Pty Limited
Mirvac Capital Investments Pty Limited
Mirvac Constructions (QLD) Pty Limited
Mirvac Constructions (VIC) Pty Limited
Mirvac Constructions (WA) Pty Limited
Mirvac Constructions Pty Limited
Mirvac Design Pty Limited
Mirvac Doncaster Pty Limited
Mirvac Finance Limited
Mirvac Group Finance Limited
Mirvac Group Funding Limited
Mirvac Holdings Limited
Mirvac Home Builders (VIC) Pty Limited
Mirvac Homes (NSW) Pty Limited
Mirvac Industrial Developments Pty Limited
Mirvac International Investments Pty Limited[2]
Mirvac National Developments Pty Limited
Mirvac Office Developments Pty Ltd
Mirvac Pacific Pty Limited
Mirvac Projects Pty Limited
Mirvac Queensland Pty Limited
Mirvac Real Estate Pty Limited
Mirvac Residential (NSW) Developments Pty Ltd
Mirvac Retail Developments Pty Ltd
Mirvac Rockbank Pty Limited
Mirvac Spring Farm Limited
Mirvac Treasury Limited
Mirvac Treasury No. 3 Limited
Mirvac Victoria Pty Limited
Mirvac Wholesale Funds Management Limited
Mirvac Wholesale Industrial Developments Limited
Mirvac Woolloomooloo Pty Limited

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

107 Mount Street Head Trust
107 Mount Street Sub-Trust
197 Salmon Street Pty Limited[3]
477 Collins Street No. 2 Trust
699 Bourke Street Services Pty Limited
A.C.N. 087 773 859 Pty Limited[3]
A.C.N. 110 698 603 Pty Ltd[3]
A.C.N. 150 521 583 Pty Ltd[3]
A.C.N. 165 515 515 Pty Ltd[3]
ABTRC Head Trust A
ABTRC Head Trust B
Ascot Chase Nominee Stages 3-5 Pty Ltd[4]
Banksia Unit Trust
BL Developments Pty Ltd
Bligh Street Office Trust[5]
BTR Brunswick Trust A[5]
BTR Brunswick Trust B[5]
BTR Indigo Trust A
BTR Indigo Trust B
BTR QVM Trust A[5]
BTR QVM Trust B[5]
BTR Vic Head Trust A[5]
BTR Vic Head Trust B[5]
Eveleigh Commercial Holdings Pty Limited
Eveleigh Commercial Pty Limited
Eveleigh Precinct Pty Limited
EZ Power Pty Ltd[3]
Fast Track Bromelton Pty Limited[3]
Fyfe Road Pty Limited[3]
Gainsborough Greens Pty Ltd[3]
HIR Boardwalk Tavern Pty Limited[3]
HIR Golf Club Pty Limited[3]
HIR Golf Course Pty Limited[3]
HIR Property Management Holdings Pty Limited[3]
HIR Tavern Freehold Pty Limited[3]
HPAL Holdings Pty Limited[3]
ICDPL Pty Limited[6]
ICPL Pty Limited[6]
IMPL Pty Limited[6]
IN3PL Pty Limited[6]
Industrial Commercial Property Solutions (Constructions) Pty Limited[3]
Industrial Commercial Property Solutions (Finance) Pty Limited[3]
Industrial Commercial Property Solutions (Holdings) Pty Limited[3]
Industrial Commercial Property Solutions (Queensland) Pty Limited[3]
Industrial Commercial Property Solutions Pty Limited[3]
IPGH Pty Limited[6]
IPPL Pty Limited[6]
IRHPL Pty Limited[6]
JF ASIF Pty Limited[3]
JFM Hotel Trust
Joynton North Pty Ltd
Kirrawee South Centre Pty Ltd
Kirrawee South Centre Trust
La Trobe Office Trust
Magenta Shores Finance Pty Ltd[3]
Magenta Shores Unit Trust
Magenta Unit Trust
Marrickville Projects Pty Limited[3]
Mirvac (Beacon Cove) Pty Limited[3]
Mirvac (Old Treasury Development Manager) Pty Limited[3]
Mirvac (Old Treasury Hotel) Pty Limited[3]
Mirvac (Old Treasury) Pty Limited
Mirvac (Retail and Commercial) Holdings Pty Limited[3]
Mirvac (Walsh Bay) Pty Limited[3]
Mirvac 275 Kent Street Services Pty Ltd
Mirvac 699 Bourke Street Trust
Mirvac Advisory Pty Limited[3]
Mirvac Aero Company Pty Ltd[3]
Mirvac AOP SPV Pty Limited[3]
Mirvac Auburn Industrial Trust

1. Previously registered as Hoxton Park Airport Limited.
2. Previously registered as Mirvac International Investments Limited.
3. This entity was a member of the Closed Group during the current and prior year. A Revocation Deed dated 1 June 2019 was lodged with ASIC on 13 June 2019 which became operative in accordance with the terms of the Revocation Deed on 14 December 2019 and as such, this entity is no longer a member of the Closed Group.
4. The 50% of shares previously held by GPF3 Ascot Vale Pty Ltd were acquired by Mirvac JV's Pty Limited during the year.
5. This entity was established during the year.
6. This entity was acquired during the year.

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

Mirvac Badgerys Creek Industrial Trust
Mirvac Birkenhead Point Marina Pty Limited[1]
Mirvac Blue Trust
Mirvac Bourke Street No. 3 Sub-Trust
Mirvac BST Pty Limited[3]
Mirvac BTR Developments Pty Ltd[3]
Mirvac BTR Head Company A Pty Ltd
Mirvac BTR Head Company B Pty Ltd
Mirvac BTR Head SPV Pty Ltd
Mirvac BTR Head Trust
Mirvac BTR Sub Company A Pty Ltd
Mirvac BTR Sub Company B Pty Ltd
Mirvac BTR Sub SPV Pty Ltd
Mirvac BTR Sub-Trust 1
Mirvac Capital Assurance Pty Ltd
Mirvac Capital Partners Investment Management Pty Limited[1]
Mirvac Capital Partners Pty Ltd[1]
Mirvac Capital Pty Limited[1]
Mirvac Chifley Holdings Pty Limited
Mirvac Commercial Finance Pty Limited
Mirvac Commercial Sub SPV Pty Limited[1]
Mirvac Constructions (Homes) Pty. Limited[1]
Mirvac Constructions (SA) Pty Limited[1]
Mirvac Developments Pty Limited[1]
Mirvac Duck River Pty Ltd
Mirvac Elizabeth Trust[3]
Mirvac Energy Pty Limited[1]
Mirvac ESAT Pty Limited[1]
Mirvac Funds Limited[1]
Mirvac Funds Management Limited[1]
Mirvac George Street Holdings Pty Limited[1]
Mirvac George Street Pty Limited[1]
Mirvac Green Square Pty Limited[1]
Mirvac Green Trust
Mirvac Harbourside Sub-Trust
Mirvac Harbourtown Pty Limited[1]
Mirvac Harold Park Pty Limited[1]
Mirvac Harold Park Trust
Mirvac Hatch Pty Ltd[1]
Mirvac Hoist Pty Ltd
Mirvac Holdings (WA) Pty Limited[1]
Mirvac Homes (QLD) Pty Limited[1]
Mirvac Homes (SA) Pty Limited[1]
Mirvac Homes (VIC) Pty Limited[1]
Mirvac Homes (WA) Pty Limited[1]
Mirvac Hotel Services Pty Limited[1]
Mirvac ID (Bromelton) Pty Limited[1]
Mirvac ID (Bromelton) Sponsor Pty Limited[1]
Mirvac Industrial No. 2 Sub-Trust
Mirvac Industrial Sub SPV Pty Limited
Mirvac International (Middle East) No. 2 Pty Limited[1]
Mirvac International No 3 Pty Limited[1]
Mirvac Investment Manager Pty Ltd[1]
Mirvac JV's Pty Limited[1]
Mirvac Kemps Creek Trust
Mirvac Kensington Pty Ltd[3]
Mirvac Kent Street Holdings Pty Limited[1]
Mirvac King Street Pty Ltd
Mirvac Living Investment Company Pty Ltd
Mirvac Living Investment Manager Pty. Ltd.
Mirvac Living Real Estate Services Pty. Ltd.
Mirvac Locomotive Trust
Mirvac Mandurah Pty Limited[1]
Mirvac Newcastle Pty Limited[1]
Mirvac Nike Holding Pty Limited
Mirvac North Sydney Office Holdings Pty Limited
Mirvac North Sydney Office Holdings Trust
Mirvac Old Treasury Holdings Pty Limited[1]
Mirvac Parking Pty. Limited[1]
Mirvac Parramatta Sub-Trust No. 2
Mirvac Pennant Hills Residential Trust
Mirvac Pitt Street Trust No. 2[3]
Mirvac Precinct 2 Pty Limited[1]
Mirvac Precinct Trust
Mirvac Procurement Pty Ltd[1]
Mirvac Project Trust
Mirvac Projects (Retail and Commercial) Pty Ltd[1]
Mirvac Projects Dalley Street Pty Limited[1]
Mirvac Projects Dalley Street Trust
Mirvac Projects George Street Pty Limited[1]
Mirvac Projects George Street Trust
Mirvac Projects No. 2 Pty. Limited[1]
Mirvac Projects Norwest No. 2 Trust
Mirvac Projects Norwest Trust
Mirvac Properties Pty Ltd[1]
Mirvac Property Advisory Services Pty. Limited[1]
Mirvac Property Services Pty Limited[1]
Mirvac Real Estate Debt Funds Pty Limited[1]
Mirvac REIT Management Pty Ltd[1]
Mirvac Retail Head SPV Pty Limited[1]
Mirvac Retail Sub SPV Pty Limited[1]
Mirvac Services Pty Limited[1]
Mirvac Showground Pty Ltd
Mirvac Showground Trust
Mirvac South Australia Pty Limited[1]
Mirvac Spare Pty Limited[1]
Mirvac SPV 1 Pty Limited[1]
Mirvac St Leonards Pty Limited
Mirvac St Leonards Trust
Mirvac T6 Pty Ltd
Mirvac T6 Trust
Mirvac Trademarks Pty Limited[1]
Mirvac Ventures Pty Limited
MRV Hillsdale Pty Limited[1]
MWID (Brendale) Pty Limited[1]
MWID (Brendale) Unit Trust
MWID (Mackay) Pty Limited[1]
Newington Homes Pty Limited[1]
Oakstand No.15 Hercules Street Pty Ltd[1]
O'Connell LH Pty Limited[4]
Pigface Unit Trust
Planned Retirement Living Pty Ltd[1]
Post Bidco Pty Limited[4]
Post Financier Pty Limited[4]
Post Sale Portfolio Issuer Pty Limited[4]
Rovno Pty. Limited
Spring Farm Finance Pty Limited[1]
Springfield Development Company Pty Limited[1]
SPV Magenta Pty Limited[1]
Suntrack Holdings Pty Limited
Suntrack Property Trust
Taree Shopping Centre Pty Ltd[5]
TMT Finance Pty Ltd[1]
Tucker Box Management Pty Limited[1]

Interests in controlled entities of MPT

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

1. This entity was a member of the Closed Group during the current and prior year. A Revocation Deed dated 1 June 2019 was lodged with ASIC on 13 June 2019 which became operative in accordance with the terms of the Revocation Deed on 14 December 2019 and as such, this entity is no longer a member of the Closed Group.
2. The 50% of shares previously held by GPF3 Ascot Vale Pty Ltd were acquired by Mirvac JV's Pty Limited during the year.
3. This entity was established during the year.
4. This entity was acquired during the year.
5. This entity was deregistered on 30 July 2020.

DIRECTORS' DECLARATION

For the year ended 30 June 2020

In the Directors' opinion:

a) the financial statements and the notes set out on pages 90 to 145 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 Group's financial position at 30 June 2020 and of its performance for the financial year ended on that date;

b) there are reasonable grounds to believe that the Group 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 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
20 August 2020

Independent auditor's report

To the stapled securityholders of Mirvac Limited

Report on the audit of the financial report

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended

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

What we have audited

The Group's financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

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

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

For the year ended 30 June 2020

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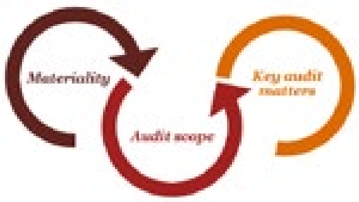
Our audit approach

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

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



Materiality	Audit scope	Key audit matters
For the purpose of our audit we used overall Group materiality of $30.5 million, which represents approximately 5% of the Funds from Operations of the Group. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose Funds from Operations of the Group because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. The Group owns and manages investment property assets across Sydney, Melbourne, Brisbane, Perth and Canberra. The Group's development activities create and deliver commercial assets and residential projects across these locations. The accounting processes are structured around a Group finance function at its head office in Sydney. Our audit procedures were predominantly performed from Sydney, along with a number of property and development site visits being performed at various locations across the year.	Amongst other relevant topics, we communicated the following key audit matters to the Audit, Risk and Compliance Committee: • Carrying value of residential inventories • Fair value of investment properties • Revenue recognition on construction projects • Expected credit losses These are further described in the *Key audit matters* section of our report.

Key audit matters

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

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Key audit matter	How our audit addressed the key audit matter
Carrying value of residential inventories Refer to note C4 $1,536m Residential inventories are recognised at the lower of cost and net realisable value for each residential development project. The Group's estimate of net realisable value includes assumptions about future market and economic conditions which are inherently subject to the risk of change. The economic impact of the COVID-19 pandemic in Australia has increased the level of judgement and uncertainty in the assumptions used in determining the net realisable value of residential inventories as described in note C4. This was a key audit matter given: • the relative size of the residential inventories balance in the Consolidated Statement of Financial Position; and • the significant judgment and uncertainty involved in estimating net realisable value.	We performed tests of selected controls related to: • the review of capitalised costs relating to new residential development projects; and • the Group's process for review of key assumptions used in the estimation of net realisable value across the residential development project portfolio. We performed a risk assessment over the Group's residential development project portfolio to determine those residential inventories at greater risk of being carried at an amount in excess of its recoverable amount. Our risk assessment was informed by our understanding of the significant assumptions relevant to the net realisable value of each project, consideration of the results of the Group's process for estimation of net realisable value, the stage of development progress of each project, our observations made through site visits during the year and our understanding of current economic conditions relevant to individual project locations, including the impact of COVID-19. For those projects which were assessed as being at greater risk, we performed procedures to assess the reasonableness of key assumptions used in the Group's estimate of net realisable value. In our audit procedures we: • Obtained the project feasibility model that the Group uses to assess net realisable value and held discussions with management to develop an understanding of the basis for assumptions used in the model. • Assessed the reasonableness of key assumptions by: ○ comparing forecast sales rates against actual sales rates for a month before and a month after balance date, being during the COVID-19 pandemic. ○ comparing estimated sales prices to recent market sales data for the project location or internal data for recently executed sales at the project. ○ considering the basis for other key assumptions including whether costs to complete are consistent with the expected project completion programmes, the planned sales incentives and any allocation of costs across stages on multistage projects. • Assessed whether the carrying value was the lower of cost and net realisable value. We also assessed the appropriateness of the Group's disclosures against the requirements of Australian Accounting Standards, including the impact of COVID-19.

INDEPENDENT AUDITOR'S REPORT CONTINUED

For the year ended 30 June 2020

Key audit matter	How our audit addressed the key audit matter
Fair value of investment properties (Refer to note C2) $11,167m Investment properties are recognised at fair value. The Group's estimate of fair value of investment properties includes assumptions about unobservable inputs including future market and economic conditions which are inherently subject to the risk of change. The economic impact of the COVID-19 pandemic in Australia has increased the level of judgement and uncertainty in the assumptions used in determining the fair value of investment properties as described in note C2. At each reporting period, the Directors determine the fair value of the Group's investment property portfolio having regard to the Group's valuation policy which requires all properties to be externally valued by valuation experts at least once every two years. In the period between external valuations the Directors' valuation is supported by internal Mirvac valuation models. Fair value of investment properties was a key audit matter because: • investment property balances are financially significant in the Consolidated Statement of Financial Position. • the impact of changes in the fair value of investment properties can have a significant effect on the Group's total comprehensive income. • investment property valuations are inherently subjective due to the use of unobservable inputs in the valuation methodology. • fair values are highly sensitive to changes in key assumptions.	We performed tests of selected controls related to: • the Group's compliance with its policy to externally value all properties at least once in the last two years and to rotate valuation firms. • the approval of the adopted fair values for all individual properties by the Directors of the Group. We agreed the fair values of all properties to the external valuation or internal valuation model (together, the 'valuations') and assessed the competency, capability and objectivity of the relevant external or internal valuer. We read recent independent property market reports to develop our understanding of the prevailing market conditions in which the Group invests. We engaged PwC valuation experts to join our discussions with several valuation firms to obtain an understanding and assess the appropriateness of the methodology used by each of the firms to address the increased market uncertainty related to COVID-19 impacting the valuations. We met with management to discuss the specifics of the property portfolio including, amongst other things, any significant leasing activity, capital expenditure and vacancies impacting the portfolio. We evaluated the completeness and accuracy of tenancy schedules used in the valuations on a sample basis to evaluate whether the relevant leasing information had been correctly input. We performed a risk assessment over the Group's investment property portfolio to determine those properties at greater risk of fair value being materially misstated. Our risk assessment was informed by our understanding of each property, consideration of the results of the Group's estimate of fair value and our understanding of current market conditions including the impact of COVID-19. For those properties which were assessed as being at greater risk, we performed procedures to assess the reasonableness of key assumptions used in the Group's assessment of fair value. In our audit procedures over the valuations we: • Obtained the valuation and held discussions with management to develop an understanding of the basis for assumptions used. • Assessed the appropriateness of the methodology adopted and the mathematical accuracy of the valuations. • Assessed the reasonableness of the capitalisation rate, discount rate and market rents used in the valuation by comparing them against market data for comparable properties.

- Assessed the reasonableness of rental income data used in the valuation against rental income recorded in the general ledger in FY20 for each property.

We also assessed the appropriateness of the Group's disclosures against the requirements of Australian Accounting Standards, including the impact of COVID-19.

Key audit matter	How our audit addressed the key audit matter
Construction and development management services revenue (Refer to note B2) $719m Construction and development management services revenue is recognised based on the satisfaction of performance obligations. There is judgement required by the Group to determine when performance obligations are met. In particular, where revenue is recognised on a percentage of completion basis, it involves the use of forward-looking assumptions including forecast costs of completion and the date of project completion. Revenue recognition on construction projects was a key audit matter because: • there is significant judgement in determining the amount of revenue to be recognised in the year; • these revenue streams are significant to the Group's comprehensive income; • and changes in the assumptions used to estimate the percentage of completion on construction projects can have a significant effect on the Group's comprehensive income.	For a sample of projects we: • obtained the relevant development agreements executed between the Group and the external customer(s) and evaluated the terms of the agreement to obtain an understanding of the performance obligations and transaction price. • performed site visits to obtain an understanding of the overall project scope and stage of progress. We performed audit procedures over a sample of projects for which revenue was recognised in the year. In our audit procedures we: • Obtained and discussed the project feasibility model with management to develop an understanding of project status and risks and the basis of the assumptions used by the Group in their assessment of revenue and costs for the year. • Obtained and assessed the evidence used by the Group to support forecast project revenue. • Obtained and assessed the evidence used by the Group to support forecast project costs. • Evaluated the capitalisation of costs incurred to date and agreed costs to complete to the project feasibility model. We also assessed the appropriateness of the Group's disclosures against the requirements of Australian Accounting Standards, including the impact of COVID-19.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses (Refer to note F1) $80m The Group assesses the recoverability of loans and receivables using an Expected Credit Loss (ECL) model on investment property tenant receivables and non-tenant receivables and loans (together, the ECL 'models'). **Investment property tenant receivables** The Group has applied judgement in assessing the recoverability of the carrying value of gross tenant receivables, following the write off of receivables to the extent of contractually agreed rental relief at 30 June 2020. For pending rental relief at balance date, the Group has applied judgement to determine whether all or part of	In our audit procedures over the ECL models we: • Obtained the models and held discussions with management to develop an understanding of the methodology applied and basis for assumptions used in the models. • Assessed the appropriateness of the methodology adopted including the treatment of agreed and pending rental relief and the mathematical accuracy of the models. • Assessed the expected loss rates used in the Group's models for reasonableness against our understanding of the historical loss rates of the Group and the observed economic impact of COVID-19 on the industries in which the Group's receivable and loan counterparties operate.

INDEPENDENT AUDITOR'S REPORT CONTINUED

For the year ended 30 June 2020

the associated receivables will be recovered. The Group has recognised the amount of rental relief expected to be contractually agreed in the future in the expected credit loss provision.

Any remaining receivables were assessed for recoverability using the Group's ECL model. The future impact of the COVID-19 pandemic on the Group's tenants is uncertain and significant judgement was required to be exercised by the Group in calculating the ECL.

This included judgement applied in determining:

- appropriate groupings of tenants by risk ('risk category'); and
- the expected loss rate for each risk category.

Non-tenant receivables and loans

The Group applied judgement in the determination of the expected loss rates for non-tenant receivables and loans. This included assessing the creditworthiness of the relevant counterparty and any change in that assessment due to the impact of COVID-19, as well as consideration of the estimated value of any associated collateral.

We considered measurement of ECL to be a key audit matter because of the extent of judgement involved.

For a sample of investment property tenant receivables, we evaluated the allocation of tenant receivables to the risk categories by comparing the Group's assessed risk against our understanding of the tenant's business including industry, location and size.

We also assessed the appropriateness of the Group's disclosures against the requirements of Australian Accounting Standards, including the impact of COVID-19.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 66 to 88 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Mirvac Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Jane Reilly Partner	Joe Sheeran Partner	Sydney 20 August 2020

SECURITYHOLDER INFORMATION

For the year ended 30 June 2020

MANAGING YOUR SECURITYHOLDING

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

> Mirvac information line (toll free within Australia): +61 1800 356 444; or

> Website: www.linkmarketservices.com.au

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

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

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

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

The information set out below was prepared at 31 July 2020 and applies to Mirvac's stapled securities (ASX code: MGR). As at 31 July 2020 there were 3,934,285,406 stapled securities on issue.

SUBSTANTIAL SECURITYHOLDERS

As disclosed in substantial holding notices lodged with the ASX at 31 July 2020:

Name	Date of change	Number of stapled securities	Percentage of issued equity[1] %
APG Asset Management N.V.	14/07/2020	202,695,923	5.15
BlackRock Group (BlackRock Inc. and subsidiaries)	18/02/2019	342,191,415	9.35
The Vanguard Group, Inc	18/09/2019	415,601,897	10.57

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

RANGE OF SECURITYHOLDERS

Range	Number of holders	Number of securities
1 to 1,000	7,749	3,530,210
1,001 to 5,000	9,445	25,203,873
5,001 to 10,000	4,131	30,292,352
10,001 to 100,000	5,072	119,820,968
100,001 and over	219	3,755,438,003
Total number of securityholders	26,616	3,934,285,406

20 LARGEST SECURITYHOLDERS

Name	Number of stapled securities	Percentage of issued equity %
1. HSBC Custody Nominees (Australia) Limited	1,734,496,072	44.09
2. J P Morgan Nominees Australia Pty Limited	894,409,709	22.73
3. Citicorp Nominees Pty Limited	449,144,378	11.42
4. National Nominees Limited	195,197,405	4.96
5. BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	170,069,258	4.32
6. BNP Paribas Noms Pty Ltd <Drp>	86,230,782	2.19
7. Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	45,272,739	1.15
8. HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	17,958,448	0.46
9. Buttonwood Nominees Pty Ltd	16,834,247	0.43
10. BNP Paribas Noms(Nz) Ltd <Drp>	12,636,567	0.32
11. Solium Nominees (Australia) Pty Ltd <Vsa A/C>	8,968,002	0.23
12. HSBC Custody Nominees (Australia) Limited-Gsco Eca	8,231,068	0.21
13. AMP Life Limited	7,011,360	0.18
14. National Nominees Limited <Db A/C>	6,547,266	0.17
15. National Nominees Limited <N A/C>	6,054,000	0.15
16. Argo Investments Limited	6,000,551	0.15
17. One Managed Investment Funds Limited <Charter Hall Maxim Property Securities A/C>	5,750,000	0.15
18. The Trust Company (Australia) Limited <A/C 4>	4,914,700	0.12
19. Avanteos Investments Limited <Encircle Ima A/C>	4,551,849	0.12
20. HSBC Custody Nominees (Australia) Limited	4,511,110	0.11
Total for 20 largest securityholders	3,684,789,511	93.66
Total other securityholders	249,495,895	6.34
Total stapled securities on issue	3,934,285,406	100.00

Number of securityholders holding less than a marketable parcel (being 239 securities at the closing market price of $2.09 on 31 July 2020): 2,252.

VOTING RIGHTS

Subject to the Constitutions of Mirvac Limited and of MPT and to any rights or restrictions for the time being attached to any class or classes of shares, units or stapled securities:

> on a show of hands, each Member present in person or by proxy, attorney, or representative has one vote; and

> on a poll, each Member has:

  – in the case of a resolution of Mirvac Limited, one vote for each share in Mirvac Limited held; and

  – in the case of a resolution of MPT, one vote for each whole $1.00 of unit value in MPT held.

GLOSSARY

AASB	Australian Accounting Standards Board
ABN	Australian Business Number
AGM	Annual General and General Meeting
ANZ	Australia and New Zealand Banking Group Limited
ARCC	Audit, Risk & Compliance Committee
ARSN	Australian Registered Scheme Number
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian dollar
BTR	Build to Rent
CCIRS	Cross currency interest rate swap
CEO	Chief Executive Officer
CEO/MD	Chief Executive Officer/Managing Director
CFO	Chief Financial Officer
CGU	Cash generating unit
CHESS	Clearing House Electronic Subregister System
CPSS	Cents per stapled security
DCF	Discounted cash flow
DRP	Dividend/distribution reinvestment plan
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EEP	Employee Exemption Plan
EIS	Employee Incentive Scheme
EPS	Earnings per stapled security
EV	Electric vehicle
FCTR	Foreign currency translation reserve
FFO	Funds From Operations
FY18	Year ended 30 June 2018
FY19	Year ended 30 June 2019
FY20	Year ending 30 June 2020
FY21	Year ending 30 June 2021
GLA	Gross lettable area
HIN	Holder Identification Number
HRC	Human Resources Committee
HSE	Health, safety and environment
HSE&S	Health, safety, environment and sustainability
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRS	International Financial Reporting Standards
IP	Investment properties
IPUC	Investment properties under construction
JV	Joint venture
KMP	Key management personnel
LSL	Long service leave
LTI	Long-term incentives
LTIFR	Lost time injury frequency rates
MAT	Moving annual turnover
MMRs	Mirvac minimum requirements
MPT	Mirvac Property Trust
MREIT	Mirvac Real Estate Investment Trust
MTN	Medium-term notes
NABERS	National Australian Built Environment Rating System
NED	Non-Executive Directors
NLA	Net lettable area
NOI	Net operating income
NRV	Net realisable value
PPE	Property, plant and equipment
PwC	PricewaterhouseCoopers
RAP	Reconciliation action plan
ROIC	Return on invested capital
SBP	Security-based payments
SoCE	Statement of changes in equity
SoCI	Statement of comprehensive income
SoFP	Statement of financial position
SRN	Securityholder Reference Number
SROI	Social Return on Investment Report
STI	Short term incentives
The Code	National Cabinet Mandatory Code of Conduct for SME commercial tenants
TFN	Tax file number
TGS	Tax governance statement
TRIFR	Total recordable injury frequency rate
TSR	Total Shareholder Return
TTC	Tax Transparency Code
USPP	US Private Placement
WACC	Weighted average cost of capital
WALE	Weighted average lease expiry

DIRECTORY & UPCOMING EVENTS

REGISTERED OFFICE/PRINCIPAL OFFICE

Mirvac Group (comprising Mirvac Limited ABN 92 003 280 699 and Mirvac Funds Limited ABN 70 002 561 640, AFSL 233121 as responsible entity of MPT ARSN 086 780 645)

Level 28
200 George Street
Sydney NSW 2000

Telephone +61 2 9080 8000
Facsimile +61 2 9080 8111
www.mirvac.com

SECURITIES EXCHANGE LISTING

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

DIRECTORS

John Mulcahy (Chair)
Susan Lloyd-Hurwitz (CEO/MD)
Christine Bartlett
Jane Hewitt
Peter Hawkins
James M. Millar AM
Samantha Mostyn
Peter Nash

COMPANY SECRETARY

Michelle Favelle

STAPLED SECURITY REGISTRY

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Telephone +61 1800 356 444

SECURITYHOLDER ENQUIRIES

Telephone +61 1800 356 444

Correspondence should be sent to:

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

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

AUDITOR

PricewaterhouseCoopers
One International Towers Sydney, Watermans Quay
Barangaroo NSW 2000

ANNUAL GENERAL AND GENERAL MEETING

Mirvac Group's 2020 AGM will be held online at 11.00am (AEDT) on Thursday, 19 November 2020

UPCOMING EVENTS

22 October 2020:	First Quarter Operational Update
19 November 2020:	Annual General and General Meetings

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