MIRVAC PROPERTY TRUST
ANNUAL FINANCIAL REPORT 2011

MIRVAC PROPERTY TRUST

AND ITS CONTROLLED ENTITIES

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2011

The consolidated entity comprises Mirvac Property Trust (ARSN 086 780 645) and its controlled entities.

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COVER IMAGE: 10-20 BOND STREET, SYDNEY NSW

The Directors of Mirvac Funds Limited (ABN 70 002 561 640), the Responsible Entity of Mirvac Property Trust ("MPT" or "Trust") present their report, together with the consolidated report of MPT and its controlled entities ("consolidated entity") for the year ended 30 June 2011.

MPT and its controlled entities together with Mirvac Limited and its controlled entities form the stapled entity, Mirvac Group ("Mirvac" or "Group").

RESPONSIBLE ENTITY

The Responsible Entity of the Trust is Mirvac Funds Limited, an entity incorporated in New South Wales. The immediate parent entity of the Responsible Entity is Mirvac Woolloomooloo Pty Limited (ABN 44 001 162 205), incorporated in New South Wales, and its ultimate parent entity is Mirvac Limited (ABN 92 003 280 699), incorporated in New South Wales.

DIRECTORS

The following persons were Directors of Mirvac Funds Limited during the whole of the year and up to the date of this report, unless otherwise stated:

- James MacKenzie
- Nicholas Collishaw
- Peter Hawkins
- James Millar
- Penny Morris
- John Mulcahy
- Elana Rubin (appointed as a Director on 11 November 2010).

PRINCIPAL ACTIVITIES

The principal continuing activities of the consolidated entity consist of property investment for the purpose of deriving rental income and investments in listed and unlisted funds. There has been no significant change in the principal activities of the consolidated entity during the year.

DISTRIBUTIONS

Distributions paid to stapled unitholders during the year were as follows:

	2011 $m	2010 $m
June 2010 quarterly distribution paid on 30 July 2010 2.00 cents (2010: 0.20 cents) per stapled unit	**65.3**	3.4
September 2010 quarterly distribution paid on 29 October 2010 2.00 cents (2010: 2.00 cents) per stapled unit	**68.3**	56.1
December 2010 quarterly distribution paid on 28 January 2011 2.00 cents (2010: 2.00 cents) per stapled unit	**68.3**	59.9
March 2011 quarterly distribution paid on 29 April 2011 2.00 cents (2010: 2.00 cents) per stapled unit	**68.3**	60.0
Total distributions paid	**270.2**	179.4

The June 2011 quarterly distribution of 2.20 cents per stapled unit totalling $75.2m declared on 30 June 2011 was paid on 29 July 2011.

Distributions paid and payable by the Trust for the year ended 30 June 2011 totalled $280.1m, being 8.20 cents per stapled unit (2010: $241.3m — 8.0 cents per stapled unit).

REVIEW OF OPERATIONS AND ACTIVITIES
The statutory profit after tax attributable to the stapled unitholders of the Trust for the year ended 30 June 2011 was $498.2m (2010: $374.5m). The operating profit (profit before specific non-cash and significant items) was $388.3m.(2010: $323.7m).

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific non-cash items and significant items.

The following table summarises key reconciling items between statutory profit after tax attributable to the stapled unitholders of MPT and operating profit:

	2011 $m	2010 $m
Profit attributable to the stapled unitholders of MPT	**498.2**	374.5
Specific non-cash items		
Net gain on fair value of investment properties	**(109.1)**	(13.3)
Net (gain)/loss on fair value of investment properties under construction ("IPUC")	**(4.9)**	48.9
Net (gain)/loss on fair value of derivative financial instruments and foreign exchange movements	**(6.9)**	11.5
Straight-lining of lease revenue	**(16.3)**	(2.5)
Amortisation of lease fitout incentives	**10.6**	10.4
Net (gain)/loss on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates and net loss of joint ventures	**(8.4)**	20.4
Significant items		
Impairment of goodwill	**7.1**	–
Net loss/(gain) on sale of non-aligned assets	**1.2**	(0.5)
Discount on business combination	**–**	(119.8)
Net gain on remeasurement of equity interest	**–**	(25.3)
Business combination transaction costs	16.8	19.4
Operating profit (profit before specific non-cash items and significant items)	**388.3**	**323.7**

FINANCIAL AND OPERATIONAL HIGHLIGHTS
Key financial highlights for the year ended 30 June 2011 included:

- profit attributable to the stapled unitholders of MPT of $498.2m;
- net operating profit of $388.3m[1], representing 11.5 cents per unit;
- increase in net tangible assets ("NTA") per unit to $1.59[2] from $1.53 at 30 June 2010;
- total assets of $7,005.8m;
- net gain of $109.1m in revaluations of the investment property portfolio;
- net gain of $4.9m in revaluations of the IPUC portfolio; and
- distribution of $280.1m, representing 8.2 cents per unit.

The consolidated entity had a total portfolio value of $5,745.6m, with investments in 66 direct property assets, covering the office, retail, industrial and hotel sectors, as well as investments in other funds managed by Mirvac.

Key operational highlights for the consolidated entity for the year ended 30 June 2011 included:

- achieved a 4.0 per cent like-for-like net operating income growth;
- disposed of 11 non-aligned assets that no longer met the Trust's investment criteria for a total realisation of $236.8m[3] (before costs);
- completed the acquisition of the $1,152.7m[4] Westpac Office Portfolio ("WOP"), consistent with the consolidated entity's strategy of growing secure earnings from quality assets;
- commenced construction of the premium grade office tower development now known as 8 Chifley Square, Sydney NSW;
- increased occupancy from 97.6 per cent to 98.1 per cent[5]; and
- continued with the leasing campaign at 10-20 Bond Street, Sydney NSW, resulting in commitments to the building totalling 81.0 per cent comprising of:
  - 59.3 per cent executed leases; and
  - 21.7 per cent signed Heads of Agreement.

1) Excludes specific non-cash items, significant items and related taxation.
2) NTA per stapled security based on ordinary securities excluding Employee Incentive Scheme ("EIS") securities.
3) Includes two disposals that occurred post 30 June 2011 namely Ballina Central, Ballina NSW (which is conditionally exchanged) and Peninsula Lifestyle, Mornington VIC, which is unconditionally exchanged.
4) Includes the acquisition of 54-60 Talavera Road, North Ryde NSW.
5) This figure excludes 10-20 Bond Street, Sydney NSW.

FINANCIAL AND OPERATIONAL HIGHLIGHTS / CONTINUED

The consolidated entity maintained its high portfolio occupancy of 98.1[1] per cent, with a weighted average lease expiry of approximately 6.2[1] years. The consolidated entity's earnings continue to be secure with 86.9 per cent of FY2012 rent reviews being fixed or linked to the Consumer Price Index ("CPI"), and 68.0[1] per cent of revenue derived from multinational, Australian Securities Exchange ("ASX") listed and government tenants.

Outlook

The consolidated entity remains focused on providing secure passive income to the Group, whilst improving the quality of the portfolio via non-aligned asset sales, acquisition and development. The consolidated entity continues to be strategically overweight in the office sector and sub-regional shopping centres.

CAPITAL MANAGEMENT AND FUNDING

The consolidated entity's capital structure is monitored at the Group level. Key capital management highlights relating to the Group for the year ended 30 June 2011 included:

- increased the weighted average debt maturity to 3.8 from 2.6 years[2] via a $1,850m debt refinance in January 2011;
- continued the diversification of debt sources with a $200.0m medium term note ("MTN") issuance in September 2010, a further $25.0m in March 2011 and $50.0m in April 2011;
- maintained the conservative balance sheet gearing of 26.3 per cent[3];
- maintained the BBB/A-2 credit rating from Standard & Poor's; and
- established a strategic relationship with K-REIT Asia via the sale of 50 per cent of 8 Chifley Square, Sydney NSW with K-REIT Asia to fund 50 per cent of the development costs[4].

Outlook

Mirvac remains focused on managing its strong capital position to ensure it can continue to meet its strategic objectives without increasing its overall risk profile.

INTERESTS IN THE TRUST

	2011 $m	2010 $m
Total ordinary units issued	**3,409.3**	3,254.8
Stapled units issued under long term incentive ("LTI") plan and EIS	**7.6**	11.5
Total stapled units issued	**3,416.9**	3,266.3

Refer to note 22(b) to the financial statements for a reconciliation of the interests in the consolidated entity issued during the financial year.

ENVIRONMENTAL REGULATIONS

The consolidated entity is subject to significant environmental legislation and associated Acts and regulations. The consolidated entity is committed to the implementation of responsible and practical management procedures to minimise environmental impacts and provide compliance under the government regulations applicable to all areas of its operations.

EQUITY INSTRUMENTS HELD BY DIRECTORS

Particulars of Directors' interests in the stapled units of the Trust or a related entity, are as follows:

Director	MPT stapled units	Interests in units of a related entity
James MacKenzie (direct)	129,914	
Mirvac Industrial Trust — units (direct)		122,643
Mirvac Development Fund — Seascapes — units (indirect)		300,000
Nicholas Collishaw (direct and indirect)	2,036,512	
Mirvac Development Fund — Seascapes — units (indirect)		25,000
Options	2,026,410	
Performance rights	5,272,800	
Peter Hawkins (direct and indirect)	596,117	
James Millar (indirect)	40,714	
Penny Morris (direct and indirect)	241,136	
John Mulcahy (indirect)	25,000	
Elana Rubin (direct)	10,000	

During the year ended 30 June 2009, Mirvac introduced a security acquisition plan for Non-Executive Directors whereby they could sacrifice a portion of their Directors' fees each month and use it to acquire additional Mirvac stapled securities. No Non-Executive Directors did this in the year ended 30 June 2011 due to changes to the tax treatment of securities acquired under the plan. However, securities purchased in previous years continue to be held in the plan.

1) This figure excludes 10-20 Bond Street, Sydney NSW.
2) Excludes WOP associated commercial mortgage backed securities ("CMBS") which is fully collateralised.
3) Net debt (at FX hedged rate) excluding leases/(total tangible assets — cash).
4) Sale of 50 per cent of 8 Chifley Square, Sydney NSW, completed 28 July 2011.

OPTIONS OVER UNISSUED SECURITIES
During the year ended 30 June 2011, no options over Mirvac stapled securities were issued to executives under the long term incentives plan ("LTIP"). Options over 152,617 (2010: 108,332) Mirvac stapled securities were forfeited during the year as a result of employees leaving the Group. No securities in the Group or any of its controlled entities were issued during or since the year ended 30 June 2011 as a result of the exercise of an option over unissued securities.

NON-AUDIT SERVICES
The consolidated entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the consolidated entity are relevant. Details of the amounts paid or payable to the auditor ("PricewaterhouseCoopers") for audit and non-audit services provided during the year are set out in note 32 to the financial statements.

The Board has considered the position and, in accordance with the advice received from the Audit, Risk and Compliance Committee ("ARCC") 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*. The Directors are satisfied that the provision of non-audit services by the auditor, as set in note 32 to the financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the ARCC to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 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 consolidated entity, acting as advocate for the consolidated entity or jointly sharing economic risk and rewards.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
Changes in the state of affairs of the consolidated entity during the year are set out in the various reports included in the consolidated entity's financial statements. Refer to note 22 to the financial statements for stapled units issued, note 19 for debt movements and note 34 for the acquisition of businesses.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the year under review.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR
On 28 July 2011 the Trust settled on the sale of 50 per cent of the units in Mirvac 8 Chifley Trust to The Trust Company (Australia) Limited (in its capacity as the trustee of K-REIT (Australia) Sub-Trust 2). Mirvac 8 Chifley Trust is the owner of 8 Chifley Square; a Sydney based commercial office development. On that date, Mirvac Projects Pty Limited entered into a Development Agreement with Mirvac 8 Chifley Pty Limited (in its capacity as trustee of Mirvac 8 Chifley Trust). Under the terms of the agreement, Mirvac Projects Pty Limited will deliver a fully constructed and fully leased premium grade commercial office building. Mirvac Projects Pty Limited will provide Mirvac 8 Chifley Pty Limited with a five year rental guarantee.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- the consolidated entity's operations in future years; or
- the results of those operations in future years; or
- the consolidated entity's state of affairs in future years.

INSURANCE OF OFFICERS
During the year, the Responsible Entity has not indemnified, or entered into any agreement indemnifying against a liability, any person who is or who has been an officer of the Responsible Entity of the Trust. No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to Mirvac Funds Limited.

FEES PAID TO THE RESPONSIBLE ENTITY OR ITS ASSOCIATES
Fees paid to the Responsible Entity out of Trust property during the year were $6.2m (2010: $3.6m). Fees charged by the Responsible Entity represent recovery of costs. No fees were paid out of Trust property to the Directors of the Responsible Entity during the year.

Fees paid to the Responsible Entity and its associates out of Trust property during the year are disclosed in note 30 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION
A copy of the auditor's independence declaration required under section 307C of the *Corporations Act 2001* is set out on page 05.

ROUNDING OF AMOUNTS
The Trust is an entity of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission ("ASIC"), relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest tenth of a million ("m") dollars in accordance with that class order.

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

Nicholas Collishaw
Director

Sydney
23 August 2011

As lead auditor for the audit of Mirvac Property Trust for the year ended 30 June 2011, 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 Property Trust and the entities it controlled during the period.

Matthew Lunn
Partner

PricewaterhouseCoopers

Sydney
23 August 2011

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These financial statements cover the financial statements for the consolidated entity consisting of Mirvac Property Trust and its controlled entities. The financial statements are presented in Australian currency.

The Responsible Entity of Mirvac Property Trust is Mirvac Funds Limited (ABN 70 002 561 640), a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Mirvac Funds Limited
Level 26
60 Margaret Street
Sydney NSW 2000.

A description of the nature of the consolidated entity's operations and its principal activities is included the Directors' report on pages 01 to 04, both of which are not part of these financial statements.

The financial statements were authorised for issue by the Directors on 23 August 2011. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, the Trust has ensured that its corporate reporting is timely and complete. All press releases, financial reports and other information are available in the Investor Information section on the Group's website: www.mirvac.com.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Note	2011 $m	2010 $m
Revenue from continuing operations			
Investment properties rental revenue	15	**530.5**	387.5
Interest revenue	4	**79.5**	75.8
Distribution revenue		**0.6**	1.8
Other revenue		**2.7**	2.8
Total revenue from continuing operations		**613.3**	467.9
Other income			
Net gain on fair value of investment properties		**109.1**	13.3
Net gain/(loss) on fair value of IPUC		**4.9**	(48.9)
Share of net profit of associates and joint ventures accounted for using the equity method	12	**33.8**	1.5
Gain/(loss) on financial instruments	4	**3.3**	(10.9)
Foreign exchange gain/(loss)		**3.6**	(0.7)
Net loss on sale of investment properties		**(1.2)**	(0.1)
Discount on business combination		**–**	119.8
Net gain on remeasurement of equity interest		**–**	25.3
Total other income		**153.5**	99.3
Total revenue from continuing operations and other income		**766.8**	567.2
Investment properties expenses	15	**(130.2)**	(109.2)
Amortisation expenses	5	**(15.6)**	(14.3)
Impairment of goodwill	5	**(7.1)**	–
Finance costs	5	**(86.4)**	(39.3)
Business combination transaction costs	34(a)	**(16.8)**	(19.4)
Other expenses		**(11.9)**	(8.5)
Profit before income tax		**498.8**	376.5
Income tax expense	6	**(0.6)**	(0.6)
Profit for the year		**498.2**	375.9
Other comprehensive income			
Increment on revaluation of property, plant and equipment	23(b)	**24.1**	–
Exchange differences on translation of foreign operations	23(b)	**(1.3)**	0.9
Other comprehensive income for the year		**22.8**	0.9
Total comprehensive income for the year		**521.0**	376.8
Profit for the year is attributable to:			
– Stapled unitholders of MPT		**498.2**	374.5
– Non-controlling interest ("NCI")		**–**	1.4
		498.2	375.9
Total comprehensive income for the year is attributable to:			
– Stapled unitholders of MPT		**521.0**	375.4
– NCI		**–**	1.4
		521.0	376.8

Earnings per stapled unit for profit from continuing operations attributable to the stapled unitholders of MPT

	Note	Cents	Cents
Basic earnings per unit	7	**14.69**	12.67
Diluted earnings per unit	7	**14.64**	12.61

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	**2011 $m**	2010 $m
Current assets			
Cash and cash equivalents	33(a)	**536.2**	345.9
Receivables	8	**626.8**	717.1
Derivative financial assets	13	**–**	2.0
Other financial assets at fair value through profit or loss	9	**19.2**	18.0
Assets classified as held for sale	10	**3.4**	53.7
Other assets	11	**13.7**	8.9
Total current assets		**1,199.3**	1,145.6
Non-current assets			
Receivables	8	**10.7**	13.0
Investments accounted for using the equity method	12	**249.0**	207.0
Derivative financial assets	13	**3.3**	4.4
Investment properties	15	**5,474.0**	4,212.3
Intangible assets	17	**69.5**	49.9
Total non-current assets		**5,806.5**	4,486.6
Total assets		**7,005.8**	5,632.2
Current liabilities			
Payables	18	**151.5**	116.7
Borrowings	19	**505.0**	217.7
Derivative financial liabilities	21	**–**	0.6
Provisions	20	**75.2**	65.3
Total current liabilities		**731.7**	400.3
Non-current liabilities			
Borrowings	19	**783.9**	176.5
Derivative financial liabilities	21	**9.9**	15.6
Total non-current liabilities		**793.8**	192.1
Total liabilities		**1,525.5**	592.4
Net assets		**5,480.3**	5,039.8
Equity			
Contributed equity	22	**5,105.5**	4,905.9
Reserves	23	**30.0**	7.2
Retained earnings	24	**344.8**	126.7
Equity, reserves and retained earnings attributable to the stapled unitholders of MPT		**5,480.3**	5,039.8
Total equity		**5,480.3**	5,039.8

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

	Note	Attributable to the stapled unitholders of MPT				
	Note	Contributed equity $m	Reserves $m	Retained earnings $m	NCI $m	Total $m
Balance 30 June 2009		4,323.0	0.9	(6.5)	54.9	4,372.3
Profit for the year		–	–	374.5	1.4	375.9
Other comprehensive income		–	0.9	–	–	0.9
Total comprehensive income for the year		–	0.9	374.5	–	376.8
Contributions of equity, net of transaction costs	22(b)	565.6	–	–	–	565.6
Employee exemption plan ("EEP") units issued	22(b)	1.4	–	–	–	1.4
LTI and EIS units converted, sold or forfeited	22(b)	15.9	–	–	–	15.9
Distributions provided for or paid	25	–	–	(241.3)	(1.4)	(242.7)
Discount on acquisition of NCI		–	5.4	–	–	5.4
NCI eliminated on acquisition		–	–	–	(54.9)	(54.9)
Total transactions with owners in their capacity as owners		582.9	5.4	(241.3)	(56.3)	290.7
Balance 30 June 2010		4,905.9	7.2	126.7	–	5,039.8
Profit for the year		–	–	498.2	–	498.2
Other comprehensive income		–	22.8	–	–	22.8
Total comprehensive income for the year		–	22.8	498.2	–	521.0
Contributions of equity, net of transaction costs	22(b)	185.2	–	–	–	185.2
EEP units issued	22(b)	1.2	–	–	–	1.2
LTI and EIS units converted, sold or forfeited	22(b)	13.2	–	–	–	13.2
Distributions provided for or paid	25	–	–	(280.1)	–	(280.1)
Total transactions with owners in their capacity as owners		199.6	–	(280.1)	–	(80.5)
Balance 30 June 2011		**5,105.5**	**30.0**	**344.8**	**–**	**5,480.3**

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 2011

	Note	**2011 $m**	2010 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**570.1**	431.0
Payments to suppliers (inclusive of goods and services tax)		**(211.2)**	(149.1)
		358.9	281.9
Interest received		**76.1**	74.4
Associates and joint ventures distributions received		**13.9**	18.4
Borrowing costs paid		**(91.2)**	(45.6)
Income tax paid		**(0.6)**	(0.6)
Net cash inflows from operating activities	33(b)	**357.1**	328.5
Cash flows from investing activities			
Payments for investment properties		**(72.8)**	(277.1)
Proceeds from sale of investment properties and assets classified as held for sale		**159.7**	145.5
Proceeds from loans to entities related to Responsible Entity		**81.8**	–
Proceeds from associates and joint ventures		**–**	2.0
Payments for financial assets at fair value through profit or loss		**(1.1)**	–
Acquisition of controlled entities, net of cash acquired		**(213.0)**	(23.2)
Net cash outflows from investing activities		**(45.4)**	(152.8)
Cash flows from financing activities			
Proceeds from borrowings		**1,640.0**	150.0
Repayments of borrowings		**(1,485.4)**	(1,016.6)
Payment for NCI		**–**	(13.7)
Proceeds from issue of stapled units		**2.3**	561.2
Contributed equity raising costs		**–**	(10.9)
Distributions paid to NCI		**–**	(1.4)
Distributions paid as part of business combination		**(8.0)**	(6.3)
Distributions paid		**(270.2)**	(179.4)
Net cash outflows from financing activities		**(121.3)**	(517.1)
Net increase/(decrease) in cash and cash equivalents		**190.4**	(341.4)
Cash and cash equivalents at the beginning of the year		**345.9**	687.4
Effects of exchange rate changes on cash and cash equivalents		**(0.1)**	(0.1)
Cash and cash equivalents at the end of the year	33(a)	**536.2**	345.9

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements of the consolidated entity consist of the consolidated financial statements of MPT and its controlled entities.

a) Mirvac — stapled securities

A Mirvac stapled security comprises one Mirvac Limited share "stapled" to one MPT unit to create a single listed security traded on the ASX. The stapled securities cannot be traded or dealt with separately. The entities forming the stapled group entered into a Deed of Cooperation which provided that the members consider the interests of Mirvac as a whole, when entering into any agreement or arrangement, or carrying out any act. This Deed of Cooperation means that members of the stapled group, where permitted by law, will carry out activities with other members on a cost recovery basis, thereby maintaining the best interests of Mirvac as a whole.

The two Mirvac entities comprising the stapled group, remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of AAS and the *Corporations Act 2001*. In accordance with AAS, Mirvac Limited has been deemed the parent entity of MPT. The stapled security structure will cease to operate on the first to occur of:

- Mirvac Limited or MPT resolving by special resolution in general meeting and in accordance with its Constitution to terminate the stapling provisions; or
- the commencement of the winding up of Mirvac Limited or MPT.

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

b) Basis of preparation

These general purpose financial statements have been prepared in accordance with AAS, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), Urgent Issues Group Interpretations and the *Corporations Act 2001*.

i) Compliance with International Financial Reporting Standards ("IFRS")

The consolidated financial statements of the consolidated entity also comply with IFRS as issued by the International Accounting Standards Board ("IASB").

ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment properties.

iii) Critical accounting estimates

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

iv) Comparative information

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current year amounts and other disclosures.

v) Rounding of amounts

The Trust is an entity of the kind referred to in Class Order 98/100 issued by ASIC, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest tenth of a million dollars in accordance with that class order.

vi) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority, are presented as operating cash flow.

c) Principles of consolidation

i) Controlled entities

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the consolidated entity at 30 June 2011 and the results of all controlled entities for the year then ended. Controlled entities are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying an interest of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity. Controlled entities are fully consolidated from the date on which control is transferred to the consolidated entity. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for the business combinations undertaken by the consolidated entity (refer to note 1(h)). Inter-trust transactions and balances between consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity. NCI in the results and equity of controlled entities are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity.

ii) Associates

Associates are all entities over which the consolidated entity has significant influence but not control or joint control, generally accompanying a holding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. Investments in associates are accounted for in the parent entity financial statements using the cost method. The consolidated entity's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

The consolidated entity's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions receivable from associates reduce the carrying amount of the investments. When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the consolidated entity and its associates are eliminated to the extent of the consolidated entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

As permitted by AASB 128 *Investments in Associates,* investments in associates within certain asset classes, including infrastructure investments, have been measured at fair value. Changes in fair value are recognised as income or expenses in the statement of comprehensive income in the year in which the change occurred.

iii) Joint ventures

Interests in joint venture entities and partnerships ("joint ventures") are accounted for in the consolidated financial statements using the equity method, after initially being recognised at cost. Under the equity method, the share of the profits or losses of the joint ventures are recognised in profit or loss, and the share of movements in reserves is recognised in other comprehensive income.

Profits or losses on transactions establishing joint ventures and transactions with the joint ventures are eliminated to the extent of the consolidated entity's ownership interest until such time as they are realised by the joint venture on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

iv) Changes in ownership interests

The consolidated entity treats transactions with NCI that do not result in a loss of control as transactions with equity owners of the consolidated entity. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interests and NCI to reflect their relative interests in the controlled entity. Any difference between the amount of the adjustment to NCI and any consideration paid or received is recognised in a separate reserve within equity attributable to the stapled unitholders of the consolidated entity.

When the consolidated entity ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the consolidated entity had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate or joint venture is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer — Investment ("CEOI").

e) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Australian currency, which is MPT's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or they are attributable to part of the net investment in a foreign operation. Translation differences on non-monetary financial assets and liabilities held at fair value are reported as part of the fair value gain or loss using the exchange rate applicable at the date fair value is determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in a fair value reserve in equity.

iii) Foreign controlled entities

The results and financial position of entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at the end of the reporting period are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign controlled entity is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the consolidated entity's activities as described below. The consolidated entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

i) Rental income

Rental revenue for operating leases is recognised on a straight line basis over the term of the lease, except when an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises. Lease incentives offered under operating leases are amortised on a straight line basis in profit or loss.

ii) Recoverable outgoings

Recovery of outgoings as specified in lease agreements is accrued on an estimated basis and adjusted when the actual amounts are invoiced to the respective tenants.

iii) Interest

Interest revenue is brought to account when earned, taking into account the effective yield on the financial asset.

iv) Dividends/distributions

Dividends/distributions are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

v) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the consolidated entity will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

g) Income tax

Under current legislation, the Trust is not liable for income tax, provided that the unitholders are presently entitled to the income of the Trust as determined in accordance with the Trust's Constitution. Tax allowances for building and plant and equipment depreciation are distributed to the stapled unitholders in the form of a tax deferred component of the distribution.

The Trust has a controlled entity based in the USA and is therefore subject to Federal and state taxes in the USA on earnings and profits. A deferred tax liability is recognised based on the temporary difference between the carrying amount of the assets and their associated tax cost base.

h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a controlled entity comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the consolidated entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the controlled entity. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the consolidated entity recognises any NCI in the acquiree either at fair value or at the NCI's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the consolidated entity's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the controlled entity acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a discount on business combination. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Trust's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability.

Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the post-tax discount rate that reflects current market assessments of both the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised for the amount by which the asset's (or cash generating unit ("CGU")) carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). The lowest level at which the consolidated entity allocates and monitors goodwill is at the primary reporting segments level (refer to note 3).

j) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss. When a trade receivable for which an impairment provision had been recognised becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

l) Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, financial assets and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement. An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

m) Investments and other financial assets

i) Classification

The consolidated entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

— Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise, they are classified as non-current.

— Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the consolidated entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

— Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the consolidated entity's management has the positive intention and ability to hold to maturity. If the consolidated entity were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those maturities less than 12 months from the end of the reporting period, which are classified as current assets.

— Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

ii) Financial assets — reclassification
The consolidated entity may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the consolidated entity may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the consolidated entity has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

iii) Recognition and derecognition
Regular way purchases and sales of investments are recognised on trade date, being the date on which the consolidated entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When units classified as available for sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment units.

iv) Measurement
At initial recognition, the consolidated entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the consolidated entity's right to receive payments is established. Interest income from these financial assets is included in the net gain/(loss). Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

v) Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

— Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the consolidated entity may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables is described in note 1(k).

— Assets classified as available for sale
If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period. If the fair value of a debt instrument classified as available for sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

n) Derivatives
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity designates certain derivatives as either (1) hedges of the fair value of recognised assets, liabilities or firm commitments ("fair value hedges"), or (2) hedges of highly probable forecast transactions ("cash flow hedges"). The consolidated entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

The consolidated entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

i) Fair value hedges

Changes in the fair value derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item will affect profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of each reporting period. The quoted market price used for financial assets held by the consolidated entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flow ("DCF"), are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments. Transaction costs are included in the initial carrying amounts of the financial instruments, which are not carried at fair value through profit or loss.

p) Investment properties

i) Investment properties

Investment properties are properties held for long term rental yields and for capital appreciation. Investment properties are carried at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases, with any gain or loss arising from a change in fair value recognised in profit or loss. Investment properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the end of the reporting date are fair valued internally by management. The carrying amount of the investment properties recorded in the statement of financial position includes components relating to lease incentives.

Investment properties also include properties that are under construction for future use as investment properties. These are carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete. The fair value of IPUC is determined by using estimation models including DCF and residual valuations. The estimated value of future assets is based on the expected future income from the project, using current yields of similar completed properties. The remaining expected costs of completion plus risk adjusted development margin are deducted from the estimated future asset value.

ii) Investment properties under redevelopment

Existing investment properties being redeveloped for continued future use are carried at fair value.

iii) Lease incentives

Lease incentives provided under an operating lease by the consolidated entity as lessor are recognised on a straight line basis against rental income. As these incentives are repaid out of future lease payments, they are recognised as an asset in the statement of financial position as a component of the carrying amount of investment properties and amortised over the lease period. Where the investment property is supported by a valuation that incorporates the value of lease incentives, the investment property is revalued back to the valuation amount after the lease incentive amortisation has been charged as an expense.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

q) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of the net identifiable assets of the acquired controlled entity, associate or joint venture at the date of acquisition. Goodwill on acquisition of controlled entities is included in intangible assets. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures respectively. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (refer to note 3).

r) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

s) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual drawdown of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility. Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

t) Provisions

Provisions for legal claims, contracts and make good obligations are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

u) Contributed equity

Ordinary units are classified as equity. Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new units or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration. In accordance with AASB 2 *Share-based Payment,* units issued as part of the LTI plan and EIS are not classified as ordinary units, until such time as the employee loans are fully repaid or the employee leaves Mirvac. If the consolidated entity reacquires its own equity instruments, for example, as the result of a security buy-back, those instruments are deducted from equity and the associated units are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

v) Distributions

Provision is made for the amount of any distribution declared at or before the end of the year but not distributed at the end of the reporting period.

w) Earnings per unit

i) Basic earnings per unit

Basic earnings per unit are calculated by dividing the profit attributable to unitholders of the Trust by the weighted average number of ordinary units outstanding during the year. In calculating basic earnings per unit, units issued under the EIS have been excluded from the weighted average number of units.

ii) Diluted earnings per unit

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units (including those units issued under the EIS) and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

x) Parent entity financial information

The financial information for the parent entity, Mirvac Property Trust, disclosed in note 36 has been prepared on the same basis as the consolidated financial statements, except as set out below:

i) Investments in controlled entities, associates and joint ventures

Investments in controlled entities, associates and joint ventures are accounted for at cost in the financial statements of the Trust. Dividends/distributions received from associates and joint ventures are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

ii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of controlled entities for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The consolidated entity's assessment of the impact of these new standards and interpretations is set out below:

i) AASB 9 *Financial Instruments, AASB 2009-11 Amendments to AAS arising from AASB 9* and AASB 2010-7 *Amendments to AAS arising from AASB 9 (December 2010)* (effective from 1 January 2013). AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The consolidated entity has not yet determined the impact of the change but does not believe the impact will be material. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The consolidated entity has not yet decided when to adopt AASB 9.

ii) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to AAS* (effective from 1 January 2011). In December 2009, the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The consolidated entity will apply the amended standard from 1 July 2011. When the amendments are applied, the consolidated entity will need to disclose any transactions between its controlled entities, associates and joint ventures. However, there will be no impact on any of the amounts recognised in the financial statements.

iii) AASB 1053 *Application of Tiers of AAS* and AASB 2010-2 *Amendments to AAS arising from Reduced Disclosure Requirements* (effective from 1 July 2013). On 30 June 2010, the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Mirvac is listed on the ASX and is not eligible to adopt the new AAS — Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements.

iv) AASB 2010-6 *Amendments to AAS — Disclosures on Transfers of Financial Assets* (effective from 1 July 2011). Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the consolidated entity's disclosures. The consolidated entity intends to apply the amendment from 1 July 2011.

v) AASB 2010-8 *Amendments to AAS — Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012). In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale.

The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The consolidated entity will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

vi) The following pronouncements have been issued by the IASB; however, an equivalent pronouncement has not been issued by the AASB. The consolidated entity is currently assessing the impact of these pronouncements:

- IFRS 10 *Consolidated Financial Statements;*
- IFRS 11 *Joint Arrangements;*
- IFRS 12 *Disclosure of Involvement with Other Entities;*
- IFRS 13 *Fair Value Measurements;*
- IAS 27 *Separate Financial Statements;* and
- IAS 28 *Investments in Associates and Joint Ventures.*

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements and estimates are continually evaluated, based on historical experience and other factors, including expectations of future events that may have a financial impact and are believed to be reasonable under the circumstances.

a) Critical judgements in applying MPT's accounting policies

The following are the critical judgements that management has made in the process of applying the consolidated entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i) Fair value estimation

Where financial assets and liabilities are carried at fair value, the fair value is based on assumptions of future events and involves significant estimates. The basis of valuation is set out in note 1(o); however, the fair values of derivatives reported at the end of the reporting period may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

b) Key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimations and assumptions. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next year:

i) Impairment of goodwill

The consolidated entity annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(q). Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each CGU and a suitable discount rate in order to calculate the net present value ("NPV"). The carrying amount of goodwill at the end of the reporting period was $69.5m (2010: $49.9m). The impairment loss recognised during the year was $7.1m (2010: $nil). Details on the assumptions used are provided in note 17.

2 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES / CONTINUED

ii) Estimated impairment of investments accounted for using the equity method

The investments are tested for impairment, by comparing recoverable amounts (higher of value in use, and fair value less costs to sell) with the carrying amounts, whenever there is indication that the investment may be impaired. In determining the value in use of the investment, the consolidated entity estimates the present value of the estimated future cash flows expected to arise from distributions to be received from the investment and from its ultimate disposal. Details of the assumptions used by management in assessing the impairment are provided in note 26.

iii) Fair value of investments not traded in active markets

The fair value of investments not traded in an active market is determined by the unit price as advised by the fund manager. The unit price is determined by the NPV calculations using future cash flows and an appropriate post-tax discount rate. The carrying value of investments not traded in an active market determined using the above techniques and assumptions is $19.2m (2010: $18.0m) and is disclosed as other financial assets at fair value through profit or loss (refer to note 9).

iv) Valuation of investment properties

The consolidated entity uses judgement in respect of the fair values of investment properties. Investment properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the end of the reporting date are fair valued internally by management. The assumptions used in the estimations of fair values include expected future market rentals, discount rates, market prices and economic conditions. The reported fair values of investment properties reflect the market conditions at the end of the reporting period. While this represents the best estimation of fair value at the reporting date, actual sale prices achieved (should the investment property be sold) may be higher or lower than the most recent valuation. This is particularly relevant in periods of market illiquidity or uncertainty. The carrying value at the end of the reporting period for investment properties is $5,474.0m (2010: $4,212.3m). Details on investment properties are provided in note 15.

v) Valuation of IPUC

IPUC are valued at fair value. There are generally no active markets for IPUC and fair value is considered to be the estimated market price that would be paid for the partially completed property, reflecting the expectations of market participants of the value of the property when complete less deductions for the estimated costs to complete with appropriate adjustments for risk and profit. The fair value is determined on the basis of either DCF or residual methods. Both methods require consideration of the project risks which are relevant to the development process, including but not limited to construction and letting risks. The estimated value of future assets is based on the expected future income from the project, using current yields of similar completed properties. The net gain on fair value of IPUC was $4.9m (2010: net loss of $48.9m). The carrying value of $108.0m at the end of the reporting period is included in investment properties (refer to note 15).

vi) Valuation of assets acquired in business combinations

During the year, the consolidated entity completed the acquisition of WOP (refer to note 34). On recognising this acquisition, management used estimations and assumptions of the fair value of the assets and liabilities assumed at the date of control.

vii) Valuation of derivatives and other financial instruments

The consolidated entity uses judgement in selecting the appropriate valuation technique for financial instruments not quoted in an active market. Valuation of derivative financial instruments involves assumptions based on quoted market rates adjusted for specific features of the instrument. The valuations of any financial instrument may change in the event of market volatility.

3 SEGMENTAL INFORMATION

Segment results include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise financing and other borrowing costs, indirect investments, other income and expenses. The consolidated entity operates predominantly in one geographic segment, Australia.

Segment results are now reported in a manner that is consistent with the internal reporting provided to the CODM. The CODM that makes strategic decisions for the consolidated entity has been identified as the CEOI. The CEOI allocates resources to and assesses the performance of the operating segments of the consolidated entity. Net operating income is considered a key indicator of analysis when evaluating the consolidated entity's ability to pay distributions to stapled unitholders.

a) Descriptions of business segments

Individual business segments have been identified on the basis of grouping individual products or services subject to similar risks and returns.

The main business segments of the consolidated entity are the investment in properties which are leased to third parties for the following uses:

- office — office accommodation;
- retail — retail accommodation;
- industrial — factories and other industrial use accommodation;
- other — hotel and car park facilities accommodation; and
- unallocated — not attributed directly to one of the above segments.

b) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are on an arm's length basis and eliminated on consolidation.

c) Elimination

The elimination segment includes adjustment to eliminate trading between segments and to transfer balances to reflect correct disclosure of items on a consolidated basis.

d) Comparative information

When necessary, comparative information has been reclassified to achieve consistency in disclosure in current year amounts and other disclosures.

e) Operating profit

Operating profit is a financial measure which is not prescribed by AAS and represents the profit under AAS adjusted for specific non-cash items and significant items which management considers to reflect the core earnings of the consolidated entity.

f) Segment liabilities

The amounts provided to the CEOI with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. The consolidated entity's borrowings and derivative financial instruments are not considered to be segment liabilities but rather are managed by the Group treasury function.

3 SEGMENTAL INFORMATION / CONTINUED

g) Geographical analysis
The consolidated entity operates predominantly in Australia.

h) Customer analysis
In total, 68 per cent of the consolidated entity's revenue is derived from Australian Government, ASX listed and multinational tenants. In the current period, Westpac — St George provides 14.1 per cent of the consolidated entity's revenue (2010: Australian Government provided 10.8 per cent of the consolidated entity's revenue).

2011	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	**Total $m**
Revenue						
Investment properties rental revenue [1]	275.1	191.3	36.3	11.5	–	**514.2**
Investment properties expenses	(58.5)	(68.2)	(5.8)	(2.7)	–	**(135.2)**
Net property income	216.6	123.1	30.5	8.8	–	**379.0**
Interest revenue	–	–	–	–	79.5	**79.5**
Distribution revenue	–	–	–	–	0.6	**0.6**
Other revenue	–	–	–	–	2.7	**2.7**
Share of net profit of associates accounted for using the equity method	–	–	–	–	25.4	**25.4**
Finance costs	–	–	–	–	(86.4)	**(86.4)**
Other expenses	–	–	–	–	(11.9)	**(11.9)**
Profit before income tax	216.6	123.1	30.5	8.8	9.9	**388.9**
Income tax expense	–	–	–	–	(0.6)	**(0.6)**
Operating profit (profit before specific non-cash and significant items)	216.6	123.1	30.5	8.8	9.3	**388.3**
Specific non-cash items						
Net gain on fair value of investment properties	83.6	19.7	–	5.8	–	**109.1**
Net (loss)/gain on fair value of IPUC	(1.6)	6.0	0.5	–	–	**4.9**
Net gain on fair value of derivative financial instruments and associated foreign exchange movements	–	–	–	–	6.9	**6.9**
Straight-lining of lease revenue	15.3	–	1.0	–	–	**16.3**
Amortisation of lease fitout incentives	(8.6)	(1.7)	(0.3)	–	–	**(10.6)**
Net gain on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates	–	–	–	–	8.4	**8.4**
Significant items						
Impairment of goodwill	–	(7.1)	–	–	–	**(7.1)**
Net gain/(loss) from sale of non-aligned assets	0.6	(0.9)	(0.9)	–	–	**(1.2)**
Business combination transaction costs	–	–	–	–	(16.8)	**(16.8)**
Profit attributable to the stapled unitholders of MPT	305.9	139.1	30.8	14.6	7.8	**498.2**

2010	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Total $m
Revenue						
Investment properties rental revenue [1]	159.1	181.7	33.0	11.2	–	385.0
Investment properties expenses	(40.4)	(63.5)	(6.4)	(2.8)	–	(113.1)
Net property income	118.7	118.2	26.6	8.4	–	271.9
Interest revenue	–	–	–	–	75.8	75.8
Distribution revenue	–	–	–	–	1.8	1.8
Other revenue	–	–	–	–	2.2	2.2
Share of net profit of associates and joint ventures accounted for using the equity method	–	–	–	–	22.0	22.0
Finance costs	–	–	–	–	(39.3)	(39.3)
Other expenses	–	–	–	–	(8.7)	(8.7)
Profit before income tax	118.7	118.2	26.6	8.4	53.8	325.7
Income tax expense	–	–	–	–	(0.6)	(0.6)
Profit attributable to NCI	–	–	–	–	(1.4)	(1.4)
Operating profit (profit before specific non-cash and significant items)	118.7	118.2	26.6	8.4	51.8	323.7

1) Investment properties rental revenue reconciles to that in the consolidated statement of comprehensive income after adjusting for straight-lining of lease revenue.

3 SEGMENTAL INFORMATION / CONTINUED

2010	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Total $m
Specific non-cash items						
Net gain/(loss) on fair value of investment properties	36.6	9.9	(21.2)	(12.0)	–	13.3
Net loss on fair value of IPUC	(36.2)	(3.8)	(8.9)	–	–	(48.9)
Net loss on fair value of derivative financial instruments and associated foreign exchange movements	–	–	–	–	(11.5)	(11.5)
Straight-lining of lease revenue	2.4	–	0.1	–	–	2.5
Amortisation of lease fitout incentives	(8.3)	(1.8)	(0.3)	–	–	(10.4)
Net loss on fair value of investment properties, derivatives and other specific non-cash items included in share of net profit of associates and net loss of joint ventures	–	–	–	–	(20.4)	(20.4)
Significant items						
Net gain on sale of non-aligned assets	–	–	–	–	0.5	0.5
Discount on business combination	–	–	–	–	119.8	119.8
Net gain on remeasurement of equity interest	–	–	–	–	25.3	25.3
Business combination transaction costs	–	–	–	–	(19.4)	(19.4)
Profit/(loss) attributable to the stapled unitholders of MPT	113.2	122.5	(3.7)	(3.6)	146.1	374.5

	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	**Total $m**
30 June 2011						
Total assets	3,285.1	1,709.9	387.4	95.0	1,528.3	**7,005.8**
Total liabilities	23.2	13.3	22.2	–	1,466.8	**1,525.5**
Investments in associates	–	–	–	–	249.0	**249.0**
Acquisitions of investment properties including capital expenditures	1,206.1	16.4	64.1	0.9	–	**1,287.5**
Amortisation expenses	11.3	3.7	0.6	–	–	**15.6**
30 June 2010						
Total assets	2,026.6	1,768.3	382.9	88.3	1,366.2	5,632.2
Total liabilities	–	–	–	–	592.4	592.4
Investments in associates	–	–	–	–	207.0	207.0
Acquisitions of investment properties including capital expenditures	239.9	27.0	20.4	0.1	–	287.4
Amortisation expenses	10.4	3.3	0.6	–	–	14.3

4 REVENUE FROM CONTINUING OPERATIONS AND OTHER INCOME

	2011 $m	2010 $m
Interest revenue		
Cash and cash equivalents	**27.7**	19.9
Loans to entities related to Responsible Entity and controlled entities	**51.8**	55.9
Total interest revenue	**79.5**	75.8
Gain/(loss) on financial instruments		
Net gain on interest rate derivatives	**3.2**	0.9
Loss on fair value of interest rate derivatives	**–**	(9.0)
Gain/(loss) on fair value of other financial instruments	**0.1**	(2.8)
Gain/(loss) on financial instruments	**3.3**	(10.9)

5 EXPENSES

Profit before income tax includes the following specific expenses:	Note	**2011 $m**	2010 $m
Finance costs			
Interest and finance charges paid/payable		**84.6**	37.8
Borrowing costs amortised		**1.8**	1.5
Total finance costs		**86.4**	39.3
Amortisation expenses			
Lease fitout incentives		**10.6**	10.4
Lease incentives		**5.0**	3.9
Total amortisation expenses		**15.6**	14.3
Other charges against assets			
Impairment of trade receivables	8(c)	**–**	0.2
Revaluation of assets at fair value through profit or loss	9	**0.1**	(2.8)
Impairment of goodwill		**7.1**	–

6 INCOME TAX

	2011 $m	2010 $m
Income tax expense		
Tax expense	**0.6**	0.6
Income tax expense	**0.6**	0.6
Income tax expense is attributable to:		
Foreign tax on US sourced income	**0.6**	0.6
	0.6	0.6

7 EARNINGS PER UNIT

	2011 Cents	2010 Cents
Earnings per unit		
Basic earnings per unit	**14.69**	12.67
Diluted earnings per unit[1]	**14.64**	12.61
	$m	$m
Basic and diluted earnings per unit		
Profit attributable to the stapled unitholders of MPT used in calculating earnings per unit	**498.2**	374.5
Weighted average number of units after rights issue notional adjustment used as denominator[1]	**Number m**	Number m
Weighted average number of units used in calculating basic earnings per unit	**3,391.0**	2,954.7
Adjustment for calculation of diluted earnings per unit		
Units issued under EIS	**11.2**	15.7
Weighted average number of units used in calculating diluted earnings per unit	**3,402.2**	2,970.4

1) Diluted units do not include the options and rights issued under the current LTI plan as the exercise of these equity instruments is contingent on conditions during the vesting period.

8 RECEIVABLES

	Gross $m	Provision for impairment $m	Net $m
30 June 2011			
Current receivables			
Trade receivables	**0.3**	**(0.1)**	**0.2**
Loans to entities related to Responsible Entity	**600.0**	**–**	**600.0**
Other receivables	**26.6**	**–**	**26.6**
	626.9	**(0.1)**	**626.8**
Non-current receivables			
Other receivables	**10.7**	**–**	**10.7**
30 June 2010			
Current receivables			
Trade receivables	0.5	(0.1)	0.4
Loans to entities related to Responsible Entity	700.0	–	700.0
Other receivables	16.7	–	16.7
	717.2	(0.1)	717.1
Non-current receivables			
Other receivables	13.0	–	13.0

a) Trade receivables
The average credit period on trade receivables is 30 days. No interest is charged on any outstanding trade receivables. Refer to note 8(d) for details regarding the credit risk of receivables.

b) Other receivables
These amounts generally arise from transactions outside of the classification of trade receivables such as GST receivables and other sundry debtors.

c) Provision for impairment of trade receivables
Movements in the provision for impairment of trade receivables are detailed below:

	2011 $m	2010 $m
Balance 1 July	**(0.1)**	(0.3)
Provision for impairment recognised	**–**	0.2
Balance 30 June	**(0.1)**	(0.1)

The consolidated entity has not written off any impairment of trade receivables during the current year (2010: $nil). There was no loss applied against the provision for impairment of receivables. The creation and release of the provision for impaired receivables have been included in other expenses in profit or loss where these relate to the impairment of trade receivables.

8 RECEIVABLES / CONTINUED

d) Credit risk

Receivables consist of a large number of customers. The consolidated entity does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, a provision for impairment of receivables is raised. The consolidated entity holds collateral in certain circumstances which takes the form of bank guarantees or security deposits. There is no concentration of credit risk with respect to receivables as the consolidated entity has a large number of customers, geographically dispersed.

The ageing of receivables is detailed below:

	2011		2010	
	Total receivables $m	**Provision for impairment $m**	Total receivables $m	Provision for impairment $m
Not past due	**637.4**	**–**	730.0	–
Renegotiated	**–**	**–**	–	–
Past due 1-30 day(s)	**0.1**	**–**	0.2	(0.1)
Past due 31-60 days	**–**	**–**	–	–
Past due 61-90 days	**–**	**–**	–	–
Past due 91-120 days	**0.1**	**(0.1)**	–	–
Past 120 days	**–**	**–**	–	–
Total	**637.6**	**(0.1)**	730.2	(0.1)

Under certain circumstances, the consolidated entity has not provided for all balances past due as it has been determined that there has not been a significant change in credit quality at the end of the reporting period based upon the customer's payment history and analysis of the customer's financial accounts. The consolidated entity holds collateral over receivables of $56.0m (2010: $41.0m). The fair value of the collateral held equals the fair value of the receivables for which the collateral is held. The terms of the collateral are if payment due is not received per the agreed terms, the consolidated entity is able to claim the collateral held.

e) Interest rate risk exposures

Refer to note 31 for the consolidated entity's exposure to interest rate risk.

9 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	**2011 $m**	2010 $m
Units in unlisted funds			
Balance 1 July		**18.0**	20.6
Distribution reinvested		**–**	0.2
Equity invested		**1.1**	–
Gain/(loss) on revaluation		**0.1**	(2.8)
Balance 30 June	26(c)	**19.2**	18.0

Changes in fair values of other financial assets at fair value through profit or loss are recorded as gain/(loss) on financial instruments in profit or loss.

a) Unlisted units

Unlisted units are traded in inactive markets. The fair value of investments that are not traded in an active market is determined by the unit price as advised by the trustee of the fund. Unlisted units held by the Trust are units in Australian Sustainable Forestry Investors ("ASFI") owned by James Fielding Infrastructure Sustainable Equity Fund of 6.1m units (25.2%) and units in James Fielding Infrastructure Yield Fund ("JFIYF") owned by James Fielding Trust of 12.9m units (21.8%).

The fair value of the units in ASFI is determined using an external valuer to value the units in the fund. The unit price is determined using forecast future cash flow distributions to unitholders, discounted to NPV using an appropriate post-tax discount rate. The discount rate used to determine the present value of forecast cash flows was determined by the external valuer based on a market interest rate and a risk premium specific to the assets of the fund. The fair value is determined using valuation techniques that are not supported by prices from an observable market; so the fair value recognised in the financial statements could change significantly if the underlying assumptions made in estimating the fair values were significantly changed.

The fair value of the units in JFIYF is determined based on the value of the underlying assets held by the fund. The assets of the fund are subject to regular external valuations. These valuations are based on discounted net cash inflows from expected future income and/or comparable sales of similar assets. Appropriate discount rates determined by the external valuer are used to determine the present value of the net cash inflows based on a market interest rate adjusted for the risk premium specific to each asset. The fair value is determined using valuation techniques that are not supported by prices from an observable market; so the fair value recognised in the financial statements could change significantly if the underlying assumptions made in estimating the fair values were significantly changed.

b) Price risk exposures

Refer to note 31 for the consolidated entity's exposure to price risk on other financial assets at fair value through profit or loss.

10 ASSETS CLASSIFIED AS HELD FOR SALE

	2011 $m	2010 $m
Investment properties	**3.4**	53.7

As part of the consolidated entity's strategy, investment properties that no longer sit within the investment criteria are classified as held for sale.

11 OTHER ASSETS

	2011 $m	2010 $m
Prepayments	**13.7**	8.9

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	**2011 $m**	2010 $m
Statement of financial position			
Investments accounted for using the equity method			
Investments in associates	26	**249.0**	207.0
Statement of comprehensive income			
Share of net profit/(loss) of associates and joint ventures accounted for using equity method			
Investments in associates	26	**33.8**	5.4
Investments in joint ventures		**–**	(3.9)
		33.8	1.5

13 DERIVATIVE FINANCIAL ASSETS

	2011 $m	2010 $m
Current		
Interest rate swap contracts — fair value	**–**	2.0
Non-current		
Interest rate swap contracts — fair value	**3.3**	4.4

a) Instruments used by the consolidated entity
Refer to note 31 for information on instruments used by the consolidated entity.

b) Risk exposures
Refer to note 31 for the consolidated entity's exposure to interest rate, credit and foreign exchange risk on interest rate swaps.

14 OTHER FINANCIAL ASSETS

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(c):

14 OTHER FINANCIAL ASSETS / CONTINUED

Interests in controlled entities of MPT

Name of entity	Country of establishment/ incorporation	Class of units/shares	Equity holding **2011**[1] **%**	Equity holding 2010[1] %
10-20 Bond Street Trust	Australia	Units	**100**	100
1900-2000 Pratt Inc.	USA	Ordinary	**100**	100
197 Salmon Street Trust	Australia	Units	**100**	100
380 St Kilda Road Trust	Australia	Units	**100**	100
Bedford Park Office Trust[2]	Australia	Units	**100**	–
Cannon Hill Office Trust[2]	Australia	Units	**100**	–
Davey Financial Management Birkdale Fair Trust	Australia	Units	**100**	100
Davey Financial Management Pender Place Shopping Centre Trust	Australia	Units	**100**	100
James Fielding Infrastructure Sustainable Equity Fund	Australia	Units	**100**	100
James Fielding Retail Property Sub Trust	Australia	Units	**100**	100
James Fielding Trust	Australia	Units	**100**	100
JF Property Trust	Australia	Units	**100**	100
JFIF New South Wales Trust	Australia	Units	**100**	100
JFIF Victorian Trust	Australia	Units	**100**	100
JFM Hotel Trust	Australia	Units	**100**	100
Lanyon Market Place Trust	Australia	Units	**100**	100
Meridian Investment Trust No. 1	Australia	Units	**100**	100
Meridian Investment Trust No. 2	Australia	Units	**100**	100
Meridian Investment Trust No. 3	Australia	Units	**100**	100
Meridian Investment Trust No. 4	Australia	Units	**100**	100
Meridian Investment Trust No. 5	Australia	Units	**100**	100
Meridian Investment Trust No. 6	Australia	Units	**100**	100
Mirvac 8 Chifley Trust	Australia	Units	**100**	100
Mirvac Broadway Sub-Trust	Australia	Units	**100**	100
Mirvac Commercial No.1 Sub-Trust	Australia	Units	**100**	100
Mirvac Commercial Trust	Australia	Units	**100**	100
Mirvac Funds Finance Pty Limited	Australia	Ordinary	**100**	100
Mirvac Funds Loan Note Pty Limited	Australia	Ordinary	**100**	100
Mirvac Glasshouse Sub-Trust	Australia	Units	**100**	100
Mirvac Group Funding No.2 Limited[3]	Australia	Ordinary	**100**	–
Mirvac Group Funding No.3 Pty Limited[3]	Australia	Ordinary	**100**	–
Mirvac Industrial Fund	Australia	Units	**100**	100
Mirvac Lake Haven Sub-Trust	Australia	Units	**100**	100
Mirvac Office Trust[2]	Australia	Units	**100**	–
Mirvac Property Trust No. 2	Australia	Units	**100**	100
Mirvac Real Estate Investment Trust ("MREIT")	Australia	Units	**100**	100
Mirvac Retail Fund	Australia	Units	**100**	100
Mirvac Retail Head Trust	Australia	Units	**100**	100
Mirvac Rhodes Sub-Trust	Australia	Units	**100**	100
Mt Sheridan Plaza Trust	Australia	Units	**100**	100
North Ryde Office Trust[2]	Australia	Units	**100**	–
Old Wallgrove Road Trust	Australia	Units	**100**	100
Peninsular Homemaker Centre Trust	Australia	Units	**100**	100
Pennant Hills Office Trust[2]	Australia	Units	**100**	–
Property Performance Fund No. 3	Australia	Units	**100**	100
Property Performance Fund No. 4	Australia	Units	**100**	100
Property Performance Fund No. 5	Australia	Units	**100**	100
Springfield Regional Shopping Centre Trust	Australia	Units	**100**	100
The George Street Trust	Australia	Units	**100**	100
The Mulgrave Trust	Australia	Units	**100**	100
Uni No.1 Office Trust[2]	Australia	Units	**100**	–
WOT CMBS Pty Ltd[2]	Australia	Ordinary	**100**	–
WOT Holding Trust[2]	Australia	Units	**100**	–
WOT Loan Note Pty Ltd[2]	Australia	Ordinary	**100**	–
WOW Office Trust[2]	Australia	Units	**100**	–

1) The proportion of ownership is equal to the proportion of voting power held.

2) These entities became controlled entities during the financial year as a result of the WOP acquisition and therefore are consolidated as controlled entities from the effective date of control.

3) These entities were registered during this financial year.

15 INVESTMENT PROPERTIES

	Date of acquisition	Book value 30 June 2011 $m	Book value 30 June 2010 $m	Capitalisation rate 30 June 2011 %	Capitalisation rate 30 June 2010 %	Discount rate 30 June 2011 %	Discount rate 30 June 2010 %	Date of last external valuation	Last external valuation $m
1 Castlereagh Street, Sydney NSW	Dec 1998	**72.8**	68.0	**7.50**	7.65	**9.50**	9.50	Jun 2010	68.0
1 Darling Island, Pyrmont NSW	Apr 2004	**175.0**	163.0	**7.00**	7.25	**9.25**	9.25	Dec 2010	175.0
1 Hugh Cairns Avenue, Bedford Park SA [1,2]	Aug 2010	**17.8**	–	**9.50**	–	**10.00**	–	Jun 2011	17.8
1 Woolworths Way NSO, Bella Vista NSW [1,2]	Aug 2010	**250.0**	–	**7.75**	–	**9.25**	–	Jun 2011	250.0
10 Julius Avenue, North Ryde NSW [2]	Dec 2009	**53.1**	53.8	**8.50**	8.25	**9.25**	9.75	Jun 2011	53.1
101-103 Miller Street & Greenwood Plaza, North Sydney NSW (50% interest)	Jun 1994	**242.0**	242.2	**6.75-7.00**	6.75-7.00	**9.00-9.25**	9.00-9.50	Dec 2010	238.5
10-20 Bond Street, Sydney NSW (50% interest) [2]	Dec 2009	**125.0**	92.3	**7.50**	7.50	**9.50**	9.25	Dec 2009	85.0
12 Cribb Street, Milton QLD [2,3]	Dec 2009	**–**	13.3	**–**	9.00	**–**	10.25	Dec 2009	13.3
12 Julius Avenue, North Ryde NSW [2]	Dec 2009	**23.4**	24.2	**8.50**	8.50	**9.25**	9.75	Jun 2011	23.4
1-47 Percival Road, Smithfield NSW	Nov 2002	**28.1**	27.5	**8.25**	8.25	**9.75**	9.75	Mar 2010	27.5
189 Grey Street, Southbank QLD	Apr 2004	**72.5**	65.0	**7.75**	7.75	**9.25**	9.25	Jun 2010	65.0
19 Corporate Drive, Cannon Hill QLD [1,2]	Aug 2010	**24.0**	–	**8.75**	–	**9.75**	–	Jun 2011	24.0
190 George Street, Sydney NSW	Aug 2003	**35.5**	36.7	**8.75**	8.50	**9.50**	9.25	Dec 2009	36.7
1900-2060 Pratt Boulevard, Chicago Illinois USA	Dec 2007	**28.9**	30.8	**8.00**	8.00	**9.75**	10.50	Dec 2009	33.6
191-197 Salmon Street, Port Melbourne VIC	Jul 2003	**102.3**	100.0	**7.75**	8.00	**9.25**	9.50	Jun 2010	100.0
200 George Street, Sydney NSW	Oct 2001	**26.2**	24.8	**8.25**	8.25	**9.50**	9.25	Dec 2009	24.8
271 Lane Cove Road, North Ryde NSW	Apr 2000	**32.5**	33.0	**8.00**	8.00	**9.50**	9.50	Jun 2010	33.0
275 Kent Street, Sydney NSW [1,2]	Aug 2010	**750.0**	–	**6.75**	–	**8.75**	–	Dec 2010	745.0
3 Rider Boulevard, Rhodes NSW [2]	Dec 2009	**76.4**	73.0	**8.00**	8.00	**9.25**	9.25	Jun 2011	76.4
32 Sargents Road, Minchinbury NSW [2]	Dec 2009	**23.5**	24.1	**8.75**	8.75	**9.50**	9.25	Jun 2011	23.5
33 Corporate Drive, Cannon Hill QLD [1,2]	Aug 2010	**16.5**	–	**9.00**	–	**9.75**	–	Jun 2011	16.5
340 Adelaide Street, Brisbane QLD [2]	Dec 2009	**57.0**	67.0	**9.00**	9.00	**10.00**	9.50	Dec 2010	56.0
38 Sydney Avenue, Forrest ACT	Jun 1996	**35.1**	37.5	**8.50**	8.75	**9.50**	9.25	Dec 2010	35.0
40 Miller Street, North Sydney NSW	Mar 1998	**98.0**	93.5	**7.25**	7.50	**9.25**	9.25	Jun 2010	93.5
47-67 Westgate Drive, Altona North VIC [2]	Dec 2009	**19.1**	19.2	**9.75**	9.50	**10.00**	10.00	Dec 2009	19.0
52 Huntingwood Drive, Huntingwood NSW [2]	Dec 2009	**22.0**	23.0	**8.50**	9.00	**9.75**	9.50	Jun 2011	22.0
54 Marcus Clarke Street, Canberra ACT	Oct 1987	**16.1**	16.0	**9.50**	9.50	**9.75**	9.75	Dec 2010	15.8
54-60 Talavera Road, North Ryde NSW [1,2]	Aug 2010	**45.5**	–	**7.50**	–	**9.50**	–	Dec 2010	45.0
55 Coonara Avenue, West Pennant Hills NSW [1,2]	Aug 2010	**102.6**	–	**8.50**	–	**9.50**	–	Dec 2010	99.0
60 Marcus Clarke Street, Canberra ACT	Sep 1989	**49.0**	51.5	**8.75**	8.50	**9.50**	9.00	Jun 2011	49.0
64 Biloela Street, Villawood NSW	Feb 2004	**19.1**	21.5	**10.50**	9.50	**10.75**	10.50	Jun 2011	19.1
Aviation House, 16 Furzer Street, Phillip ACT	Jul 2007	**69.8**	67.0	**7.50**	7.75	**9.25**	9.50	Jun 2010	67.0
Ballina Central, Ballina NSW	Dec 2004	**28.0**	32.0	**8.75**	8.25	**9.50**	9.75	Jun 2011	28.0
Bay Centre, Pirrama Road, Pyrmont NSW	Jun 2001	**111.0**	97.0	**7.50**	7.50	**9.25**	9.25	Jun 2010	97.0
Blacktown Megacentre, Blacktown NSW [3]	Jun 2002	**–**	26.0	**–**	9.25	**–**	10.00	Dec 2008	40.0
Broadway Shopping Centre, Broadway NSW (50% interest)	Jan 2007	**227.5**	221.5	**6.25**	6.25	**9.00**	9.00	Jun 2010	221.5
Cherrybrook Village Shopping Centre, Cherrybrook NSW [2]	Dec 2009	**78.5**	73.8	**7.50**	7.50	**9.50**	9.50	Jun 2011	78.5
City Centre Plaza, Rockhampton QLD [2]	Dec 2009	**48.0**	44.0	**8.00**	8.25	**9.75**	9.75	Jun 2011	48.0
Como Centre, Cnr Toorak Road & Chapel Street, South Yarra VIC	Aug 1998	**150.0**	141.5	**8.00-8.75**	8.25-9.00	**9.30-10.00**	9.25-11.25	Jun 2011	150.0
Cooleman Court, Weston ACT [2]	Dec 2009	**43.0**	44.0	**7.75**	7.75	**9.50**	9.50	Jun 2010	44.0
Gippsland Centre, Sale VIC	Jan 1994	**50.3**	49.8	**8.25**	8.25	**9.50**	9.50	Jun 2010	49.8
Hinkler Central, Bundaberg QLD	Aug 2003	**89.5**	88.0	**7.75**	7.75	**9.50**	9.50	Mar 2011	89.5
John Oxley Centre, 339 Coronation Drive, Milton QLD	May 2002	**52.5**	59.0	**9.00**	9.00	**10.00**	9.25	Mar 2011	52.5
Kawana Shoppingworld, Buddina QLD	Dec 1993 (50%) Jun 1998 (50%)	**203.7**	200.6	**6.75**	6.75	**9.25**	9.25	Jun 2010	200.6
Lake Haven Megacentre, Lake Haven NSW [3]	Jan 2007	**–**	26.5	**–**	9.75	**–**	10.25	Dec 2008	30.0
Logan Megacentre, Logan QLD	Oct 2005	**60.5**	63.0	**9.25**	9.25	**10.25**	10.25	Dec 2010	61.5
Metcentre & 60 Margaret Street, Sydney NSW (50% interest)	Aug 1998	**217.6**	212.0	**6.50-7.00**	6.75-7.00	**9.00-9.25**	9.00-9.50	Dec 2010	217.5
Moonee Ponds Central (Stage II), Moonee Ponds VIC	Feb 2008	**40.0**	39.0	**8.50**	8.50	**9.75**	9.75	Jun 2010	39.0
Moonee Ponds Central, Moonee Ponds VIC	May 2003	**24.0**	22.8	**7.75**	7.75	**9.50**	9.50	Jun 2010	22.8
Morayfield Supacentre, Morayfield QLD [2,3]	Dec 2009	**–**	37.5	**–**	9.75	**–**	10.50	Dec 2009	38.5
Nexus Industry Park (Building 1), Lyn Parade, Prestons NSW	Aug 2004	**17.9**	17.1	**8.25**	8.25	**9.50**	9.75	Jun 2011	17.9
Nexus Industry Park (Building 2), Lyn Parade, Prestons NSW	Aug 2004	**12.3**	12.0	**8.50**	8.75	**9.75**	9.50	Mar 2011	12.3
Nexus Industry Park (Building 3), Lyn Parade, Prestons NSW	Aug 2004	**23.5**	21.5	**8.25**	8.75	**9.50**	9.50	Jun 2011	23.5
Nexus Industry Park (Building 5), Lyn Parade, Prestons NSW	Aug 2004	**14.8**	14.8	**8.50**	8.75	**9.75**	9.50	Dec 2010	14.8
Orange City Centre, Orange NSW	Apr 1993	**49.5**	49.0	**8.25**	8.25	**9.25**	9.25	Jun 2010	49.0
Orion Springfield Town Centre, Springfield QLD	Aug 2002	**130.0**	143.0	**6.75**	6.75	**9.25**	9.00	Dec 2010	136.0
Peninsula Lifestyle, Mornington VIC	Dec 2003	**44.0**	46.0	**9.75**	9.25	**10.25**	10.00	Dec 2010	45.0
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	Nov 1989	**29.2**	28.5	**8.50**	8.50	**10.00**	10.25	Jun 2011	29.2
Rhodes Shopping Centre, Rhodes NSW (50% interest)	Jan 2007	**110.0**	99.0	**7.00**	7.00	**9.25**	9.25	Jun 2011	110.0
Riverside Quay, Southbank VIC	Apr 2002 & Jul 2003	**170.0**	151.2	**7.75-8.25**	8.00-8.25	**9.25-10.25**	9.50-10.25	Jun 2010	151.2
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC	Oct 1995 (50%) Apr 2001 (50%)	**107.0**	104.0	**8.00**	8.25	**9.25**	9.25	Jun 2011	107.0

15 INVESTMENT PROPERTIES / CONTINUED

	Date of acquisition	Book value **30 June 2011 $m**	30 June 2010 $m	Capitalisation rate **30 June 2011 %**	30 June 2010 %	Discount rate **30 June 2011 %**	30 June 2010 %	Date of last external valuation	Last external valuation $m
Sirius Building, 23 Furzer Street, Phillip ACT	Feb 2010	**234.9**	225.0	**7.25**	7.25	**9.25**	9.25	Jun 2010	225.0
St Marys Village Centre, St Marys NSW	Jan 2003	**43.0**	42.3	**7.75**	7.75	**9.50**	9.25	Dec 2010	43.0
Stanhope Village, Stanhope Gardens NSW	Nov 2003	**66.0**	59.0	**7.75**	7.75	**9.25**	9.25	Jun 2010	59.0
Taree City Centre, Taree NSW [2]	Dec 2009	**53.0**	55.5	**8.13**	8.00	**9.50**	9.50	Jun 2011	53.0
Waverley Gardens Shopping Centre, Mulgrave VIC	Nov 2002	**128.0**	127.0	**7.75**	7.75	**9.25**	9.25	Jun 2010	127.0
Total investment properties		**5,366.0**	4,140.8						
IPUC									
4 Dalley Street & Laneway, Sydney NSW	Mar 2004	**2.3**	–	**6.75**	6.75	**9.25**	9.25	Dec 2009	–
8 Chifley Square, Sydney NSW [2,4]	Oct 2009	**49.0**	30.0	**6.50**	8.25	**9.25**	10.00	Dec 2010	36.5
Network, Old Wallgrove Road, Eastern Creek NSW [3]	Dec 2002	**–**	6.0	**–**	–	**–**	–	–	–
Nexus Industry Park (Building 4), Lyn Parade, Prestons NSW	Aug 2004	**23.7**	8.5	**7.88**	8.25	**9.50**	9.75	Dec 2010	9.0
Orion Springfield land, Springfield QLD	Aug 2002	**33.0**	27.0	**6.50-9.25**	6.25-9.00	**9.25-10.75**	9.00	Dec 2010	33.0
Total IPUC		**108.0**	71.5						
Total investment properties and IPUC		**5,474.0**	4,212.3						

1) Investment properties acquired through business combination during the year.
2) Date of acquisition represents business combination acquisition date.
3) Investment properties disposed of during the year.
4) The property was reclassified from investment properties to IPUC at 31 December 2010.

a) Reconciliation of carrying amounts of investment properties

At fair value	**2011 $m**	2010 $m
Balance 1 July	**4,212.3**	3,279.5
Additions	**134.8**	287.4
Additions resulting from business combination	**1,152.7**	822.2
Net gain/(loss) on fair value	**114.0**	(35.6)
Net loss from foreign currency translation	**(6.6)**	(2.0)
Assets classified as held for sale or disposals	**(111.4)**	(199.6)
Transfers from property, plant and equipment	**–**	79.5
Amortisation of fitout incentives, leasing costs and rent incentive	**(21.8)**	(19.1)
Balance 30 June	**5,474.0**	4,212.3

b) Amounts recognised in profit or loss for investment properties

	2011 $m	2010 $m
Investment properties rental revenue	**530.5**	387.5
Investment properties expenses	**(130.2)**	(109.2)
	400.3	278.3

c) Valuation basis

i) Investment properties

Investment properties are carried at fair value. Valuation methods used to determine the fair value include market sales comparison, DCF and capitalisation rate ("cap rate"). The fair value for a property may be determined by using a combination of these and other valuation methods.

Market sales comparison: The sales comparison approach utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile, to indicate the fair value of a property. Where there is a lack of recent sales activity, adjustments are made from previous comparable sales to reflect changes in economic conditions.

DCF: DCF projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, CPI rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at a terminal value. The terminal value is determined by using an appropriate terminal cap rate. The consolidated entity's terminal cap rates are in the range of an additional nil to 75 basis points above the respective property's cap rate.

Cap rate: An assessment is made of fully leased net income based on contracted rents, market rents, operating costs and future income on vacant space. The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate cap rate. The cap rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current sales evidence. Various adjustments including incentives, capital expenditure, and reversions to market rent are made to arrive at the property value.

ii) IPUC

There are generally no active markets for IPUC; therefore, a lack of comparable transactions for IPUC usually requires the use of estimation models. The two main estimation models used to value IPUC are residual and DCF valuations. The residual method of determining the value of a property uses the estimated total cost of the development, including construction and associated expenditures, finance costs, and an allowance for developer's risk and profit is deducted from the end value of the completed project. The resultant figure is then adjusted back to the date of valuation to give the residual value.

15 INVESTMENT PROPERTIES / CONTINUED

d) Property portfolio
The consolidated entity's property portfolio is made up as follows:

	2011 $m	2010 $m
Investment properties per statement of financial position	**5,474.0**	4,212.3
Properties classified as assets held for sale	**3.4**	53.7
	5.477.4	4,266.0

e) Investment properties acquired through business combination
Investment properties acquired through business combination during the year was $1,152.7m (2010: $822.2m) and were recorded at their fair value on the date of control. The date of acquisition and original cost information included in the detailed table are the original date of acquisition and the original cost of, and addition to, these properties as recorded in the accounting records of the acquiree as this information is more relevant to users of the financial statements.

16 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts of property, plant and equipment

	2011 $m	2010 $m
Year ended 30 June		
Opening net book amount	**–**	79.5
Transfers to investment properties	**–**	(79.5)
Closing net book amount	**–**	–

Property, plant and equipment comprised of IPUC for the year ended 30 June 2010; refer to note 1(p).

17 INTANGIBLE ASSETS

Goodwill	2011 $m	2010 $m
Balance 1 July	**49.9**	49.9
Acquisition of controlled entities [1]	**26.7**	–
Impairment	**(7.1)**	–
Balance 30 June	**69.5**	49.9

1) Acquisition of WOP $25.5m (refer to note 34(a)(i)) and acquisition of remaining interest in North Ryde Office Trust ("NROT") $1.2m (refer to note 34(a)(vii)).

a) Allocation of goodwill by business segments
A segment level summary of the goodwill allocations is presented below:

	Office $m	Retail $m	Industrial $m	Other $m	Unallocated $m	Total $m
2011						
Goodwill	44.5	–	7.6	–	17.4	69.5
Balance 30 June	**44.5**	**–**	**7.6**	**–**	**17.4**	**69.5**
2010						
Goodwill	20.6	7.1	4.8	–	17.4	49.9
Balance 30 June	20.6	7.1	4.8	–	17.4	49.9

b) Key assumptions used for value in use calculations
Goodwill is allocated to the consolidated entity's CGUs identified according to business segments.

The recoverable amount of CGUs is determined using the higher of fair value less cost to sell, and its value in use. The value in use calculation is based on financial forecasts approved by management. For each business segment CGU, no forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing investment properties and other investments. The discount rates used are post-tax and reflect specific risks relating to the relevant segments.

	Growth rate [1]		Discount rate	
CGU	**2011 % pa**	2010 % pa	**2011 % pa**	2010 % pa
Office	**–**	–	**10**	10
Retail	**–**	–	**10**	10
Industrial	**–**	–	**10**	10
Other	**–**	–	**10**	10

1) The value in use calculation is based on financial budgets and forecasts approved by management. No forecast growth rate is assumed as the value in use calculations are based on forecast cash flows from existing investment properties.

17 INTANGIBLE ASSETS / CONTINUED

The recoverable amount of goodwill exceeds the carrying value at 30 June 2011. Management considers that for the carrying value to exceed the recoverable amount, there would have to be unreasonable changes to key assumptions. Management considers the chances of these changes occurring as unlikely.

c) Impairment of goodwill

The impairment loss recognised during the period is in relation to the retail segment. The carrying vaue of the retail segment goodwill decreased since 30 June 2010 due to the reduction of forecast income resulting from the sales of high yielding non-aligned retail investment properties which resulted in an impairment expense of $7.1m (2010: $nil). In determining the carrying value of the retail segment, a post-tax discount rate of 10 per cent per annum was applied to the future estimated cash flows.

18 PAYABLES

	2011 $m	2010 $m
Trade payables	**12.9**	14.2
Other creditors and accruals	**34.3**	24.7
Rent in advance	**19.1**	10.7
Security deposits received	**1.2**	1.3
Amounts due to entities related to Responsible Entity	**84.0**	65.8
	151.5	116.7

Further information in relation to amounts due to related entities is set out in note 30.

19 BORROWINGS

	Note	**2011 $m**	2010 $m
Current			
Unsecured			
Bank loans	19(a)(i)	**–**	17.7
Domestic medium term notes ("MTN")	19(a)(ii)	**–**	200.0
Secured			
Commercial mortgage backed securities ("CMBS")	19(a)(iii)	**505.0**	–
		505.0	217.7
Non-current			
Unsecured			
Bank loans	19(a)(i)	**583.9**	26.5
Domestic MTN	19(a)(ii)	**200.0**	150.0
		783.9	176.5

a) Borrowings

i) Unsecured bank loans

Mirvac has unsecured bank facilities totalling $1,927.5m (2010: $2,117.5m). Mirvac has two syndicated facilities; the first contains two tranches; a $47.5m tranche maturing in January 2012 and a $140.0m tranche maturing in January 2013. The second facility contains three tranches; a $530.0m tranche maturing in January 2014, a $530.0m tranche maturing in January 2015 and a $530.0m maturing in January 2016. There is also a bilateral bank facility of $150.0m (2010: $200.0m) maturing in April 2013. Subject to compliance with the terms, each of these bank loan facilities may be drawn at any time. The consolidated entity had drawn down $583.9m under this facility as at 30 June 2011 (2010: $44.2m).

ii) Domestic MTN

The consolidated entity has a total of $200.0m (2010: $350.0m) of domestic MTN outstanding, but, maturing in March 2015. The consolidated entity issued a total of $50.0m during the year being $50.0m issued in April 2011. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

iii) CMBS

Commercial mortgage backed securities of $505.0m (2010: $nil) acquired as part of the acquisition of WOP have a scheduled maturity date of 16 November 2011. At expiry, the CMBS will be repaid from cash held on hand. The debt is cash collateralised; refer to note 33(a) for more details.

b) Assets pledged as security

No controlled entity has a debt facility secured by real property mortgages or a fixed and floating charge.

19 BORROWINGS / CONTINUED

c) Financing arrangements

	2011 $m	2010 $m
Total facilities		
Bank loans[1]	**1,927.5**	2,117.5
Domestic MTN	**425.0**	350.0
CMBS	**505.0**	–
	2,857.5	2,467.5
Used at end of the reporting period		
Bank loans[1]	**1,407.4**	997.9
Domestic MTN	**425.0**	350.0
CMBS	**505.0**	–
	2,337.4	1,347.9
Unused at end of the reporting period		
Bank loans[1]	**520.1**	1,119.6
Domestic MTN	**–**	–
CMBS	**–**	–
	520.1	1,119.6

1) Total bank loan facilities relate to Mirvac; these facilities are available to the consolidated entity. The consolidated entity has drawn down $583.9m at 30 June 2011 (2010: $44.2m).

d) Fair value

	Carrying amount		Fair value	
	2011 $m	2010 $m	2011 $m	2010 $m
Included in statement of financial position				
Non-traded financial liabilities				
Bank loans	**583.9**	44.2	**583.9**	44.2
Domestic MTN	**200.0**	350.0	**200.0**	350.0
CMBS	**505.0**	–	**505.0**	–
	1,288.9	394.2	**1,288.9**	394.2

None of the classes above is readily traded on organised markets in standardised form.

i) Included in statement of financial position
The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

ii) Not included in statement of financial position
The Trust and certain controlled entities have potential financial liabilities which may arise from certain contingent liabilities disclosed in note 27. No material losses are anticipated in respect of any of those contingent liabilities and the fair value disclosed is the estimated amount which would be payable by the consolidated entity as consideration for the assumption of those contingent liabilities by another party.

20 PROVISIONS

	2011 $m	2010 $m
Distributions payable[1]	**75.2**	65.3
Balance 1 July	**65.3**	3.4
Interim and final distributions	**280.1**	241.3
Payments made	**(270.2)**	(179.4)
Balance 30 June	**75.2**	65.3

1) The amount reported in the provision include distributions paid/payable to unitholders of the consolidated entity.

21 DERIVATIVE FINANCIAL LIABILITIES

	2011 $m	2010 $m
Current		
Interest rate swap contracts – fair value	**–**	0.6
Non-current		
Interest rate swap contracts – fair value	**9.9**	15.6

a) Instruments used by the consolidated entity
Refer to note 31 for information on instruments used by the consolidated entity.

b) Interest rate risk exposures
Refer to note 31 for the consolidated entity's exposure to interest rate risk on interest rate swaps.

22 CONTRIBUTED EQUITY

a) Paid up equity

	2011 Units m	2010 Units m	2011 $m	2010 $m
Mirvac Property Trust – ordinary units issued	**3,409.3**	3,254.8	**5,105.5**	4,905.9
Total contributed equity	**3,409.3**	3,254.8	**5,105.5**	4,905.9

b) Movements in paid up equity
Movements in paid up equity of MPT for the year ended 30 June 2011 were as follows:

	Issue date	Issue price $	Note	m	Units $m
Balance 1 July 2010				3,254.8	4,905.9
Acquisition of WOP	4 August 2010	1.25	(d)	149.0	186.0
EEP units issues	24 March 2011	1.11	(c)	1.1	1.2
LTI and EIS units converted, sold or forfeited			(c)	4.4	13.2
Less: Transaction costs arising on issues of units				–	(0.8)
Balance 30 June 2011				**3,409.3**	**5,105.5**
Balance 1 July 2009				2,789.7	4,323.0
Acquisition of MREIT	7 December 2009	1.26	(d)	190.1	239.5
EEP units issues	22 December 2009	1.39	(c)	1.0	1.4
Equity raising	13 April 2010	1.26	(e)	250.0	313.9
Equity raising	14 May 2010	1.26	(e)	18.4	23.1
Less: Transaction costs arising on issues of units				–	(10.9)
LTI and EIS units converted, sold or forfeited			(c)	5.6	15.9
Balance 30 June 2010				3,254.8	4,905.9

Ordinary units
All ordinary units were fully paid at 30 June 2011. Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the consolidated entity in proportion to the number of and amount paid on the units held. On a show of hands, every holder of ordinary units present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote.

c) LTI, EIS and EEP issues

i) Current LTI plan
As at 30 June 2011, 29.1m (2010: 22.2m) performance rights and 5.6m (2010: 8.0m) options were issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. 0.5m performance rights (2010: 1.3m) and 0.7m options (2010: nil) vested during the year.

ii) EEP
As at 30 June 2011, 3.7m (2010: 2.6m) stapled units have been issued to employees under the EEP.

iii) Superseded LTI and EIS plans
During the year no units were issued to employees of Mirvac Limited and its controlled entities under the superseded LTI plan and EIS (2010: nil ordinary stapled units). The total of stapled units issued to employees under the superseded LTI plan and EIS at 30 June 2011 was 7.6m (2010: 11.5m). The market price per ordinary stapled unit at 30 June 2011 was $1.25 (2010: $1.32). Units issued as part of the superseded LTI plan and EIS are not classified as ordinary units, until such time as the vesting conditions are satisfied, employee loans are fully repaid or the employee leaves Mirvac.

d) Acquisition of WOP/MREIT
As part of the acquisition of WOP, the Group issued 149.0m securities at $1.37 per security (the consolidated entity's share of the security price was $1.25), to the unitholders of WOP who opted to receive a scrip component. In the previous year as part of the acquisition of MREIT, the Group issued 190.1m securities at $1.41 per security, to the unitholders of MREIT who opted to receive a scrip component.

22 CONTRIBUTED EQUITY / CONTINUED

e) Equity raising

In the prior year, the Group completed an equity placement, comprising of 250.0m securities under a fully underwritten institutional placement and 18.4m securities under a retail placement, at an offer price of $1.40 per stapled security (the consolidated entity's share of the offer price was $1.26 per security).

f) Reconciliation of units issued on the ASX

Under AAS, units issued under the Mirvac employee LTI plans are required to be accounted for as an option and are excluded from total issued equity, until such time as the relevant employee loans are fully repaid or the employee leaves the Group. Total ordinary units issued as detailed above are reconciled to units issued on the ASX as follows:

	2011 Units m	2010 Units m
Total ordinary units disclosed	**3,409.3**	3,254.8
Units issued under LTI plan and EIS	**7.6**	11.5
Total units issued on the ASX	**3,416.9**	3,266.3

g) Capital risk management

Refer to note 31 for the consolidated entity's capital risk management.

23 RESERVES

	Note	**2011 $m**	2010 $m
a) Reserves			
Asset revaluation reserve		**24.1**	–
Capital reserve		**(1.4)**	(1.4)
Foreign currency translation reserve		**0.5**	1.8
NCI reserve		**6.8**	6.8
		30.0	7.2
b) Movements in reserves			
Asset revaluation reserve			
Balance 1 July		**–**	–
Share of other comprehensive income of associates accounted for using the equity method	26(b)	**24.1**	–
Balance 30 June		**24.1**	–
Capital reserve			
Balance 1 July		**(1.4)**	–
Movement in reserve as a result of acquisition of MREIT		**–**	(1.4)
Balance 30 June		**(1.4)**	(1.4)
Foreign currency translation reserve			
Balance 1 July		**1.8**	0.9
(Decrease)/increase in reserve due to translation of foreign operations		**(1.3)**	0.9
Balance 30 June		**0.5**	1.8
NCI reserve			
Balance 1 July		**6.8**	–
Discount on acquisition of MREIT attributable to NCI		**–**	6.8
Balance 30 June		**6.8**	6.8

c) Nature and purpose of reserves

i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the share of revaluation of owner-occupied assets of associates accounted for using the equity method. However, any decrement in excess of previous increments is expensed to profit or loss.

ii) Capital reserve

The capital reserve represents the cost of issuing the scrip for the purchase consideration of MREIT.

iii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations of the Trust are taken to the foreign currency fluctuation reserve, as described in note 1(e).

iv) NCI reserve

Transactions with NCI that do not result in a loss of control are accounted through equity. The NCI reserve is used to record the difference between the fair value of the NCI acquired or disposed and any consideration paid/received.

24 RETAINED EARNINGS

	2011 $m	2010 $m
Balance 1 July	**126.7**	(6.5)
Profit for the year attributable to the stapled unitholders of MPT	**498.2**	374.5
Distributions provided for or paid	**(280.1)**	(241.3)
Balance 30 June	**344.8**	126.7

25 DISTRIBUTIONS

Ordinary stapled units	2011 $m	2010 $m
Quarterly ordinary distributions paid as follows:		
2.00 cents per stapled unit paid on 29 October 2010	**68.3**	
2.00 cents per stapled unit paid on 30 October 2009		56.1
2.00 cents per stapled unit paid on 28 January 2011	**68.3**	
2.00 cents per stapled unit paid on 29 January 2010		59.9
2.00 cents per stapled unit paid on 29 April 2011	**68.3**	
2.00 cents per stapled unit paid on 30 April 2010		60.0
2.20 cents per stapled unit paid on 29 July 2011	**75.2**	
2.00 cents per stapled unit paid on 30 July 2010		65.3
Total distribution 8.20 cents per stapled unit (2010: 8.00 cents per stapled unit)	**280.1**	241.3

There was no distribution reinvestment plan ("DRP") in place for either year; all distributions were satisfied in cash.

26 INVESTMENTS IN ASSOCIATES

a) Associates accounted for using the equity method

Investments in associates are accounted for using the equity method of accounting. Information relating to associates is set out below:

		Interest[1]			
Name of entity	Principal activities	2011 %	2010 %	2011 $m	2010 $m
Mirvac Industrial Trust[2]	Listed property investment trust	**14**	14	**–**	–
Mirvac Wholesale Hotel Fund	Hotel investment	**49**	49	**128.4**	109.9
Tucker Box Hotel Group	Hotel investment	**49**	49	**120.6**	97.1
				249.0	207.0

1) Each of the below associates was established in Australia.

2) The consolidated entity equity accounts for this investment as an associate even though it owns less than 20 per cent of the voting or potential voting power due to the fact that the Responsible Entity is Mirvac Funds Management Limited, a related party of the Responsible Entity of the Trust.

b) Movements in carrying amounts and aggregate share

	Note	2011 $m	2010 $m
Movements in carrying amounts			
Balance 1 July		**207.0**	166.2
Transfers to investments in controlled entities		**–**	(292.2)
New investment		**2.3**	340.2
Equity sold		**–**	(1.5)
Distributions received		**(18.2)**	(11.1)
Share of profit from ordinary operating activities	12	**33.8**	5.4
Share of increment on revaluation of freehold land and buildings	23(b)	**24.1**	–
Balance 30 June		**249.0**	207.0
MPT's aggregate share of associates' assets and liabilities			
Current assets		**19.5**	19.6
Non-current assets		**509.2**	480.3
Total assets		**528.7**	499.9
Current liabilities		**130.9**	131.7
Non-current liabilities		**117.6**	132.8
Total liabilities		**248.5**	264.5
Net assets		**280.2**	235.4

26 INVESTMENTS IN ASSOCIATES / CONTINUED

	2011 $m	2010 $m
MPT's aggregate share of associates' revenues, expenses and results		
Revenues	**96.0**	83.3
Expenses	**(58.0)**	(81.9)
Profit before income tax	**38.0**	1.4
MPT's aggregate share of associates' expenditure commitments		
Capital commitments	**–**	–
Fair value of listed investments in associates		
Mirvac Industrial Trust	**1.9**	1.9

c) Investment in associates accounted for at fair value

Name of entity	Principal activities	Interest **2011 %**	Interest 2010 %	**2011 $m**	2010 $m
Australian Sustainable Forestry Investors	Infrastructure	**25.2**	25.2	**4.2**	3.3
James Fielding Infrastructure Yield Fund	Infrastructure	**21.8**	21.8	**15.0**	14.7
				19.2	18.0

27 CONTINGENT LIABILITIES

The consolidated entity had contingent liabilities at 30 June 2011 in respect of the following:

	2011 $m	2010 $m
Bank guarantees and performance bonds issued by external parties in respect of certain performance obligations granted in the normal course of business	**0.1**	–
Claims for damages in respect of injury sustained due to health and safety issues have been made during the year. The potential effect of these claims indicated by legal advice is that if the claims were to be successful against the consolidated entity, they would result in a liability	**1.0**	–

As part of the ordinary course of business of the consolidated entity, disputes can arise with suppliers, customers and other third parties. Where there is a present obligation, a liability is recognised. Where there is a possible obligation, which will only be determined by a future event and it is considered probable that a liability will arise, they are disclosed as a contingent liability. Where the possible obligation is remote, no disclosure is given. The consolidated entity does not provide details of these as to do so may prejudice the consolidated entity's position.

28 COMMITMENTS

Capital commitments

	2011 $m	2010 $m
Investment properties		
Not later than one year	**30.7**	29.8
Later than one year but not later than five years	**–**	–
Later than five years	**–**	–
	30.7	29.8

29 KEY MANAGEMENT PERSONNEL

a) Determination of key management personnel

Key management personnel ("KMP") are those people with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. For Mirvac, the KMP are defined to be members of the Executive Leadership Team ("ELT") and Non-Executive Directors. For the year ended 30 June 2011, the ELT comprised the Managing Director — Nicholas Collishaw; Chief Executive Officer — Investment — Andrew Butler; Chief Executive Officer — Development — Brett Draffen; Chief Operating Officer — Gary Flowers; and Chief Financial Officer — Justin Mitchell. Remuneration details are also included for John Carfi and Matthew Wallace as they are among the five highest remunerated Group Executives and disclosure is required under the *Corporations Act 2001*.

b) KMP compensation

KMP are employed by Mirvac Projects Pty Limited. Payments made from the consolidated entity to Mirvac Funds Limited do not include any amounts directly attributable to the compensation of KMP.

c) Equity instrument disclosures relating to KMP

i) *Unitholdings*

The number of ordinary units in the Trust held during the year by each Director and other KMP, including their personally-related parties, is set out below. There were no units granted during the year as compensation.

	Balance 1 July	Units issued under EEP	Other changes[1]	**Balance 30 June**
2011				
Directors				
James MacKenzie	129,914	–	–	**129,914**
Nicholas Collishaw	2,056,004	–	(19,492)	**2,036,512**
Peter Hawkins	596,117	–	–	**596,117**
James Millar	40,714	–	–	**40,714**
Penny Morris	241,136	–	–	**241,136**
John Mulcahy	25,000	–	–	**25,000**
Elana Rubin	–	–	10,000	**10,000**
Executives				
Andrew Butler	147,554	–	(7,758)	**139,796**
John Carfi	128,913	–	(11,401)	**117,512**
Brett Draffen	280,272	–	(7,491)	**272,781**
Gary Flowers	–	–	–	**–**
Justin Mitchell	164,637	–	(10,708)	**153,929**
Matthew Wallace	153,976	–	(8,393)	**145,583**

	Balance 1 July	Units issued under EEP	Other changes[1]	Balance 30 June
2010				
Directors				
James MacKenzie	119,200	–	10,714	129,914
Nicholas Collishaw	2,027,436	–	28,568	2,056,004
Peter Hawkins	442,547	–	153,570	596,117
James Millar	–	–	40,714	40,714
Penny Morris	208,994	–	32,142	241,136
John Mulcahy	–	–	25,000	25,000
Executives				
John Carfi	128,913	–	–	128,913
Brett Draffen	380,272	–	(100,000)	280,272
Gary Flowers	–	–	–	–
Christopher Freeman	320,724	–	(320,724)	–
Grant Hodgetts	139,440	–	–	139,440
Justin Mitchell	164,637	–	–	164,637

1) Other changes include additions resulting from first disclosure of a KMP and other changes to options and performance rights.

29 KEY MANAGEMENT PERSONNEL / CONTINUED

ii) Options

The number of options over ordinary securities in Mirvac held during the year by each Director and other KMP, including their personally-related parties, is set out below:

	Balance 1 July	Options issued under LTP	Other changes	**Balance 30 June**	Unvested
2011					
Director					
Nicholas Collishaw	2,336,340	–	(309,930)	**2,026,410**	1,923,100
Executives					
Andrew Butler	–	–	–	**–**	–
John Carfi	368,600	–	–	**368,600**	368,600
Brett Draffen	796,780	–	(193,710)	**603,070**	538,500
Gary Flowers	192,300	–	–	**192,300**	192,300
Justin Mitchell	471,050	–	(103,313)	**367,737**	333,300
Matthew Wallace	336,500	–	–	**336,500**	336,500
2010					
Director					
Nicholas Collishaw	2,336,340	–	–	2,336,340	2,336,340
Executives					
John Carfi	368,600	–	–	368,600	368,600
Brett Draffen	796,780	–	–	796,780	796,780
Gary Flowers	192,300	–	–	192,300	192,300
Christopher Freeman	–	–	–	–	–
Grant Hodgetts	587,030	–	(319,610)	267,420	267,420
Justin Mitchell	471,050	–	–	471,050	471,050

iii) Performance rights

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

	Balance 1 July	Rights issued under LTP	Other changes	**Balance 30 June**
2011				
Director				
Nicholas Collishaw	3,199,560	2,189,600	(116,360)	**5,272,800**
Executives				
Andrew Butler	99,470	88,500	(27,270)	**160,700**
John Carfi	489,670	174,900	(118,170)	**546,400**
Brett Draffen	906,130	452,200	(163,630)	**1,194,700**
Gary Flowers	351,800	380,400	–	**732,200**
Justin Mitchell	464,490	179,500	(129,690)	**514,300**
Matthew Wallace	467,050	147,600	(116,350)	**498,300**
2010				
Director				
Nicholas Collishaw	985,960	2,213,600	–	3,199,560
Executives				
John Carfi	193,970	295,700	–	489,670
Brett Draffen	316,230	589,900	–	906,130
Gary Flowers	87,000	264,800	–	351,800
Christopher Freeman	1,304,300	–	(1,304,300)	–
Grant Hodgetts	228,710	–	(132,270)	96,440
Justin Mitchell	189,490	275,000	–	464,490

d) Loans to Directors and other KMP

The consolidated entity has not made, guaranteed or secured, directly or indirectly, any loans to the KMP or their personally-related parties at any time during the year.

e) Other transactions with Directors and KMP

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

30 RELATED PARTIES

a) Controlled entities
Interests in controlled entities are set out in note 14.

b) Responsible Entity
The Responsible Entity of the Trust is Mirvac Funds Limited, an entity incorporated in New South Wales. The immediate parent entity of the Responsible Entity is Mirvac Woolloomooloo Pty Limited, incorporated in New South Wales and its ultimate parent entity is Mirvac Limited, incorporated in New South Wales.

c) KMP
Disclosures relating to KMP are set out in note 29.

d) Responsible Entity's fees
As outlined in the Explanatory Memorandum dated 4 May 1999, as part of the merger of Mirvac, Mirvac Funds Limited reduced its Responsible Entity fees to a recovery of cost basis. Fees charged by Mirvac Funds Limited for the year to 30 June 2011 were $6.2m (2010: $3.6m) in accordance with the terms contained in the merger proposal in 1999.

e) Transactions with related parties
The following transactions occurred with related parties:

	2011 $000	2010 $000
Revenue from continuing operations and other income		
Investment properties rental revenue from entities related to Responsible Entity	**10,386**	12,034
Interest revenue from entities related to Responsible Entity	**51,796**	56,206
Expenses		
Interest paid to entities related to Responsible Entity	**1,534**	686
Property management fee expense paid to entity related to Responsibility Entity	**10,888**	10,082
Capital expenditure paid to entities related to Responsible Entity	**56,659**	33,184

f) Outstanding balances in relation to transactions with related parties
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2011 $000	2010 $000
Current receivables		
Loans to entities related to Responsible Entity	**600,000**	700,000
Current payables		
Amounts due to entities related to Responsible Entity	**83,995**	65,764
Non-current payables		
Loan to related entity[1]	**20,207**	26,491

1) Included in bank loans (refer to note 19).

g) Terms and conditions
Transactions relating to distributions are on the same terms and conditions that applied to other unitholders.

Other transactions were made on normal commercial terms and conditions with variable terms for the repayment and interest payable at market rates on the loans between the parties.

31 FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The consolidated entity's overall risk management program seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses various derivative financial instruments to manage certain risk exposures, specifically in relation to interest rate and foreign exchange risks on borrowings. Derivatives are exclusively used for hedging purposes and are not held for trading or speculative purposes. Financial risk management is carried out by a central treasury department ("Mirvac Group Treasury") under policies approved by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity. Mirvac Group Treasury identifies, evaluates, reports and manages financial risks in close cooperation with the consolidated entity's operating units in accordance with Board policy.

31 FINANCIAL RISK MANAGEMENT / CONTINUED

The consolidated entity holds the following financial instruments:

	Note	**2011 $m**	2010 $m
Financial assets			
Cash and cash equivalents	33(a)	**536.2**	345.9
Receivables	8	**637.5**	730.1
Other financial assets at fair value through profit or loss	9	**19.2**	18.0
Derivative financial assets	13	**3.3**	6.4
		1,196.2	1,100.4
Financial liabilities			
Payables	18	**151.5**	116.7
Borrowings	19	**1,288.9**	394.2
Derivative financial liabilities	21	**9.9**	16.2
		1,450.3	527.1

The carrying values of trade receivables (less impairment provision) and payables are assumed to approximate their fair values due to their short term nature. Derivative financial assets and liabilities are valued based upon valuation techniques.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk.

i) Currency risk

Foreign exchange risk refers to the change in value between foreign currencies and the Australian dollar. This change affects the assets and liabilities of the consolidated entity which are denominated in currencies other than Australian dollars. The consolidated entity's foreign exchange risks arise mainly from:

- borrowings denominated in currencies other than Australian dollars which are predominantly US dollars;
- investments in offshore operations which are located in the USA; and
- receipts and payments which are denominated in other currencies.

The consolidated entity manages its foreign exchange risk for its assets and liabilities denominated in other currencies by borrowing in the same currency as that in which the offshore business operates to form a natural hedge against the movement in exchange rates. Translation gains or losses on the net investment in foreign operations are recorded through the foreign currency translation reserve.

Sensitivity analysis

Based upon current exposures, there is no material foreign exchange sensitivity in the consolidated entity.

ii) Interest rate risk

The consolidated entity's interest rate risk arises from long term borrowings, cash and cash equivalents, receivables and derivatives.

Borrowings

Borrowings issued at variable rates expose the consolidated entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the consolidated entity to fair value interest rate risk. The consolidated entity's policy is to have a minimum of 50 per cent and a target of 90 per cent of borrowings subject to fixed or capped interest rates. This policy was complied with at the end of the reporting period. The consolidated entity manages its cash flow interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed or capped rates. Under the interest rate derivatives, the consolidated entity agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

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

31 FINANCIAL RISK MANAGEMENT / CONTINUED

	Floating interest rate $m	Fixed interest maturing in: 1 year or less $m	Over 1 to 2 year(s) $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	**Total $m**
2011								
Unsecured bank loans	583.9	–	–	–	–	–	–	**583.9**
Domestic MTN	–	–	–	–	200.0	–	–	**200.0**
Interest rate swaps[1]	(455.3)	21.5	–	–	(150.0)	–	583.8	**–**
CMBS	505.0	–	–	–	–	–	–	**505.0**
Total	**633.6**	**21.5**	**–**	**–**	**50.0**	**–**	**583.8**	**1,288.9**
2010								
Unsecured bank loans	44.2	–	–	–	–	–	–	44.2
Domestic MTN	100.0	100.0	–	–	–	150.0	–	350.0
Interest rate swaps[1]	(200.0)	(50.0)	–	–	–	(150.0)	400.0	–
Total	(55.8)	50.0	–	–	–	–	400.0	394.2

1) Notional principal amounts.

Derivative instruments used by the consolidated entity

The consolidated entity has at times entered into interest rate derivatives to convert fixed rates to floating interest rates to give the consolidated entity the flexibility to use existing derivative positions and maintain fixed rate exposures within the target range.

The consolidated entity enters into a variety of bought and/or sold option agreements which allow rates to float between certain ranges and agreements which allow the relevant bank to cancel options if certain conditions arise, the benefit of which is lower fixed rates. The rates will revert to no worse than the floating rate payable as if no derivative was entered into. These derivatives are recorded on the statement of financial position at fair value in accordance with AASB 139. Derivatives currently in place cover approximately 47 per cent (2010: 114 per cent) of the loan principal outstanding. The fixed interest rates range between 4.8 per cent and 6.03 per cent (2010: 5.67 per cent and 6.03 per cent) per annum. At 30 June 2011, the notional principal amounts, interest rates and periods of expiry of the interest rate swap contracts held by the consolidated entity were as follows:

	Floating to fixed: **2011 Interest rates % pa**	**2011 $m**	2010 Interest rates % pa	2010 $m	Fixed to floating: **2011 Interest rates % pa**	**2011 $m**	2010 Interest rates % pa	2010 $m
1 year or less	**4.8**	**21.5**	5.95	50.0	**–**	**–**	6.75	100.0
Over 1 to 2 year(s)	**–**	**–**	–	–	**–**	**–**	–	–
Over 2 to 3 years	**–**	**–**	–	–	**–**	**–**	–	–
Over 3 to 4 years	**–**	**–**	–	–	**8.25**	**150.0**	–	–
Over 4 to 5 years	**–**	**–**	–	–	**–**	**–**	8.25	150.0
Over 5 years	**5.17-6.03**	**583.8**	5.67-6.03	400.0	**–**	**–**	–	–
		605.3		450.0		**150.0**		250.0

The contracts require settlement of net interest receivable or payable each reset date (generally 90 days). The settlement dates generally coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

Cash and cash equivalents

Cash held exposes the consolidated entity to cash flow interest rate risk.

31 FINANCIAL RISK MANAGEMENT / CONTINUED

Receivables

The consolidated entity's exposure to interest rate risk for current and non-current receivables is set out in the following tables.

	Note	Floating interest rate $m	Fixed interest maturing in: 1 year or less $m	Over 1 to 2 year(s) $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over 5 years $m	Non-interest bearing $m	**Total $m**
2011										
Trade receivables	8	–	–	–	–	–	–	–	0.2	**0.2**
Related party receivables	8	600.0	–	–	–	–	–	–	–	**600.0**
Other receivables	8	–	2.5	2.7	2.9	2.5	–	–	26.7	**37.3**
		600.0	**2.5**	**2.7**	**2.9**	**2.5**	**–**	**–**	**26.9**	**637.5**
2010										
Trade receivables	8	–	–	–	–	–	–	–	0.4	0.4
Related party receivables	8	700.0	–	–	–	–	–	–	–	700.0
Other receivables	8	–	–	4.8	2.7	2.9	2.5	–	16.8	29.7
		700.0	–	4.8	2.7	2.9	2.5	–	17.2	730.1

Sensitivity analysis

The consolidated entity's interest rate risk exposure arises from long term borrowings, cash held with financial institutions and receivables. Based upon a 25 (2010: 50) basis point increase or decrease in Australian interest rates, the impact on profit after tax has been calculated taking into account all underlying exposures and related derivatives. This sensitivity has been selected as this is considered reasonable given the current level of both short term and long term interest rates.

The impact on the consolidated entity's result of a 50 (2010: 50) basis point increase in interest rates would be an increase in profit of $6.5m (2010: increase of $6.9m). The impact on the consolidated entity's result of a 25 (2010: 50) basis point decrease in interest rates would be a decrease in profit of $3.4m (2010: decrease of $7.1m). The impact on the consolidated entity of a movement in US dollar interest rates would not be material to profit of the consolidated entity.

The interest rate sensitivities of the consolidated entity vary on an increase/decrease 25 basis point movement in interest rates due to the interest rate optionality of a small number of derivatives.

iii) Price risk

The consolidated entity is exposed to equity price risk arising from equity investments (refer to note 9). The equity investments are held for the purpose of selling in the near term. As these investments are not listed, the fund manager provides unit prices each six months. At the end of the reporting period, if the unit prices had been five per cent higher or lower, the effect on net profit for the year would have been $1.0m (2010: $0.9m). These investments represent less than one per cent of the consolidated entity's net assets and therefore represents minimal risk to the consolidated entity.

b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and will cause a financial loss. The consolidated entity has exposures to credit risk on cash and cash equivalents, receivables and derivative financial assets; the maximum exposure to credit risk is based on the total value of the consolidated entity's financial assets, net of any provisions for impairment, as shown in note 8. To help manage this risk, the consolidated entity has a policy for establishing credit limits for the entities dealt with which is based on the size or previous trading experience of the entity. Based upon the size or previous trading experience, the consolidated entity may require collateral, such as bank guarantees, leases or security deposits in relation to investment properties.

The consolidated entity may also be subject to credit risk for transactions which are not included in the statement of financial position, such as when the consolidated entity provides a guarantee for another party. Details of the consolidated entity's contingent liabilities are disclosed in note 27. The credit risk arising from derivatives transactions and cash held with financial institutions exposes the consolidated entity if the contracting entity is unable to complete its obligations under the contracts. The consolidated entity's policy is to spread the amount of net credit exposure among major financial institutions which are rated the equivalent of A or above from the major rating agencies. The consolidated entity's net exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Refer to note 8 for the management of credit risk relating to receivables.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, the ability to close out market positions, and the ability to raise funds through the issue of new units through various means including placements and/or the consolidated entity's DRP. Mirvac prepares and updates regular forecasts of the consolidated entity's liquidity requirements to ensure that committed credit lines are kept available in order to take advantage of growth opportunities. Surplus funds are generally only invested in highly liquid instruments. The Trust's financial liabilities are largely inter-trust loan balances with entities within the consolidated entity; as such, these balances do not pose any liquidity risk to Mirvac.

At 30 June 2011, the consolidated entity has minimal liquidity risk due to there being only $505.0m of current borrowings for the CMBS which is due to expire in November 2011 and is fully cash collateralised. The consolidated entity has access to Mirvac's $520.1m undrawn facilities.

31 FINANCIAL RISK MANAGEMENT / CONTINUED

d) Capital risk

The consolidated entity's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to unitholders and meet its strategic objectives without increasing its overall risk profile.

In assessing the optimal capital structure, the Group seeks to maintain an investment grade credit rating of BBB to reduce the cost of capital and diversify its sources of debt capital.

The consolidated entity's capital structure is monitored at the Group level. At 30 June 2011, the Group's gearing ratio (net debt including cross currency swaps to total tangible assets less cash) was 26.3 per cent (2010: 18.1 per cent). The Group's target gearing ratio is 20 to 25 per cent. This may be exceeded in order to take advantage of appropriate opportunities, such as acquisitions as they arise. To manage the Group's gearing ratio, a number of mechanisms are available. These may include adjusting the amount of distributions paid to unitholders, adjusting the number of units on issue (via buybacks), or the disposal of assets.

Mirvac prepares quarterly statements of financial position, statements of comprehensive income and cash flow updates for the current year and five year forecasts. These forecasts are used to monitor the Group's capital structure and future capital requirements, taking into account future market conditions.

Mirvac complied with all its borrowing covenant ratios at 30 June 2011. The Group's gearing ratios were as follows:

	2011 $m	2010 $m
Net interest bearing debt less cash[1]	**2,205.2**	1,311.4
Total tangible assets less cash	**8,390.5**	7,250.6
Gearing ratio (per cent)	**26.3**	18.1

1) US dollar denominated borrowings translated at cross currency instrument rate excluding leases.

e) Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level one);
- inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level two); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level three).

The following table presents the consolidated entity's assets and liabilities measured and recognised at fair value at 30 June 2011 and 30 June 2010:

	Note	Level one $m	Level two $m	Level three $m	Total $m
2011					
Assets					
Other financial assets at fair value through profit or loss					
– unlisted units	9	–	–	19.2	19.2
Derivatives used for hedging	13	–	3.3	–	3.3
		–	**3.3**	**19.2**	**22.5**
Liabilities					
Derivatives used for hedging	21	–	9.9	–	9.9
		–	**9.9**	**–**	**9.9**
2010					
Assets					
Other financial assets at fair value through profit or loss					
– unlisted units	9	–	–	18.0	18.0
Derivatives used for hedging	13	–	6.4	–	6.4
		–	6.4	18.0	24.4
Liabilities					
Derivatives used for hedging	21	–	16.2	–	16.2
		–	16.2	–	16.2

31 FINANCIAL RISK MANAGEMENT / CONTINUED

The following tables present the changes in level three instruments for the year ended 30 June 2011 held by the consolidated entity:

Financial assets at fair value through profit or loss	Note	2011 $m	2010 $m
Balance 1 July		**18.0**	20.6
Equity invested		**1.1**	–
Distribution reinvested		**–**	0.2
Gain/(loss) on revaluation		**0.1**	(2.8)
Balance 30 June	9	**19.2**	18.0
Total gain/(loss) for the year included in (gain)/loss on financial instruments that relates to assets held at the end of the reporting period		**0.1**	(2.8)

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the consolidated entity is the current bid price. These instruments are included in level one. The fair value of financial instruments that are not traded in active markets (for example, over-the-counter derivatives) is determined using valuation techniques.

The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long term debt for disclosure purposes. Other techniques, such as estimated DCF, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. These instruments are included in level two and comprise debt investments and derivative financial instruments. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level three. The consolidated entity's maturity of net and gross settled derivative financial instruments is provided in the following table. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Maturing in						
	1 year or less $m	Over 1 to 2 year(s) $m	Over 2 to 3 years $m	Over 3 to 4 years $m	Over 4 to 5 years $m	Over Over 5 years $m	**Total $m**
2011							
Non-interest bearing							
Payables	151.5	–	–	–	–	–	**151.5**
Interest bearing							
Unsecured bank loans	27.2	29.0	193.1	121.7	314.1	23.1	**708.2**
Domestic MTN	16.5	16.5	16.5	16.5	216.5	–	**282.5**
CMBS	517.5	–	–	–	–	–	**517.5**
Derivatives							
Net settled (interest rate swaps)	0.2	3.4	1.8	1.1	–	(1.2)	**5.3**
Fixed to floating swaps	(5.0)	(4.9)	(4.7)	(4.4)	(3.9)	–	**(22.9)**
	707.9	**44.0**	**206.7**	**134.9**	**526.7**	**21.9**	**1,642.1**
2010							
Non-interest bearing							
Payables	116.7	–	–	–	–	–	116.7
Interest bearing							
Unsecured bank loans	18.0	0.3	0.5	0.7	0.9	28.8	49.2
Domestic MTN	215.3	12.4	12.4	12.4	162.4	–	414.9
Derivatives							
Net settled (interest rate swaps)	5.0	4.0	4.1	2.9	1.8	0.8	18.6
Fixed to floating swaps	(4.9)	(4.9)	(4.7)	(4.3)	(3.9)	–	(22.7)
	350.1	11.8	12.3	11.7	161.2	29.6	576.7

32 REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the consolidated entity, its related practices and non-related audit firms:

	2011 $000	2010 $000
a) Audit, assurance and other assurance services		
Audit services		
Audit and review of financial reports		
Australian firm	**539.7**	555.0
Total remuneration for audit services	**539.7**	555.0
Other assurance and advisory services		
Australian firm		
Audit of property outgoings statement	**158.9**	136.0
Financial due diligence and transactions	**–**	791.0
Total remuneration for other assurance and advisory services	**158.9**	927.0
Total remuneration for audit, other assurance and advisory services	**698.6**	1,482.0
b) Taxation services		
Tax compliance services		
Australian firm		
Tax advice and compliance services	**88.5**	22.0
Total remuneration for taxation services	**88.5**	22.0

33 NOTES TO THE STATEMENT OF CASH FLOWS

	Note	2011 $m	2010 $m
a) Reconciliation of cash			
Cash at the end of the year as shown in the statement of cash flows is the same as statement of financial position, the detail of which follows:			
Cash at bank and on hand		**22.9**	45.5
Deposits at call		**8.2**	300.4
Unrestricted cash		**31.1**	345.9
Cash collateralisation[1]		**505.1**	–
Cash and cash equivalents		**536.2**	345.9

1) Cash collateralisation amount represents cash held on term deposit for purposes of meeting obligations in relation to CMBS which have a scheduled maturity date of 16 November 2011; these arose as a result of the acquisition of WOP (refer to note 34).

	Note	2011 $m	2010 $m
b) Reconciliation of profit attributable to the stapled unitholders of MPT to net cash inflows from operating activities			
Profit attributable to the stapled unitholders of MPT		**498.2**	375.9
Net gain on fair value of investment properties		**(109.1)**	(13.3)
Net (gain)/loss on fair value of IPUC		**(4.9)**	48.9
Amortisation expenses	5	**15.6**	14.3
Non-cash lease incentives		**(18.0)**	(4.8)
Impairment of goodwill	5	**7.1**	–
(Gain)/loss on financial instruments		**(3.3)**	10.9
Discount of business combination		**–**	(119.8)
Net gain on remeasurement of equity interest		**–**	(25.3)
Business combination transaction costs	34(a)	**15.8**	19.4
Net loss/(gain) on sale of investment properties		**1.2**	(0.5)
Share of net gain of associates and joint ventures not received as distributions		**(33.8)**	(1.5)
Change in operating assets and liabilities, net of effects from purchase of controlled entities:			
(Increase)/decrease in receivables		**(9.0)**	3.9
Decrease in other assets		**14.2**	23.4
Decrease in creditors		**(16.9)**	(3.0)
Net cash inflows from operating activities		**357.1**	328.5

34 ACQUISITION OF BUSINESSES

a) Acquisition of WOP

i) Summary of acquisition

On 4 August 2010, the consolidated entity acquired 100 per cent of the issued securities in Westpac Office Trust, an ASX listed real estate investment trust, for consideration of $404.1m. The acquisition has enhanced the quality of the investment property portfolio.

Details of the purchase consideration to acquire WOP are as follows:

Purchase consideration	Note	$m
Cash paid	34(a)(iv)	**200.0**
Securities issued	34(a)(vi)	**204.1**[1]
Total purchase consideration		**404.1**

1) Securities issued relate to Mirvac Group.

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	$m
Cash and cash equivalents	**25.1**
Receivables	**2.8**
Other financial assets at fair value through profit or loss	**21.2**
Investment properties	**1,108.2**
Payables	**(11.1)**
Borrowings	**(739.0)**
Derivative financial liabilities	**(20.6)**
Provisions	**(8.0)**
Net identifiable assets acquired	**378.6**
Goodwill on acquisition	**25.5**
Net assets acquired	**404.1**

The goodwill is attributable to WOP's quality investment portfolio which comprises properties that are predominantly leased to high quality tenants on long term leases with structured rental increases. None of the goodwill is expected to be deductible for tax purposes.

ii) Revenue and profit contribution

The acquired business contributed revenues of $155.7m and net profit of $116.2m to the consolidated entity for the period from 4 August 2010 to 30 June 2011. The net profit contribution for the period reflects the repayment of the business's borrowings at the date of acquisition and therefore a reduction in its associated finance costs. If the acquisition had occurred on 1 July 2010, consolidated total revenue from continuing operations and other income and consolidated profit for the consolidated entity for the year ended 30 June 2011 would have been $775.9m and $491.1m respectively. These amounts have been calculated using the consolidated entity's accounting policies and by adjusting the results of the controlled entity to reflect the additional amortisation of lease incentives in respect of investment properties that would have been charged assuming the fair value adjustments to investment properties.

iii) Contingent consideration

There is no contingent consideration as part of this transaction.

iv) Purchase consideration — cash outflow on acquisition

	2011 $m	2010 $m
Outflow of cash to acquire controlled entity, net of cash acquired		
Cash consideration	**(200.0)**	–
Less: Balance acquired	**25.1**	–
	(174.9)	–
Direct costs relating to acquisition	**(15.8)**	–
Outflow of cash — investing activities	**(190.7)**	–
Total outflow of cash to acquire controlled entity	**(190.7)**	–

34 ACQUISITION OF BUSINESSES / CONTINUED

v) Acquisition-related costs

Acquisition-related costs of $16.8m were incurred (including post-acquisition write off of $1.0m for prepaid borrowing costs on extinguishing WOP's borrowing facilities).

vi) Securities issued

As part of the acquisition, the Group issued 149.0m securities, the fair value of which was determined to be the market value of $1.37 per security, being the market value of Mirvac securities at the acquisition date. The total fair value of securities issued as part of the acquisition was $204.1m.

vii) Acquisition of remaining interest in NROT

On 6 August 2010, the consolidated entity acquired the remaining 50 per cent interest in NROT, for a purchase consideration of $22.5m, which resulted in goodwill on acquisition of $1.2m. NROT owns the Westpac Data Centre at 54-60 Talavera Road, North Ryde NSW. The consolidated entity had acquired the other 50 per cent interest in NROT through its acquisition of WOP. As a result, the consolidated entity now holds all of the units in NROT.

35 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 28 July 2011, the Trust settled on the sale of 50 per cent of the units in Mirvac 8 Chifley Trust to The Trust Company (Australia) Limited (in its capacity as the trustee of K-REIT (Australia) Sub-Trust 2). Mirvac 8 Chifley Trust is the owner of 8 Chifley Square; a Sydney based commercial office development. On that date, Mirvac Projects Pty Limited entered into a Development Agreement with Mirvac 8 Chifley Pty Limited (in its capacity as trustee of Mirvac 8 Chifley Trust). Under the terms of the agreement, Mirvac Projects Pty Limited will deliver a fully constructed and fully leased premium grade commercial office building. Mirvac Projects Pty Limited will provide Mirvac 8 Chifley Pty Limited with a five year rental guarantee.

No other circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future years.

36 PARENT ENTITY FINANCIAL INFORMATION

a) Summary of financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Statement of financial position	Note	**2011 $m**	2010 $m
Current assets		**685.0**	1,072.1
Total assets		**6,375.3**	5,682.8
Current liabilities		**143.4**	459.3
Total liabilities		**917.0**	643.2
Equity			
Contributed equity	22(a)	**5,105.5**	4,905.9
Reserves		**7.6**	7.6
Retained earnings		**345.2**	126.1
		5,458.3	5,039.6
Profit for the year		**429.0**	349.0
Total comprehensive income		**429.0**	350.6

b) Guarantees entered into by the parent entity

A controlled entity is a joint borrower under the facility agreement. MPT and a number of its controlled entities along with Mirvac Limited and a number of its subsidiaries are party to a guarantee deed poll in which all those companies agree to guarantee the joint borrowers under the facility.

The parent entity did not provide any other guarantees at 30 June 2011 or 30 June 2010.

c) Contingent liabilities of the parent entity

The parent entity did not have any other contingent liabilities other than the item referred to in note 36(b) at 30 June 2011 or 30 June 2010.

d) Contractual commitments for the acquisition of property, plant and equipment

As at 30 June 2011, the parent entity had contractual commitments for the acquisition of investment property totalling $19.0m (30 June 2010: $3.0m).

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and notes set out on pages 06 to 47 are in accordance with the *Corporations Act 2001*, including:

   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the IASB.

The Directors have been given the declarations by the 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.

Nicholas Collishaw
Director

Sydney
23 August 2011

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

Directors' responsibility for the financial report
The directors of Mirvac Funds Limited as responsible entity for Mirvac Property Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

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

Auditor's opinion
In our opinion:

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

   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in note 1.

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
23 August 2011

DIRECTORY

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Securities exchange listing
Mirvac Group is listed on the Australian Securities Exchange (ASX code: MGR)

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Nicholas Collishaw (Managing Director)
Peter Hawkins
James Millar
Penny Morris
John Mulcahy
Elana Rubin

General Counsel and Company Secretary
Sonya Harris

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Locked Bag 14
Sydney South NSW 1235.

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

Auditor
PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

Annual General Meeting
Mirvac's 2011 Annual General Meeting/General Meeting will be held at 10.00 am (Australian Western Standard Time) on Thursday, 17 November 2011, in the Cabaret Ballroom, Ground Floor, Citigate Perth, 707 Wellington Street, Perth, Western Australia, 6000.

Environmentally Responsible Paper
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