

# MIRVAC PROPERTY TRUST

## AND ITS CONTROLLED ENTITIES

### Annual Financial Report 30 June 2009

This annual financial report covers Mirvac Property Trust (ARSN 086 780 645) as an individual entity and the consolidated entity consisting of Mirvac Property Trust and its controlled entities.

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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 is:

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 Director's report on pages 2 to 4, which is not part of this financial report.

The financial report was authorised for issue on 25 August 2009. The Directors have the power to amend and reissue the financial report. The financial report is presented in Australian currency.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available in the Investor Information Section on our website: [www.mirvac.com](http://www.mirvac.com).

**Mirvac Property Trust and its controlled entities  
Directors' Report  
30 June 2009**

The Directors of Mirvac Funds Limited (ABN 70 002 561 640), the Responsible Entity of Mirvac Property Trust (the Trust) present their report, together with the financial report of the Trust and its controlled entities (consolidated entity), for the year ended 30 June 2009.

Mirvac Property Trust and its controlled entities together with Mirvac Limited and its controlled entities form the stapled entity, Mirvac Group ("Mirvac") or ("the 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 financial year and up to the date of this report:

- Mr J A C MacKenzie
- Mr N R Collishaw
- Mr G J Paramor (retired 26 August 2008)
- Mr P J Biancardi
- Mr A G Fini (became non-executive on 1 January 2009)
- Mr P J O Hawkins
- Ms P Morris
- Mr R W Turner

**Principal activities**

The principal continuing activities of the consolidated entity consisted of property investment for the purpose of deriving rental income and investments in listed and unlisted funds.

**Distributions**

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

	<b>2009</b>	2008
	<b>\$'000</b>	\$'000
June 2008 quarterly distribution paid on 25 July 2008 of 8.225 cents (2008: 6.38 cents)	<b>90,555</b>	64,725
September 2008 quarterly distribution paid on 24 October 2008 of 5.0 cents (2008: 8.225 cents)	<b>56,768</b>	84,042
December 2008 quarterly distribution paid on 30 January 2009 of 2.8 cents (2008: 8.225 cents)	<b>47,508</b>	84,514
March 2009 quarterly distribution Nil cents (2008: 8.225 cents)	-	89,786
<b>Total distributions paid</b>	<b>194,831</b>	323,067

The June 2009 quarterly distribution of 0.2 cents totalling \$3.4 million declared on 30 June 2009 was paid on 31 July 2009. Distributions paid and payable by the Trust for the year ended 30 June 2009 totalled \$107.7 million, being 8.0 cents per fully paid unit (2008: \$348.9 million – 32.9 cents per fully paid unit).

**Mirvac Property Trust and its controlled entities**  
**Directors' Report**  
**30 June 2009**

**Review of operations**

The net loss after tax for the consolidated entity attributable to unitholders for the year ended 30 June 2009 was \$541.6 million (2008: net profit of \$396.0 million). The operating profit (profit before specific non-cash and significant items) was \$235.7 million (2008: \$288.1 million).

Operating profit is a financial measure of which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for specific non-cash items and other significant items, which management consider to reflect the core earnings of the consolidated entity.

The following table summarises key reconciling items between net (loss)/profit after tax and operating profit.

	<b>2009</b>	2008
	<b>\$'000</b>	\$'000
<b>Net (loss)/profit attributable to the unitholders</b>	<b>(541,563)</b>	396,042
<b>Specific non-cash items</b>		
Net loss/(gain) from fair value of investment properties	<b>504,704</b>	(181,808)
Net loss/(gain) on financial instruments	<b>110,262</b>	(19,533)
Amortisation of lease incentives	<b>9,365</b>	8,189
Straight line of lease revenue	<b>(1,297)</b>	(669)
Net loss from fair value of investment properties, derivatives and other specific non-cash items included in share of equity accounted investments	<b>141,156</b>	11,521
Net loss from fair value of investment properties, derivatives and other specific non-cash items included in minority interest	<b>(3,393)</b>	(1,757)
<b>Significant items</b>		
Impairment of property, plant and equipment, investments in associates and joint ventures and other financial assets	<b>16,446</b>	76,110
<b>Operating profit (profit before specific non-cash and significant items)</b>	<b>235,680</b>	288,095

**Financial highlights**

Key financial highlights for the year ended 30 June 2009 include:

- AIFRS loss of 32.70 cents per unit (2008: profit 34.25 cents per unit)
- Operating profit of 14.23 cents per unit (profit before specific non-cash and significant items) (2008: 24.91 cents per unit)
- Full year distribution of 8.00 cents per unit (2008: 32.9 cents per unit)
- Net decrease of \$504.7 million in revaluations across the investment property portfolio (2008: Net increase of \$181.8 million)
- Decrease in Net Tangible Asset per unit to \$1.65 from \$3.25 at 30 June 2008

**Mirvac Property Trust and its controlled entities  
Directors' Report  
30 June 2009**

**Value of assets**

The consolidated entity's assets are valued in accordance with policies stated in note 1 of the financial statements. The total consolidated entities assets are as follows:

	<b>2009</b>	2008
	<b>\$'000</b>	\$'000
<b>Total assets</b>	<b>5,222,752</b>	5,133,927

**Interests in the Trust**

	<b>2009</b>	2008
	<b>Number</b>	Number
Total ordinary units issued	<b>2,789,721,461</b>	1,084,371,184
Units issued under LTI & Employee Incentive Scheme	<b>15,738,910</b>	16,605,128
Subscribed for but not issued at 30 June	<b>(156,277,961)</b>	-
<b>Total units issued</b>	<b>2,649,182,410</b>	1,100,976,312

**Significant changes in the state of affairs**

Changes in the state of affairs of the consolidated entity during the financial year are set out in the various reports in the consolidated entity's Annual Financial Report. Refer to note 20 of the accompanying financial statements for units issued and note 18 for debt movements.

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 financial year under review.

**Matters subsequent to the end of the financial year**

At the date of this report, there is no matter or circumstance which has arisen since 30 June 2009 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

**Likely developments and expected results of operations**

In the opinion of the Directors, it would prejudice the interests of the consolidated entity to provide additional information relating to likely developments in the operations of the consolidated entity, and the expected results of those operations in financial years subsequent to 30 June 2009.

**Environmental regulations**

The consolidated entity is subject to significant environmental legislation and associated regulations and Acts. 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.

**Mirvac Property Trust and its controlled entities  
Directors' Report  
30 June 2009**

**Fees paid to the Responsible Entity or its associates**

Fees paid to the Responsible Entity out of Trust property during the year were \$2,862,000 (2008: \$3,027,000). 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.

**Directors' interests**

Particulars of Directors' relevant interests in the units of the Trust or a related entity, in debentures of (or interests in a registered scheme made available by) the Trust or a related entity and their rights or options over any such units, debentures or registered scheme interests as notified by the Directors to the Australian Stock Exchange in accordance with Section 250G of the Corporations Act 2001 as at 30 June 2009 are as follows:

Directors	Interests in units of related entities	Mirvac Property Trust Units <sup>1</sup>
J A C MacKenzie		76,629
Mirvac Real Estate Investment Trust – units	93,841	
Mirvac Industrial Trust – units	122,643	
Mirvac Development Fund – Seascapes – units	300,000	
P J Biancardi		66,394
Mirvac Development Fund – Seascapes – units	25,000	
Mirvac Development Fund – Meadow Springs – units	50,000	
N R Collishaw		1,426,413
Mirvac Development Fund – Seascapes – units	10,000	
Mirvac Development Fund – Meadow Springs – units	25,000	
Performance rights		985,960
Options		2,336,340
A G Fini		9,825,384
Mirvac Development Fund – Seascapes – units	250,000	
Mirvac Development Fund – Meadow Springs – units	400,000	
Mirvac Industrial Trust – units	100,000	
Performance rights		77,612
Options		275,631
P J O Hawkins		212,547
P Morris		134,354
R W Turner		141,974
Mirvac Development Fund – Seascapes – units	25,000	
Mirvac Development Fund – Meadow Springs – units	25,000	

<sup>1</sup> Excludes units subscribed for applied for at 30 June 2009 as part of the retail offer, capital raising in June 2009, but not issued until 9 July 2009.

## **Mirvac Property Trust and its controlled entities Directors' Report 30 June 2009**

### **Directors' interests (continued)**

Mr Collishaw participated in the long term incentive plan (LTI) and the general employee exemption plan with the approval of Mirvac's securityholders during the year.

For the year ended 30 June 2009, Mr Collishaw received 869,600 performance rights and 1,923,100 options under the LTI plan and 505 stapled securities under the general employee exemption plan.

For the year ended 30 June 2009, Mr Fini did not participate in Mirvac's LTI plan or the general employee exemption plan. Following his resignation as an Executive Director of the Group, Mr Fini was permitted to continue to participate in the LTI plan and retain two thirds of the performance rights and options granted to him in the year ended 30 June 2008.

During the year Mirvac introduced a security acquisition plan for Non-Executive Directors whereby a portion of their Directors fees could be sacrificed on a monthly basis and applied to acquire additional Mirvac stapled securities. Messrs Hawkins and Turner and Ms Morris participated in this plan during the year. In addition, Non-Executive Directors remained eligible to participate in Mirvac's Distribution Reinvestment Plan on the same terms and conditions as are available to other Mirvac's securityholders.

No Director has entered into any contract under which the Director is entitled to a benefit and that confers a right to call for or deliver securities in, or debentures of, or interests in a registered scheme made available by the Trust or a related body corporate.

### **Options over unissued units**

During the year ended 30 June 2009, options over 6,355,600 units were issued to Executives pursuant to Mirvac's LTI plan. Options over 137,609 Mirvac units were forfeited during the year as a result of employees leaving the Group.

No units in the Trust or any of its controlled entities were issued during or since the year ended 30 June 2009 as a result of the exercise of an option over unissued units.

### **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 (non-audit services).

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 of Directors 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 out below, 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 undermine the general principles relating to auditor independence as set out in APES110: 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 company, acting as advocate for the company or jointly sharing economic risk and rewards.

**Mirvac Property Trust and its controlled entities  
Directors' Report  
30 June 2009**

**Insurance of officers**

During the financial 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.

**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 8.

**Rounding of amounts**

The Trust is of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



N R Collishaw  
Director

Sydney  
25 August 2009

PricewaterhouseCoopers  
ABN 52 780 433 757

Darling Park Tower 2  
201 Sussex Street  
GPO BOX 2650  
SYDNEY NSW 1171  
DX 77 Sydney  
Australia  
Telephone +61 2 8266 0000  
Facsimile +61 2 8266 9999

## Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Property Trust for the year ended 30 June 2009, 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.



R L Gavin  
Partner  
PricewaterhouseCoopers

Sydney  
25 August 2009

**Mirvac Property Trust and its controlled entities**  
**Income Statements**  
**For the Year Ended 30 June 2009**

		<b>Consolidated</b>		<b>Parent entity</b>	
	Note	<b>2009</b>	2008	<b>2009</b>	2008
		<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Revenue</b>					
Rental revenue from investment properties		<b>318,405</b>	318,984	<b>181,596</b>	173,020
Interest revenue	4	<b>68,350</b>	69,959	<b>69,364</b>	85,179
Distribution revenue		<b>1,091</b>	1,977	<b>107,702</b>	217,579
Other revenue		<b>704</b>	781	<b>12</b>	21
<b>Total revenue</b>		<b>388,550</b>	391,701	<b>358,674</b>	475,799
<b>Other income</b>					
Net gain on non-current assets classified as held for sale		-	48,578	-	-
Net gain on sale of investment property		-	41,146	-	1,357
Share of net (loss)/profit of associates and joint ventures accounted for using the equity method		<b>(120,331)</b>	9,830	-	-
Net (loss)/gain on financial instruments	4	<b>(110,262)</b>	19,533	<b>(108,909)</b>	18,572
Net (loss)/gain from fair value adjustments on investment properties		<b>(504,704)</b>	181,808	<b>(277,320)</b>	101,961
<b>Total other income</b>		<b>(735,297)</b>	300,895	<b>(386,229)</b>	121,890
<b>Total revenues and other income</b>		<b>(346,747)</b>	692,596	<b>(27,555)</b>	597,689
Amortisation expense	5	<b>(12,251)</b>	(10,853)	<b>(7,568)</b>	(7,031)
Finance costs expense	5	<b>(73,479)</b>	(114,085)	<b>(74,417)</b>	(113,447)
Investment property outgoings		<b>(87,355)</b>	(85,749)	<b>(49,439)</b>	(44,187)
Impairments	5	<b>(16,446)</b>	(76,110)	<b>(212,073)</b>	(24,926)
Other expenses		<b>(5,274)</b>	(7,368)	<b>(3,366)</b>	(6,512)
<b>(Loss)/profit before income tax</b>		<b>(541,552)</b>	398,431	<b>(374,418)</b>	401,586
Income tax expense	6(a)	<b>(158)</b>	(528)	<b>(63)</b>	-
<b>(Loss)/profit for the year</b>		<b>(541,710)</b>	397,903	<b>(374,481)</b>	401,586
Loss/(profit) attributable to minority interest		<b>147</b>	(1,861)	-	-
<b>Net (loss)/profit attributable to the unitholders of the Mirvac Property Trust</b>		<b>(541,563)</b>	396,042	<b>(374,481)</b>	401,586

**Earnings per unit for net (loss)/profit attributable to the unitholders of the Mirvac Property Trust**

Basic earnings per unit (cents)	7	<b>(32.70)</b>	34.25
Diluted earnings per unit (cents)	7	<b>(32.36)</b>	33.71

The above Income Statements should be read in conjunction with the accompanying notes.

**Mirvac Property Trust and its controlled entities**  
**Balance Sheets**  
**As at 30 June 2009**

		Consolidated		Parent entity	
	Note	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>					
Cash and cash equivalents	33	687,351	8,503	680,390	2,730
Receivables	8	860,152	887,904	889,977	967,897
Derivative financial assets	12	5,520	-	5,520	-
Other financial assets at fair value through profit or loss	9	20,623	25,618	-	-
Other assets	10	10,159	8,100	7,077	5,547
<b>Total current assets</b>		<b>1,583,805</b>	<b>930,125</b>	<b>1,582,964</b>	<b>976,174</b>
<b>Non-current assets</b>					
Derivative financial assets	12	4,838	63,826	4,838	63,826
Investments accounted for using the equity method	11	225,161	365,257	-	-
Other financial assets	13	-	-	1,737,510	1,799,686
Investment properties	14	3,279,520	3,628,531	1,781,950	2,018,730
Property, plant and equipment	15	79,480	96,240	43,432	50,802
Intangible assets	16	49,948	49,948	-	-
<b>Total non-current assets</b>		<b>3,638,947</b>	<b>4,203,802</b>	<b>3,567,730</b>	<b>3,933,044</b>
<b>Total assets</b>		<b>5,222,752</b>	<b>5,133,927</b>	<b>5,150,694</b>	<b>4,909,218</b>
<b>Current liabilities</b>					
Payables	17	87,439	133,231	76,929	133,160
Borrowings	18	300,000	-	300,000	-
Provisions	19	3,411	90,555	3,411	90,555
<b>Total current liabilities</b>		<b>390,850</b>	<b>223,786</b>	<b>380,340</b>	<b>223,715</b>
<b>Non-current liabilities</b>					
Borrowings	18	448,655	1,328,697	419,596	1,303,141
Derivative financial liabilities	12	10,888	-	10,888	-
Deferred tax liabilities	6(b)	-	206	-	-
<b>Total non-current liabilities</b>		<b>459,543</b>	<b>1,328,903</b>	<b>430,484</b>	<b>1,303,141</b>
<b>Total liabilities</b>		<b>850,393</b>	<b>1,552,689</b>	<b>810,824</b>	<b>1,526,856</b>
<b>Net assets</b>		<b>4,372,359</b>	<b>3,581,238</b>	<b>4,339,870</b>	<b>3,382,362</b>
<b>Equity</b>					
Contributed equity	20	4,323,043	2,880,164	4,323,055	2,880,176
Reserves	21	858	(27)	(1,655)	1,548
Retained earnings	22	(6,448)	642,802	18,470	500,638
Total parent entity interest		4,317,453	3,522,939	4,339,870	3,382,362
Minority interest	23	54,906	58,299	-	-
<b>Total equity</b>		<b>4,372,359</b>	<b>3,581,238</b>	<b>4,339,870</b>	<b>3,382,362</b>

The above Balance Sheets should be read in conjunction with the accompanying notes.

**Mirvac Property Trust and its controlled entities**  
**Statements of Changes in Equity**  
**For the Year Ended 30 June 2009**

<b>Consolidated</b>	Note	<b>Issued Capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Minority Interest \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 July 2008</b>		<b>2,880,164</b>	<b>(27)</b>	<b>642,802</b>	<b>58,299</b>	<b>3,581,238</b>
Exchange differences on translation of foreign operations	21	-	885	-	-	885
Net income recognised directly in equity		-	885	-	-	885
Net loss	22	-	-	(541,563)	-	(541,563)
Total recognised income and expenses for the year		-	885	(541,563)	-	(540,678)
EIS units converted/sold/forfeited & EEP issues	20(b)	5,700	-	-	-	5,700
Contributions of equity, net of transaction costs	20(b)	1,437,179	-	-	-	1,437,179
Distributions provided for or paid	22	-	-	(107,687)	-	(107,687)
Minority interest	23	-	-	-	(3,393)	(3,393)
<b>Balance at 30 June 2009</b>		<b>4,323,043</b>	<b>858</b>	<b>(6,448)</b>	<b>54,906</b>	<b>4,372,359</b>
<b>Balance at 1 July 2007</b>		<b>2,512,905</b>	<b>-</b>	<b>595,657</b>	<b>60,054</b>	<b>3,168,616</b>
Exchange differences on translation of foreign operations	21	-	(27)	-	-	(27)
Net expense recognised directly in equity		-	(27)	-	-	(27)
Net profit	22	-	-	396,042	-	396,042
Total recognised income and expenses for the year		-	(27)	396,042	-	396,015
EIS units converted/sold/forfeited	20(b)	5,864	-	-	-	5,864
Contributions of equity, net of transaction costs	20(b)	361,395	-	-	-	361,395
Distributions provided for or paid	22	-	-	(348,897)	-	(348,897)
Minority interest	23	-	-	-	(1,755)	(1,755)
<b>Balance at 30 June 2008</b>		<b>2,880,164</b>	<b>(27)</b>	<b>642,802</b>	<b>58,299</b>	<b>3,581,238</b>

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

**Mirvac Property Trust and its controlled entities**  
**Statements of Changes in Equity (continued)**  
**For the Year Ended 30 June 2009**

		Issued Capital	Reserves	Retained Earnings	Total
Parent entity	Note	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2008</b>		<b>2,880,176</b>	<b>1,548</b>	<b>500,638</b>	<b>3,382,362</b>
Exchange differences on translation of foreign operations	21	-	(3,203)	-	(3,203)
Net expense recognised directly in equity		-	(3,203)	-	(3,203)
Net loss	22	-	-	(374,481)	(374,481)
Total recognised income and expenses for the year		-	(3,203)	(374,481)	(377,684)
EIS units converted/sold/forfeited & EEP issues	20(b)	5,700	-	-	5,700
Contributions of equity, net of transaction costs	20(b)	1,437,179	-	-	1,437,179
Distributions provided for or paid	22	-	-	(107,687)	(107,687)
<b>Balance at 30 June 2009</b>		<b>4,323,055</b>	<b>(1,655)</b>	<b>18,470</b>	<b>4,339,870</b>
<b>Balance at 1 July 2007</b>		<b>2,512,917</b>	<b>-</b>	<b>447,949</b>	<b>2,960,866</b>
Exchange differences on translation of foreign operations	21	-	1,548	-	1,548
Net income recognised directly in equity		-	1,548	-	1,548
Net profit	22	-	-	401,586	401,586
Total recognised income and expenses for the year		-	1,548	401,586	403,134
EIS units converted/sold/forfeited	20(b)	5,864	-	-	5,864
Contributions of equity, net of transaction costs	20(b)	361,395	-	-	361,395
Distributions provided for or paid	22	-	-	(348,897)	(348,897)
<b>Balance at 30 June 2008</b>		<b>2,880,176</b>	<b>1,548</b>	<b>500,638</b>	<b>3,382,362</b>

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

**Mirvac Property Trust and its controlled entities**  
**Cash Flow Statements**  
**For the Year Ended 30 June 2009**

		Consolidated		Parent entity	
	Note	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>					
Receipts from customers (inclusive of goods and services tax)		346,907	338,366	206,553	196,557
Payments to suppliers (inclusive of goods and services tax)		(142,062)	(126,975)	(77,360)	(70,347)
		204,845	211,391	129,193	126,210
Interest received		73,685	69,474	74,700	85,178
Distributions received		28,573	35,118	164,804	161,774
Income taxes paid		(366)	(322)	(63)	-
Borrowing costs paid		(73,916)	(115,051)	(81,206)	(114,413)
<b>Net cash inflow from operating activities</b>	<b>33(b)</b>	<b>232,821</b>	<b>200,610</b>	<b>287,428</b>	<b>258,749</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment		(268)	(9,618)	(268)	(226)
Payments for investment properties		(156,460)	(217,334)	(47,526)	(68,012)
Proceeds from the sale of investment properties		-	467,170	-	9,049
Contributions to joint venture and associate entities		(9,281)	(38,714)	(6,253)	(15,140)
Proceeds from sale of joint venture entities		-	12,800	-	12,800
Payments for units issued in controlled entities		-	-	(140,049)	(95,836)
Repayment of loans by entities related to the responsible entity		150,000	50,000	150,000	50,000
Loans to controlled entities		-	-	(42,683)	(1,800)
Repayment of loans by controlled entities		-	-	10,320	338,030
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(16,009)</b>	<b>264,304</b>	<b>(76,459)</b>	<b>228,865</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		97,500	677,620	97,500	649,716
Repayment of borrowings		(730,244)	(1,185,027)	(728,804)	(1,185,027)
Distributions paid		(137,409)	(207,021)	(137,409)	(207,015)
Distributions paid to minority interests in controlled entities		(3,245)	(3,618)	-	-
Proceeds from issue of units		1,268,988	245,337	1,268,988	245,337
Unit issue transaction costs		(33,584)	-	(33,584)	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>462,006</b>	<b>(472,709)</b>	<b>466,691</b>	<b>(496,989)</b>
Net increase/(decrease) in cash and cash equivalents		678,818	(7,795)	677,660	(9,375)
Cash and cash equivalents at the beginning of the year		8,503	16,298	2,730	12,105
Effects of exchange rate changes on cash and cash equivalents		30	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>33(a)</b>	<b>687,351</b>	<b>8,503</b>	<b>680,390</b>	<b>2,730</b>

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies**

The financial report includes separate financial statements for Mirvac Property Trust as the parent entity and the consolidated entity consisting of Mirvac Property Trust and its controlled entities.

**Mirvac – Stapled Securities**

One Mirvac Property Trust unit is stapled to one Mirvac Limited share to form a Mirvac Group Stapled Security. The stapled securities are quoted and traded together on the Australian Stock Exchange (“ASX”) and cannot be traded or dealt with separately.

The entities forming the stapled group entered into a Deed of Co-Operation 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 Co-operation 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 Accounting Standards and the Corporations Act 2001. In accordance with Urgent Issues Group Interpretation 1013, “Consolidated Financial Reports in relation to Pre-Date-Of-Transition Stapling Arrangements”, Mirvac Limited has been deemed the parent entity of Mirvac Property Trust.

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

- any of Mirvac Limited or Mirvac Property Trust 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 Mirvac Property Trust

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.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation of financial report**

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (“AIFRS”), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

***Compliance with International Financial Reporting Standards (“IFRS”)***

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of the Mirvac Property Trust and its controlled entities comply with IFRS. The parent entity financial statements and notes also comply with IFRS.

***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 property.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

***Critical accounting estimates***

The preparation of financial statements in conformity with AIFRS 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.

**(b) Principles of consolidation**

***(i) Controlled entities***

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Mirvac Property Trust (parent entity) as at 30 June 2009 and the results of all controlled entities for the financial 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 a unitholding 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 de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of controlled entities by the consolidated entity (refer to note 1(f)).

Intercompany transactions and balances between consolidated entities are eliminated. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Minority interests in the results and equity of controlled entities are shown separately in the consolidated Income Statement and Balance Sheet, respectively.

Investments in controlled entities are accounted for at cost in the individual statements of Mirvac Property Trust (parent entity).

***(ii) Associates***

Associates are all entities over which the consolidated entity has significant influence but not control. 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 Trust's financial statements using the cost method. The consolidated entity's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The consolidated entity's share of its associates' post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. 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

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**(b) Principles of consolidation (continued)**

**(ii) Associates (continued)**

provides evidence of an 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.

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 Income Statement in the financial year in which the change occurred.

**(iii) Joint ventures**

*Joint venture entities*

The interests in joint ventures are accounted for in the consolidated financial statements using the equity method and are carried at cost by the Trust. Under the equity method, the share of the profits or losses of the entity are recognised in the Income Statement, and the share of movements in reserves is recognised in reserves in the Balance Sheet.

Profits or losses on transactions establishing the joint venture partnership 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 partnerships on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

**(c) 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 ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Mirvac Property Trust'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 the Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. 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 the fair value reserve in equity.

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 for each Balance Sheet presented are translated at the closing rate at the date of the Balance Sheet;

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**(c) Foreign currency translation (continued)**

**(iii) Foreign controlled entities**

- Income and expenses for each Income Statement 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 as a separate component of equity.

Exchange differences are recognised in the profit and loss in the period in which they arise except for:

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items which form part of the net investment in a foreign operation, which are recognised in the foreign currency translation reserve. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Income Statement, as part of the gain or loss on sale where applicable

**(d) 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. 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 and offset against rental income.

**(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.

**(e) Taxation**

Under current legislation, the Trust and its controlled entities are not liable for income tax, provided that unit holders are presently entitled to 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 unitholders in the form of a tax deferred component of the distribution.

The Trust's has a controlled entity based in the United States of America ("USA") and is therefore subject to USA tax on earnings.

A deferred tax liability is recognised based on the temporary difference between the carrying amount of the assets and their associated tax cost base.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**(f) Business combinations**

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, units issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(r)). If the cost of acquisition is less than the fair value of the net assets of the controlled entity acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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 entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**(g) Impairment of financial assets**

Goodwill and intangibles 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 that are subject to amortisation are reviewed 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 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's) carrying amount exceeds its recoverable amount.

For the purposes 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 (cash generating units).

**(h) Cash and cash equivalents**

For cash flow statement presentation purposes, 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 Balance Sheet.

**(i) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised costs, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. A provision for doubtful debt 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

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**(i) Trade receivables (continued)**

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. The amount of the provision is recognised in the Income Statement.

**(j) Assets classified as held for sale**

Assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Investment properties classified as held for sale are carried at fair value.

An impairment loss is recognised for any initial or subsequent write down of the asset 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, 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 is recognised at the date of de-recognition.

Assets classified as held for sale 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. Assets classified as held for sale are presented separately from the other assets in the Balance Sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

**(k) Investments and other financial assets**

**(i) *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.

**(ii) *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 balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the Balance Sheet.

**(iii) *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 management intends to dispose of the investment within 12 months of the balance sheet date.

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. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are de-recognised 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.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Income Statement in the period in which they arise.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**(k) Investments and other financial assets (continued)**

**(iii) Available-for-sale financial assets (continued)**

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in equity are included in the Income Statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

**(l) Impairment of financial assets**

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a unit below its costs is considered in determining whether the unit is impaired. If any such evidence exists 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 and loss is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

**(m) 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 a firm commitment (fair value hedge), 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. 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.

**(i) Fair value hedge**

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

**(ii) Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**(m) Derivatives (continued)**

**(ii) Cash flow hedge (continued)**

Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Income Statement within finance costs. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) 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 the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

**(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 the Income Statement.

**(n) 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 balance sheet date. 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 each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, 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 and loss.

**(o) Property, plant and equipment**

Property, plant and equipment comprise investment properties under construction.

Property under construction is carried at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**(o) Property, plant and equipment (continued)**

with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimate recoverable amount (note 1(g)). The impairment loss recognised during the period was \$3,595,000 (2008: nil). Details of this impairment and details of the assumptions used by management in assessing the impairment are provided in note 15.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement on a net basis when the risks and rewards pass to the purchaser. When revalued assets are sold, it is the consolidated entity's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

**(p) Investment property**

**(i) *Investment properties***

Investment properties are properties held for long-term rental yields and for capital appreciation.

Investment properties are carried at fair value, representing open market value determined at each balance date, with any gain or loss arising from a change in fair value recognised in the Income Statement in the period.

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 reporting date are fair valued internally by management.

The carrying amount of the investment properties recorded in the Balance Sheet includes components relating to lease incentives.

**(ii) *Investment properties under redevelopment***

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

**(q) Lease incentives**

Lease incentives provided under an operating lease 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 consolidated Balance Sheet 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 fit-outs, the investment property is revalued back to the valuation amount after the lease incentive amortisation has been charged as an expense.

**(r) 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 at the date of acquisition. Goodwill on acquisitions of controlled entities are included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. 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.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**(s) Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables, whose settlement is deferred, are measured at amortised cost.

**(t) 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 the Income Statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities, which are not incremental cost relating to the actual draw-down 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 balance sheet date.

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.

**(u) Contributed equity**

Issued 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 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 Payments", securities issued as part of the Mirvac's LTI and EIS are not classified as issued units, until such time as the employee loans are fully repaid or they leave Mirvac.

**(v) Distributions**

Provision is made for the amount of any distribution declared on or before the end of the year but not distributed at balance date.

**(w) Earnings per unit**

**(i) Basic earnings per unit**

Basic earnings per unit is 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 consolidated entity 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.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**(x) 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 Balance Sheet. 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.

**(y) Comparative information**

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

**(z) Rounding of amounts**

The consolidated entity is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**(aa) New accounting standards and AASB Interpretations**

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The consolidated entity's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009). AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The consolidated entity will adopt AASB 8 from 1 July 2009. It is not expected to have a material impact on the consolidated entity's financial statements.
- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the consolidated entity, as the consolidated entity already capitalises borrowing costs relating to qualifying assets.
- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009). The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the Financial Statements. If an entity has made a prior period adjustment or has reclassified items in the Financial Statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The consolidated entity intends to apply the revised standard from 1 July 2009.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**1. Summary of significant accounting policies (continued)**

**(aa) New accounting standards and AASB Interpretations (continued)**

- Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective from 1 July 2009). The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the Income Statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the consolidated entity's current policy which is set out in note 1(f) above. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(b)(i). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with the consolidated entity's current accounting policy if significant influence is not retained. The consolidated entity will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.
- AASB 140 (Amendment) Investment Property and consequential amendments to AASB 116) (effective from 1 January 2009). The amendments were made by AASB 2008-5 Amendments to Australia Accounting Standards arising from the Annual Improvements Project in July 2008. Property that is under construction or development for future use as investment property is within the scope of AASB 140. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The consolidated entity currently has property, plant and equipment which is being developed for use as an investment property on completion and will apply this amended standard in future reporting periods. The consolidated entity will apply the amendments from 1 July 2009. It is not expected to have a material impact on the consolidated entity's financial statements.

**(ab) Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**2. Critical accounting estimates and judgements**

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

***Key sources of estimation uncertainty***

In preparing the Financial Statements of the consolidated entity, management are required to make estimations and assumptions. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial 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(r). Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units 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 cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill at the balance sheet date was \$49,948,000 (2008: \$49,948,000). There was no impairment loss recognised during the period (2008: nil). Details on the assumptions used are provided in note 16.

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

During the period the consolidated entity impaired an investment accounted for using the equity method. The investment is 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 dividends to be received from the investment and from its ultimate disposal. The impairment loss recognised during the period was \$9,209,000 (2008: \$76,110,000). Details of this impairment and details of the assumptions used by management in assessing the impairment are provided in notes 25 and 26.

**(iii) Fair value of investments not traded in active markets**

The fair value of investments that are 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 net present value calculations using future cash flows and an appropriate post tax discount rate.

The carrying value of investments not traded in an active market is determined using the above described techniques and assumptions are \$20,623,000 (2008: \$25,618,000) and are disclosed as financial assets at fair value through profit or loss. The impairment loss recognised during the period was \$3,642,000 (2008: \$Nil). Details on the assumptions used are provided in note 9.

**(iv) Valuation of investment properties**

The consolidated entity uses judgement in respect of the fair values of investment properties. Investment properties are re-valued by external valuers on a rotation basis with one half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at 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 carrying value as at balance date for investment property is \$3,279,520,000 (2008: \$3,628,531,000).

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**2. Critical accounting estimates and judgements (continued)**

**(v) 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**

**Business segments**

Primary Reporting Segment – Business Segments

The consolidated entity derives income from investments in property, short-term deposits and securities authorised by the Trust's Constitution.

Geographical segment

The combined entity operates predominantly in Australia.

**4. Revenue**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Interest revenue</b>				
Cash and cash equivalents	829	1,890	765	1,644
Loans to entities related to the responsible entity and controlled entities	67,521	68,069	68,599	83,535
<b>Total interest revenue</b>	<b>68,350</b>	<b>69,959</b>	<b>69,364</b>	<b>85,179</b>
<b>Net (loss)/gain on financial instruments</b>				
Net gain on interest rate derivatives	7,339	-	7,339	-
(Loss)/gain on revaluation of interest rate derivatives	(116,248)	18,572	(116,248)	18,572
(Loss)/gain on revaluation of other financial instruments	(1,353)	961	-	-
<b>Net (loss)/gain on financial instruments</b>	<b>(110,262)</b>	<b>19,533</b>	<b>(108,909)</b>	<b>18,572</b>

**5. Expenses**

**(Loss)/profit for the year includes the following specific expenses**

**Finance costs**

Interest on bank overdraft and loans	72,422	113,180	73,360	112,542
Borrowing costs amortised	1,057	905	1,057	905
<b>Finance costs expense</b>	<b>73,479</b>	<b>114,085</b>	<b>74,417</b>	<b>113,447</b>

**Amortisation**

Landlord fit-outs	9,365	8,189	5,712	5,043
Deferred expenses	2,886	2,664	1,856	1,988
<b>Total amortisation</b>	<b>12,251</b>	<b>10,853</b>	<b>7,568</b>	<b>7,031</b>

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**5. Expenses (continued)**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Impairment</b>				
Impairment of other financial assets at fair value through profit or loss (note 9)	3,642	-	-	-
Impairment of property, plant and equipment (note 15)	3,595	-	3,595	-
Impairment of investments in associates (note 25)	9,209	71,110	25,602	24,926
Impairment of investments in joint ventures (note 26)	-	5,000	20,469	-
Impairment of controlled entities	-	-	162,407	-
<b>Total impairments</b>	<b>16,446</b>	<b>76,110</b>	<b>212,073</b>	<b>24,926</b>

For further information on the parent entity's impairment of controlled entities, investments in associates and joint ventures, refer to note 13.

**Other charges against assets**

Bad and doubtful debts – trade debtors	450	320	450	420
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**6. Income tax**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>(a) Income tax expense</b>				
Tax expense	158	528	63	-
	158	528	63	-
Income tax expense is attributable to				
(Decrease)/increase in deferred tax liabilities (b)	(206)	206	-	-
USA tax on foreign income	364	322	63	-
	158	528	63	-

**(b) Deferred tax liabilities**

The balance comprise of temporary differences attributable to investment properties:

**Movements**

Opening balance	206	-	-	-
Deferred tax expense	(206)	206	-	-
	-	206	-	-

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**7. Earnings per unit**

	<b>Consolidated</b>	
	<b>2009</b>	2008
	<b>Cents</b>	Cents
<b>Earnings per unit<sup>1</sup></b>		
Basic earnings per unit	<b>(32.70)</b>	34.25
Diluted earnings per unit <sup>2</sup>	<b>(32.36)</b>	33.71
<b>Reconciliation of earnings used in calculating earnings per unit</b>	<b>\$'000</b>	\$'000
<b>Basic and diluted earnings per unit</b>		
Net (loss)/profit used in calculating earnings per unit	<b>(541,563)</b>	396,042
<b>Weighted average number of units after rights issue notional adjustment used as denominator<sup>1</sup></b>		
	<b>Number</b>	Number
Weighted average number of units used in calculating basic earnings per unit	<b>1,656,191,953</b>	1,156,389,937
Adjustment for calculation of diluted earnings per unit:		
Units issued under EIS	<b>17,399,749</b>	18,516,432
<b>Weighted average number of units used in calculating diluted earnings per unit</b>	<b>1,673,591,702</b>	1,174,906,369

<sup>1</sup> Current and prior year numbers have been adjusted to reflect the impact of the rights issues, as required by accounting standard AASB 133. This is because the exercise price of the rights issue was less than the fair value of the units and so includes a bonus element. The number of ordinary units for both periods prior to the rights issue is multiplied by the fair value per unit immediately before the exercise of rights divided by the theoretical ex-rights fair value per unit.

<sup>2</sup> Diluted units does not include the options and rights issued under the current LTI plan as the exercise of these equity instruments are contingent on conditions during the vested period.

**8. Receivables**

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Current receivables</b>				
Trade receivables	<b>294</b>	3,489	<b>270</b>	2,602
Provision for doubtful debts	<b>(250)</b>	(700)	<b>(250)</b>	(700)
	<b>44</b>	2,789	<b>20</b>	1,902
Loans to entities related to responsible entity	<b>700,000</b>	850,000	<b>700,000</b>	850,000
Amounts due from related entity	<b>94,858</b>	-	<b>94,858</b>	-
Amounts due from controlled entities	<b>-</b>	-	<b>30,515</b>	96,953
Other receivables	<b>65,250</b>	35,115	<b>64,584</b>	19,042
	<b>860,152</b>	887,904	<b>889,977</b>	967,897

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

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**8. Receivables (continued)**

**(a) Trade receivables**

The average credit period on trade receivables is 30 days. No interest is charged on the trade receivables. Refer to note 8(d) on discussions regarding the credit risk of receivables.

**(b) Other receivables**

These amounts generally arise from transactions outside of the classification of trade receivables and loan related transactions.

**(c) Bad and doubtful trade receivables**

Movements in the provision for doubtful debts are detailed below:

	Consolidated		Parent	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at beginning of year	(700)	(380)	(700)	(280)
Amounts written off during the year	315	166	162	106
Decrease/(increase) in allowance recognised in profit and loss	135	(486)	288	(526)
Balance at end of year	(250)	(700)	(250)	(700)

The consolidated entity has written off \$315,000 (2008: \$166,000) of bad and doubtful trade receivables during the current year. This loss has been included in 'other expenses' in the Income Statement.

**(d) Credit risk**

Receivables consist of a large number of customers. 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 its customers and, where appropriate, an allowance for doubtful debtors is raised. The consolidated entity holds collateral in certain circumstances which takes the form of a bank guarantee 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:

	Consolidated			
	2009		2008	
	Total receivables \$'000	Bad debt allowance \$'000	Total receivables \$'000	Bad debt allowance \$'000
Not past due	860,129	-	885,116	-
Renegotiated	-	-	-	-
Past due 1 - 30 days	30	(7)	1,967	-
Past due 31 - 60 days	-	-	557	-
Past due 61 - 90 days	22	(22)	279	(15)
Past due 91 - 120 days	-	-	81	(81)
Past 120 days	221	(221)	604	(604)
Total	860,402	(250)	888,604	(700)

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**8. Receivables (continued)**

**(d) Credit risk (continued)**

	2009		Parent entity	
	Total receivables \$'000	Bad debt allowance \$'000	Total receivables \$'000	Bad debt allowance \$'000
Not past due	890,174	(197)	965,994	-
Renegotiated	-	-	-	-
Past due 1 - 30 days	21	(21)	1,562	-
Past due 31 - 60 days	10	(10)	339	-
Past due 61 - 90 days	1	(1)	182	(180)
Past due 91 - 120 days	-	-	24	(24)
Past 120 days	21	(21)	496	(496)
<b>Total</b>	<b>890,227</b>	<b>(250)</b>	<b>968,597</b>	<b>(700)</b>

Under certain circumstances, the consolidated entity and the Trust have not provided for balances past due as it has been determined that there has not been a significant change in credit quality at reporting date based upon the customer's payment history and analysis of the customer's financial accounts. The consolidated entity holds collateral over receivables of \$42,825,000 (2008: \$39,062,000). The carrying value of collateral held equals the fair value. 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**

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Units in unlisted fund</b>				
At beginning of the year	25,618	24,657	-	-
Impairment of other financial assets at fair value through profit or loss	(3,642)	-	-	-
(Loss)/gain on revaluation of other financial assets at fair value through profit or loss	(1,353)	961	-	-
<b>At end of the year</b>	<b>20,623</b>	<b>25,618</b>	<b>-</b>	<b>-</b>

Changes in fair values of other financial assets at fair value through profit or loss are recorded as gain on financial instruments in the Income Statement.

During the year, an impairment of \$3,642,000 was recorded against the carrying value of the consolidated entity's investment in Australian Sustainable Forestry Investors ("ASFI"). The consolidated entity deems the booking of the impairment provision as prudent based on a number external factors currently being faced by ASFI. The consolidated entity's position has been made independently of the positions taken by the other investors within the fund.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
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**9. Other financial assets at fair value through profit or loss (continued)**

**(a) 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. Other assets**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Prepayments	10,159	8,100	7,077	5,547

**11. Investments accounted for using the equity method**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Shares in associates – accounted for using equity method (note 25)	166,179	281,911	-	-
Interests in joint ventures – accounted for using equity method (note 26)	58,982	83,346	-	-
	225,161	365,257	-	-

**12. Derivative financial instruments**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Derivative financial assets</b>				
<b>Current assets</b>				
Interest rate swap contracts – fair value	5,520	-	5,520	-
<b>Non-current assets</b>				
Interest rate swap contracts – fair value	4,838	63,826	4,838	63,826
	10,358	63,826	10,358	63,826
<b>Derivative financial liabilities</b>				
<b>Non-current liabilities</b>				
Interest rate swap contracts – fair value	10,888	-	10,888	-

**(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.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**13. Other financial assets**

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Shares in controlled entities - at cost	-	-	1,749,204	1,609,155
Impairment of controlled entities	-	-	(162,407)	-
Share in associates – (note 25)	-	-	167,009	167,005
Impairment of share in associates	-	-	(25,602)	-
Interest in joint ventures – (note 26)	-	-	29,775	23,526
Impairment of interest in joint ventures	-	-	(20,469)	-
	-	-	1,737,510	1,799,686

These financial assets held by the Trust are carried at cost. During the year, an impairment of \$208,478,000 (2008: \$Nil) was recognised. The impairment was as a result of decline in valuations of the investment properties owned by controlled entities and impairment of investments held by the Trust and its controlled entities. For further information in relation to valuations of investment properties, refer to note 14. Any decline due to deterioration in the underlying assumptions supporting these property valuations may result in further impairment. For further information on impairment of investment in associates and joint ventures, refer to note 25 and 26.

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(b): Principles of consolidation:

**Units held in controlled entities of Mirvac Property Trust**

Name of entity	Country of incorporation	Class of units	Equity Holding 2009 %	Equity Holding 2008 * %
Mirvac Commercial Trust	Australia	Ordinary	100	100
Mirvac Property Trust No 2	Australia	Ordinary	100	100
380 St Kilda Road Trust	Australia	Ordinary	100	100
The George Street Trust	Australia	Ordinary	100	100
Mirvac Retail Head Trust	Australia	Ordinary	100	100
Mirvac Broadway Sub-trust	Australia	Ordinary	100	100
Mirvac Rhodes Sub-trust	Australia	Ordinary	100	100
Mirvac Lakehaven Sub-trust	Australia	Ordinary	100	100
James Fielding Trust	Australia	Ordinary	100	100
Peninsular Homemaker Centre Trust	Australia	Ordinary	100	100
The Mulgrave Trust	Australia	Ordinary	100	100
James Fielding Infrastructure Sustainable Equity Fund	Australia	Ordinary	100	100
Springfield Regional Shopping Centre Trust	Australia	Ordinary	67	67
Mirvac Glasshouse Sub-trust	Australia	Ordinary	100	100
1900-2000 Pratt Inc.	USA	Ordinary	100	100

\* The proportion of ownership interest is equal to the proportion of voting power held.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**14. Investment properties**

	Note	Date of acquisition	Cost & additions to 30 June 2009	Book value		Cap rate		Discount rate		Date of last external valuation	Last external valuation \$'000
			\$'000	30 June 2009	30 June 2008	30 June 2009	30 June 2008	30 June 2009	30 June 2008		
				\$'000	\$'000	(%)	(%)	(%)	(%)		
<b>Mirvac Property Trust and its controlled entities</b>											
1 Castlereagh Street, Sydney NSW	1	Dec 1998	50,233	64,300	87,500	8.00%	6.00%	9.50%	8.00%	Jun 2009	64,300
1 Darling Island, Pyrmont, NSW	1	Apr 2004	132,310	161,000	186,500	7.00%	5.75%	9.25%	8.25%	Dec 2008	172,500
1-47 Percival Road, Smithfield NSW	1	Nov 2002	21,186	20,000	25,300	8.50%	7.50%	9.25%	8.75%	Mar 2008	25,300
164 Grey Street, Southbank QLD	1	Jun 2001	7,140	14,000	19,000	8.00%	7.00%	9.00%	8.75%	Mar 2009	14,000
189 Grey Street, Southbank QLD	1	Apr 2004	38,676	65,000	72,000	7.75%	7.00%	9.00%	8.50%	Mar 2009	65,000
190 George Street, Sydney NSW		Aug 2003	46,585	39,000	46,000	8.00%	6.75%	9.25%	8.75%	Jun 2008	46,000
1900-2060 Pratt Blvd, Chicago, Illinois USA		Dec 2007	50,547	40,670	42,608	8.00%	6.50%	9.50%	8.50%	Oct 2008	51,963
200 George Street, Sydney NSW		Oct 2001	24,726	25,000	30,500	8.25%	7.00%	9.50%	8.75%	Jun 2008	30,500
253 Wellington Road & 18-20 Compark Circuit, Mulgrave VIC		Aug 2001	16,264	12,000	15,200	9.50%	8.75%	9.50%	9.00%	Jun 2008	15,200
271 Lane Cove Road, North Ryde NSW	1	Apr 2000	21,707	40,000	43,500	8.00%	7.50%	9.25%	8.75%	Jun 2008	43,500
30-32 Compark Circuit, Mulgrave VIC		Feb 2003	6,723	6,500	6,550	9.50%	8.75%	9.50%	9.00%	Jun 2008	6,550
333-343 Frankston-Dandenong Rds & 4 Abbots Road, Dandenong South, VIC	1	Jan 2004	12,761	13,250	15,350	9.00%	8.00%	9.50%	9.00%	Jun 2008	15,350
38 Sydney Avenue, Forrest ACT		Jun 1996	32,091	37,500	44,500	8.75%	7.50%	9.50%	8.50%	Dec 2008	41,900
40 Miller Street, North Sydney NSW	1	Mar 1998	70,296	90,000	100,000	7.50%	6.50%	9.00%	8.50%	Jun 2008	100,000
44 Biloela Street, Villawood NSW	1	Sep 2003	19,021	12,700	18,500	9.50%	7.75%	10.50%	8.75%	Mar 2009	12,700
54 Marcus Clarke Street, Canberra, ACT		Oct 1987	14,252	17,000	21,000	9.50%	8.00%	9.75%	9.25%	Dec 2008	19,000
64 Biloela Street, Villawood NSW	1	Feb 2004	22,702	21,500	25,800	9.00%	7.75%	10.25%	9.00%	Mar 2008	25,800
Ballina Central, Pacific Highway, Ballina NSW	1	Dec 2004	44,936	34,500	40,200	8.00%	7.00%	9.25%	8.75%	Jun 2009	34,500
Bay Centre, Pirrama Road, Pyrmont NSW	1	Jun 2001	57,975	98,000	111,000	7.50%	6.50%	9.00%	8.75%	Mar 2008	111,000
Blacktown MegaCentre, Blacktown Road, Blacktown NSW	1	Jun 2002	32,463	36,500	48,500	9.00%	6.75%	10.00%	8.75%	Dec 2008	40,000
Broadway Shopping Centre, Broadway NSW (50% interest)		Jan 2007	228,470	202,500	227,000	6.13%	5.50%	8.75%	8.25%	Dec 2008	202,500
Building 1,2,3 & 7, Riverside Quay, Southbank VIC	1	Apr 2002 & Jul 2003	124,778	144,000	129,000	8.25% - 8.75%	7.25%	9.00% - 9.75%	8.75%	Jun 2009	144,000
Como Centre, Cnr Toorak Road & Chapel Street, South Yarra VIC	1	Aug 1998	120,845	136,800	177,680	8.25% - 9.25%	6.50% - 7.25%	9.25% - 10.75%	8.25% - 10.25%	Jun 2009	136,800
Gippsland Centre, Cunninghame Street, Sale VIC	1	Jan 1994	36,530	49,750	52,750	8.25%	7.50%	9.75%	9.00%	Dec 2008	54,600
Aviation House, 16 Furzer St, Phillip ACT		Jul 2007	78,032	67,000	73,920	7.50%	6.75%	9.25%	8.75%	Jun 2008	74,000
Hinkler Central, Maryborough Street, Bundaberg QLD	1	Aug 2003	79,382	84,000	96,000	7.50%	6.75%	9.25%	8.75%	Mar 2009	84,000
James Ruse Business Park, 6 Boundary Road, Northmead NSW	1	Jul 1994	23,432	27,000	30,750	9.00%	7.75%	9.75%	9.00%	Dec 2008	31,800
John Oxley Centre, 339 Coronation Drive, Milton QLD	1	May 2002	43,324	54,000	66,250	9.00%	7.75%	9.25%	9.00%	Mar 2009	54,000
Kawana Shoppingworld, Nicklin Way, Buddina QLD	1	Dec 1993 (50%) & June 1998 (50%)	107,532	188,000	195,000	6.50%	6.25%	9.00%	8.50%	Dec 2008	188,000

**Mirvac Property Trust and its controlled entities**  
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**14. Investment properties (continued)**

	Note	Date of acquisition	Cost & additions	Book value		Cap rate		Discount rate		Date of last external valuation	Last external valuation \$'000
			to 30 June 2009	30 June 2009	30 June 2008	30 June 2009	30 June 2008	30 June 2009	30 June 2008		
			\$'000	\$'000	\$'000	(%)	(%)	(%)	(%)		
Kwinana Hub Shopping Centre, Gilmore Avenue, Kwinana WA	1	Sep 2005	28,613	25,000	30,000	8.25%	7.75%	9.75%	8.75%	Jun 2008	30,000
Lake Haven MegaCentre, Lake Haven NSW		Jan 2007	52,437	27,000	42,250	9.50%	7.50%	10.00%	8.25%	Dec 2008	30,000
Logan MegaCentre, Logan, QLD		Oct 2005	80,766	63,500	83,750	9.00%	7.00%	10.25%	8.75%	Dec 2008	71,000
Moonee Ponds Central (Stage II), Homer Street, Moonee Ponds VIC	2	Feb 2008	72,681	38,700	-	8.50%	-	9.75%	-	Jun 2009	38,700
Moonee Ponds Central, Homer Street, Moonee Ponds VIC	1	May 2003	27,400	22,800	25,600	8.00%	7.25%	9.50%	9.00%	Jun 2009	22,800
Nexus Industry Park (Atlas), Lynn Parade, Prestons NSW	1	Aug 2004	16,882	18,000	20,300	8.00%	6.75%	9.25%	8.75%	Mar 2008	20,300
Nexus Industry Park (Building 3), Lynn Parade, Prestons NSW	1	Aug 2004	20,468	22,000	25,250	8.25%	6.75%	9.25%	8.50%	Dec 2007	26,000
Nexus Industry Park (Natsteel), Lynn Parade, Prestons NSW	1	Aug 2004	13,010	12,500	15,000	8.25%	6.75%	9.25%	8.50%	Mar 2009	12,500
Nexus Industry Park (HPM), Lynn Parade, Prestons NSW	1,3	Aug 2004	16,922	15,500	-	8.25%	-	9.25%	-	Dec 2008	16,600
101-103 Miller Street, Greenwood Plaza, North Sydney NSW (50% interest)		Jun 1994	220,101	251,500	228,500	6.25% - 6.50%	5.50%	8.75% - 9.00%	8.25%	Dec 2008	251,500
Orange City Centre, Summer Street, Orange NSW	1	Apr 1993	31,799	49,000	54,000	8.25%	7.25%	9.25%	9.25%	Mar 2009	49,000
Orion Springfield Town Centre, Springfield, QLD		Aug 2002	131,156	140,500	150,000	6.50%	6.25%	9.00%	8.75%	Dec 2008	140,500
Peninsula Lifestyle, Nepean Highway, Mornington VIC		Dec 2003	55,385	49,000	56,000	8.75%	8.00%	10.00%	9.00%	Dec 2008	53,000
Booz & Co Building, 10 Rudd Street, Canberra ACT		Oct 1987	14,827	18,700	22,000	8.50%	7.75%	9.00%	8.50%	Jun 2009	18,700
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	1	Nov 1989	37,615	37,000	48,000	8.50%	7.50%	10.75%	9.25%	Jun 2009	37,000
Rhodes Shopping Centre, Rhodes NSW (50% interest)		Jan 2007	105,860	90,500	111,500	6.63%	5.75%	9.00%	8.00%	Dec 2008	90,500
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC		Oct 1995 (50%) & Apr 2001 (50%)	90,921	101,500	115,500	8.50%	7.25%	9.00%	8.50%	Jun 2009	101,500
St George Centre, 60 Marcus Clarke Street, Canberra ACT		Sep 1989	47,113	52,000	58,023	8.50%	7.50%	9.00%	8.50%	Jun 2009	52,000
Stanhope Village, Sentry Drive, Stanhope Gardens NSW	1	Nov 2003	55,082	53,100	65,500	8.00%	6.50%	9.00%	8.75%	Mar 2009	53,100
The Metcentre, 60 Margaret Street, Sydney NSW (50% interest)		Aug 1998	189,598	217,500	235,000	6.50%	5.75% - 6.00%	8.50% - 9.00%	8.25%	Dec 2008	217,500
St Marys Village Centre, Charles Hackett Drive, St Marys NSW	1	Jan 2003	40,039	40,250	47,000	8.00%	6.75%	9.25%	8.50%	Dec 2008	44,500
Waverley Gardens Shopping Centre, Cnr Police & Jacksons Road, Mulgrave VIC	1	Nov 2002	138,363	132,500	147,500	7.50%	6.50%	9.50%	8.75%	Dec 2008	142,000
<b>Total investment properties</b>				<b>3,279,520</b>	<b>3,628,531</b>						

<sup>1</sup> Investment properties held by parent entity.

<sup>2</sup> Development completion date of Mar 2009.

<sup>3</sup> Development completion date of Jul 2008.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
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**14. Investment properties (continued)**

**(a) Reconciliation of carrying amounts of investment properties**

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>At fair value:</b>				
Opening balance at 1 July	<b>3,628,531</b>	3,484,876	<b>2,018,730</b>	1,850,333
Additions	<b>149,249</b>	220,391	<b>46,555</b>	68,283
Disposals	-	(349,554)	-	-
Net gain on assets held for sale	-	48,578	-	-
Net (loss)/gain from fair value adjustments	<b>(504,704)</b>	181,808	<b>(277,320)</b>	101,961
Transfer from property, plant and equipment	<b>13,433</b>	57,199	<b>4,032</b>	5,184
Amortisation of fit out costs, leasing costs and rent incentive	<b>(15,986)</b>	(10,853)	<b>(10,047)</b>	(7,031)
Foreign currency translation gain/(loss)	<b>8,997</b>	(3,914)	-	-
Closing balance at 30 June	<b>3,279,520</b>	3,628,531	<b>1,781,950</b>	2,018,730

**(b) Amounts recognised in profit and loss for investment properties**

Rental income	<b>318,405</b>	318,984	<b>181,596</b>	173,020
Direct operating expenses from property that generated rental income	<b>(87,355)</b>	(85,749)	<b>(49,439)</b>	(44,187)

**(c) Valuation basis**

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 the Income Statement in the period. 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 reporting date are fair valued internally by management.

Valuation methods used to determine the fair value of investment properties include market sales comparison, discounted cash flow 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.

**Discounted Cash Flow:** Discounted cash flow 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, consumer price index rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at a terminal value. 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 25 to 100 basis points above the respective property's cap rate.

**Capitalisation 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 capitalisation rate. The cap rate reflects the nature, location and tenancy

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**14. Investment properties (continued)**

**(c) Valuation basis (continued)**

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.

**(d) Non-current assets pledged as security**

Refer to note 18(a) for information on non-current assets pledged as security by the parent entity or its controlled entities.

**(e) Property portfolio**

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

	<b>Consolidated</b>	
	<b>2009</b>	2008
	<b>\$'000</b>	\$'000
Investment properties per Balance Sheet	<b>3,279,520</b>	3,628,531
Properties under construction classified as property, plant and equipment	<b>79,480</b>	96,240
	<b>3,359,000</b>	3,724,771

**15. Property, plant and equipment**

**Reconciliation of carrying amounts of property, plant & equipment**

	<b>Consolidated</b>	
	<b>2009</b>	2008
	<b>\$'000</b>	\$'000
<b><i>Year ended 30 June 2009</i></b>		
Opening net book amount	<b>96,240</b>	143,822
Additions	<b>268</b>	9,617
Impairment of property, plant and equipment	<b>(3,595)</b>	-
Transfer to investment properties	<b>(13,433)</b>	(57,199)
Closing net book amount	<b>79,480</b>	96,240
<b><i>At 30 June 2009</i></b>		
Cost of fair value	<b>79,480</b>	96,240
Accumulated depreciation	<b>-</b>	-
Net book amount	<b>79,480</b>	96,240

Property, plant and equipment comprises investment properties under construction, refer note 1(o).

During the period the carrying value of property, plant and equipment was impaired by \$3,595,000 (2008: \$Nil). The impairment charge represents the difference between the fair value less costs to sell (recoverable amount) and the carrying value of the property, plant and equipment.

The impairment loss recognised was in relation to surplus land acquired as part of acquisition of Kwinana Shopping Centre in Western Australia. The value of the land has been impacted by adverse current market conditions, which has impeded the Trust's ability to develop the site. Accordingly an impairment review was undertaken using the fair value less cost to sell based on its assessed market value.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**16. Intangible assets**

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Goodwill	49,948	49,948	-	-

**(a) Impairment tests for goodwill**

Goodwill is allocated to the consolidated entities cash-generating units (CGU's) identified according to business segment. The consolidated entity is considered a single cash generating unit ("Property Investment"). The recoverable amount of a CGU is determined based on a value-in-use calculation. These calculations use cash flow projections based on financial budgets/forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

**(b) Key assumptions used for value-in-use calculations**

	Growth rate *		Discount rate	
	2009	2008	2009	2008
Property investment	-	5%	10%	10%

\* Weighted average pre-tax growth rate used to extrapolate cash flows beyond the budget period.

Management determined budgeted gross margin based on past performance and its expectations for the future. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments and the countries in which they operate.

The value in-use calculation is based on financial budgets and forecasts approved by management covering a five-year period. For the Property Investment CGU no forecast growth rate is assumed as the value in use calculations are based on forecast cashflows from existing projects and investment properties. The growth rate is consistent with past experience and does not exceed the long-term average growth rate for the business in which the CGU operates.

The recoverable amount of goodwill for property investment exceeds its carrying value as at 30 June 2009. For the carrying value to exceed the recoverable amount there would have to be significant changes to key assumptions. The consolidated entity deems the chances of these significant changes occurring as unlikely.

**17. Payables**

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Current</b>				
Trade creditors	7,176	14,255	2,979	7,248
Other creditors and accruals	12,328	31,591	6,686	3,271
Rent in advance	2,231	6,659	755	4,513
Security deposits received	1,257	1,779	827	1,271
Amounts owing to entities related to the responsible entity	64,447	78,947	52,448	71,259
Amounts due to controlled entities	-	-	13,234	45,598
	<b>87,439</b>	<b>133,231</b>	<b>76,929</b>	<b>133,160</b>

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

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**18. Borrowings**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Unsecured</b>				
<b>Current</b>				
Medium term notes	300,000	-	300,000	-
<b>Non-current</b>				
Syndicated bank loans	248,655	828,697	219,596	803,141
Medium term notes	200,000	500,000	200,000	500,000
	<b>448,655</b>	<b>1,328,697</b>	<b>419,596</b>	<b>1,303,141</b>
	<b>748,655</b>	<b>1,328,697</b>	<b>719,596</b>	<b>1,303,141</b>

**Syndicated bank loans**

Mirvac has an unsecured revolving syndicated loan facility of \$1,112.5 million (2008: \$2,225 million) maturing in June 2011. Mirvac has entered into a new unsecured syndicated term facility of \$805 million maturing in January 2012 which replaces the previous facility expiring in June 2009. The consolidated entity had drawn down \$249 million under this facility as at 30 June 2009 (2008: \$829 million).

Mirvac has \$150 million of unsecured bilateral facilities of which \$100 million expires in January 2012 and \$50 million in June 2011. Subject to the compliance with the terms, each of these bank loan facilities may be drawn at any time.

**Domestic medium term notes program**

The consolidated entity completed a domestic bond issue in September 2006 for \$200 million maturing in September 2010. This was followed up by a second domestic bond issue in February 2007 for \$300 million maturing in March 2010. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

**Future developments**

The consolidated entity has a significant cash balance at year end due to the capital raising completed in June 2009. The funds are intended to reduce debt upon maturity with \$300 million of medium terms notes due for repayment in March 2010 and \$200 million due in September 2010 as well some other facilities where debt will be repaid upon the next rollover.

**(a) Assets pledged as security**

A controlled entity has a debt facility secured by real property mortgages and a fixed and floating charge. The carrying amounts of assets pledged as security for current and non-current borrowings are:

		Consolidated		Parent entity	
	Note	2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
The carrying amount of assets pledged as security are:					
<b>First ranking real property mortgage</b>					
Investment properties	14(d)	-	417,050	-	417,050
<b>Total assets pledged as security</b>		<b>-</b>	<b>417,050</b>	<b>-</b>	<b>417,050</b>

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**18. Borrowings (continued)**

**(b) Financing arrangements**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Total facilities</b>				
Domestic medium term note	500,000	500,000	500,000	500,000
Syndicated bank loans *	2,067,500	2,425,000	2,067,500	2,425,000
	<b>2,567,500</b>	<b>2,925,000</b>	<b>2,567,500</b>	<b>2,925,000</b>
<b>Used at balance date</b>				
Domestic medium term note	500,000	500,000	500,000	500,000
Syndicated bank loans *	1,009,124	1,228,697	1,009,124	1,228,697
	<b>1,509,124</b>	<b>1,728,697</b>	<b>1,509,124</b>	<b>1,728,697</b>
<b>Unused at balance date</b>				
Domestic medium term note	-	-	-	-
Syndicated bank loans *	1,058,376	1,196,303	1,058,376	1,196,303
	<b>1,058,376</b>	<b>1,196,303</b>	<b>1,058,376</b>	<b>1,196,303</b>

\* Total syndicated bank loan facilities relate to Mirvac, these facilities are available to the consolidated entity. The consolidated entity has drawn down \$249 million at 30 June 2009 (2008: \$829 million).

**(c) Fair value**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>On Balance Sheet</b>				
<i>Non traded financial liabilities</i>				
Domestic medium term notes	500,000	500,000	500,000	500,000
Syndicated bank loans	248,655	828,697	219,596	803,141
	<b>748,655</b>	<b>1,328,697</b>	<b>719,596</b>	<b>1,303,141</b>

Other than those classes of borrowings denoted as "traded", none of the classes are readily traded on organised markets in standardised form.

The fair value for payables less than 12 months is deemed to equal the carrying amounts. All other payables are discounted if the effect of discounting is material.

*(i) On-balance sheet*

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.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**18. Borrowings (continued)**

**(c) Fair value (continued)**

*(ii) Off-balance sheet*

The Trust and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 27. As explained in those notes, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed above is the Directors' estimate of amounts which would be payable by the consolidated entity as consideration for the assumption of those contingencies by another party.

**19. Provisions**

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Distributions payable	<b>3,411</b>	90,555	<b>3,411</b>	90,555
Movements				
Carrying amount at beginning of year	<b>90,555</b>	64,737	<b>90,555</b>	64,737
Interim and final distributions	<b>107,687</b>	348,897	<b>107,687</b>	348,897
Payments made during the year (including issue of units under Mirvac Distribution Reinvestment Plan)	<b>(194,831)</b>	(323,079)	<b>(194,831)</b>	(323,079)
Carrying amount at end of year	<b>3,411</b>	90,555	<b>3,411</b>	90,555

**20. Contributed equity**

**(a) Paid up capital**

Consolidated	2009	2008	2009	2008
	Number	Number	\$'000	\$'000
Mirvac Property Trust – ordinary units issued	<b>2,789,721,461</b>	1,084,371,184	<b>4,323,043</b>	2,880,164
Total contributed equity	<b>2,789,721,461</b>	1,084,371,184	<b>4,323,043</b>	2,880,164

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**20. Contributed equity (continued)**

(b) Movements in paid up capital of the Trust for the 2009 and 2008 years were as follows:

	Issue date	Issue price	Note	Consolidated	
				Number of units ('000)	\$'000's
<b>Opening balance at 30 June 2008</b>				<b>1,084,371</b>	<b>2,880,164</b>
Distribution reinvestment plan issues	25/07/2008	\$2.15	(d)	34,375	73,987
Employee Exemption Plan issues	17/10/2008	\$1.70	(c)	950	1,619
Distribution reinvestment plan issues	24/10/2008	\$2.21	(d)	4,659	10,295
Equity raising	20/11/2008	\$0.78	(f)	471,183	365,629
Equity raising	5/12/2008	\$0.78	(f)	84,584	65,636
Distribution reinvestment plan issues	30/01/2009	\$1.11	(d)	8,745	9,740
Equity raising	24/06/2009	\$0.86	(f)	943,710	813,667
Equity raising	30/06/2009	\$0.86	(f)	156,278	134,743
Less: Transaction costs arising on unit issue				-	(36,518)
EIS units converted/sold/forfeited	various			866	4,081
<b>Balance at 30 June 2009</b>				<b>2,789,721</b>	<b>4,323,043</b>
<b>Opening balance at 30 June 2007</b>				<b>995,920</b>	<b>2,512,905</b>
Distribution reinvestment plan issues	27/07/2007	\$4.36	(d)	7,285	31,765
Distribution reinvestment plan issues	26/10/2007	\$4.40	(d)	5,381	23,698
Distribution reinvestment plan issues	25/01/2008	\$4.89	(d)	6,407	31,315
Equity raising	1/02/2008	\$4.27	(e)	57,692	246,570
Distribution reinvestment plan issues	24/04/2008	\$3.13	(d)	9,348	29,281
Less: Transaction costs arising on unit issue				-	(1,234)
EIS units converted/sold/forfeited	various			2,338	5,864
<b>Balance at 30 June 2008</b>				<b>1,084,371</b>	<b>2,880,164</b>

**Ordinary units**

All ordinary units are fully paid at 30 June 2009 except for units subscribed for at 30 June 2009, as part of the capital raising announced to the ASX on 4 June 2009, that were not issued until 9 July 2009. 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.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**20. Contributed equity (continued)**

**(c) Long term incentives (LTI) and Employee incentive scheme (EIS) issues**

**Current LTI Plan**

As at 30 June 2009, 9,923,912 (2008: 2,910,520) performance rights and 10,464,491 (2008: 4,246,500) 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 due to termination of employment. No performance rights or options vested during the year to 30 June 2009 (2008: Nil).

**Employee Exemption Plan**

As at 30 June 2009, 1,614,783 (2008: 664,588) stapled securities have been issued to employees under the general employee exemption plan.

**Superseded LTI and EIS Plans**

No ordinary stapled securities were issued to employees of Mirvac Limited and its controlled entities under the superseded EIS or LTI schemes (2008: Nil ordinary stapled securities). The total of stapled securities issued to employees under the superseded LTI and EIS at 30 June 2009 is 15,738,910 (2008: 16,605,128). The market price per ordinary stapled security at 30 June 2009 was \$1.08 (2008: \$2.96). Securities issued as part of the superseded EIS and LTI plans are not classified as ordinary securities, until such time as the vesting conditions are satisfied, employee loans are fully repaid or they leave Mirvac.

**(d) Distribution reinvestment plan**

Under the distribution reinvestment plan, holders of ordinary units may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary units rather than being paid in cash. Units issued under the plan were issued at a 2 per cent discount to the prevailing market price, calculated on a VWAP basis over the first 5 business days post record date.

**(e) Capital placement**

During the previous year the Group confirmed a strategic partnership with Nakheel via a \$300 million private placement (consolidated entity's share \$246.5 million). The placement was conducted at a fixed price of \$5.20 (consolidated entity's price \$4.27).

**(f) Capital raising**

During the year the Group undertook two capital raisings.

- In the first half of the year the Group completed a fully underwritten capital placement of \$555.8 million (consolidated entity's share \$431.3 million), comprising of 471.2 million securities under an institutional placement and 84.6 million securities under a retail placement at an offer price of \$0.90 per stapled security (consolidated entity's price \$0.78).
- In the second half of the year the Group completed a fully underwritten capital placement \$1,100.0 million (consolidated entity's share \$948.4 million), comprising of 943.7 million securities under an institutional placement and 156.3 million securities under a retail placement at an offer price of \$1.00 per stapled security (consolidated entity's price \$0.86).

**Mirvac Property Trust and its controlled entities**  
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**20. Contributed equity (continued)**

**(g) Reconciliation of units on ASX**

Under AIFRS, units issued under the Mirvac Employee Incentive Scheme are required to be accounted for as an option and are excluded from total issued capital, until such time as the relevant employee loans are fully repaid or the employee leaves Mirvac.

Total ordinary units issued as detailed above is reconciled to units issued on the ASX as follows:

	<b>2009</b>	2008
	<b>Number</b>	Number
Total ordinary units issued	<b>2,789,721,461</b>	1,084,371,184
Units issued under LTI & Employee Incentive Scheme	<b>15,738,910</b>	16,605,128
Subscribed for but not issued at 30 June <sup>1</sup>	<b>(156,277,961)</b>	-
<b>Total units issued on ASX</b>	<b>2,649,182,410</b>	1,100,976,312

<sup>1</sup> Units subscribed for at 30 June 2009, as part of the capital raising announced to the ASX on 4 June 2009, that were not issued until 9 July 2009.

**(i) Capital risk management**

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

**21. Reserves**

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>a) Reserves</b>				
Currency fluctuation reserve	<b>858</b>	(27)	<b>(1,655)</b>	1,548
<b>b) Movements in reserves:</b>				
<b><i>Currency fluctuation reserve</i></b>				
Opening balance	<b>(27)</b>	-	<b>1,548</b>	-
Increase)/(decrease) in reserve due to translation of foreign controlled entity	<b>885</b>	(27)	<b>(3,203)</b>	1,548
Closing balance	<b>858</b>	(27)	<b>(1,655)</b>	1,548

**(c) Nature and purpose of reserves**

**Currency fluctuation reserve**

Exchange differences arising on translation of the foreign controlled entities of the Trust are taken to the foreign currency fluctuation reserve, as described in note 1.

**Mirvac Property Trust and its controlled entities**  
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**22. Retained profits**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Retained earnings at the beginning of the year	642,802	595,657	500,638	447,949
Net (loss)/profit attributable to the unitholders of the Mirvac Property Trust	(541,563)	396,042	(374,481)	401,586
Distributions provided for or paid	(107,687)	(348,897)	(107,687)	(348,897)
Retained earnings at the end of the year	(6,448)	642,802	18,470	500,638

**23. Minority interest**

	Consolidated	
	2009	2008
	\$'000	\$'000
<b>Interest in:</b>		
Unit capital	51,792	51,792
Retained earnings	3,114	6,507
	54,906	58,299

**24. Distributions**

	Consolidated	
	2009	2008
	\$'000	\$'000
<b>Ordinary units</b>		
Quarterly ordinary distributions paid as follows:		
5.000 cents per ordinary unit paid on 24 October 2008	56,768	
8.225 cents per ordinary unit paid on 26 October 2007		84,042
2.800 cents per ordinary unit paid on 30 January 2009	47,508	
8.225 cents per ordinary unit paid on 25 January 2008		84,514
8.225 cents per ordinary unit paid on 24 April 2008		89,786
0.200 cents per ordinary unit paid on 31 July 2009	3,411	
8.225 cents per ordinary unit paid on 25 July 2008		90,555
Total distribution 8.0 cents per fully paid ordinary unit (2008: 32.9 cents per ordinary unit)	107,687	348,897

**Distribution Reinvestment Plan**

Distributions actually paid/payable or satisfied by the issue of units under the distribution reinvestment plans were as follows:

Paid in cash	137,409	207,020
Satisfied by the issue of units	57,422	116,059
	194,831	323,079

**Mirvac Property Trust and its controlled entities**  
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**25. Investments in associates**

**(a) Associates accounted for using the equity method**

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

Name	Principal activities	Ownership		Consolidated	
		2009	2008	2009	2008
		%	%	\$'000	\$'000
Mirvac Real Estate Investment Trust	Listed property investment trust	25%	23%	64,500	134,841
Mirvac Industrial Trust <sup>1</sup>	Listed property investment trust	14%	14%	-	23,156
Tucker Box Hotel Group <sup>1</sup>	Hotel investment	1%	1%	1,401	1,494
Mirvac Wholesale Hotel Fund	Hotel investment	42%	45%	100,278	122,420
				<b>166,179</b>	<b>281,911</b>

<sup>1</sup> The consolidated entity equity accounts for these investments as an associate even though it owns less than 20% of the voting or potential voting power due to the fact that the responsible entity is Mirvac Funds Management Limited.

<sup>2</sup> Each of the above associates is incorporated in Australia.

	Consolidated	
	2009	2008
	\$'000	\$'000
<b>Movements in carrying amounts</b>		
Carrying amount at the beginning of the year	281,911	356,813
New investment during the reporting period	3,034	20,585
Impairment of investment	(9,209)	(71,110)
Distributions received	(15,764)	(29,333)
Share of (loss)/profit	(93,793)	4,956
Balance at end of the financial year	<b>166,179</b>	<b>281,911</b>

**Associate entities - aggregate share of entities' assets and liabilities**

Current assets	100,056	255,054
Non-current assets	2,411,152	2,868,409
<b>Total assets</b>	<b>2,511,208</b>	<b>3,123,463</b>
Current liabilities	83,053	773,755
Non-current liabilities	1,315,095	743,143
<b>Total liabilities</b>	<b>1,398,148</b>	<b>1,516,898</b>
<b>Net assets</b>	<b>1,113,060</b>	<b>1,606,565</b>

**Mirvac Property Trust and its controlled entities**  
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**25. Investments in associates (continued)**

**(a) Associates accounted for using the equity method (continued)**

	<b>Consolidated</b>	2008
	<b>2009</b>	2008
	<b>\$'000</b>	\$'000
<b>Aggregate share of entities' revenues, expenses and results</b>		
Revenues	<b>238,381</b>	182,905
Expenses	<b>720,312</b>	156,734
(Loss)/profit before income tax	<b>(481,931)</b>	26,171
<b>Share of associates expenditure commitments</b>		
Capital commitments	<b>52,312</b>	51,230
<b>Fair value of listed investments in associates</b>		
Mirvac Real Estate Investment Trust	<b>47,103</b>	89,502
Mirvac Industrial Trust	<b>4,009</b>	12,178

**(b) Impairment of investment**

The consolidated entity currently holds an investment in the listed entities Mirvac Real Estate Investment Trust and Mirvac Industrial Trust. When there are any indicators of impairment, the carrying value of these investments are compared to the discounted forecast future cashflows. The discount rate selected allows for the time value of money and the risks specific to the asset that an investor would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile of an equivalent entity.

The impairment loss recognised during the period is in relation to Mirvac Real Estate Investment Trust. The net realisable value of this trust has decreased since 30 June 2008 due to the forecast deterioration of the trust's earnings and distributions.

In valuing Mirvac Real Estate Investment Trust, a pre-tax discount rate of 12.15% was applied to future estimated distributions, which resulted in an impairment expense of \$9,209,000 (2008: 9%; \$50,813,000). The increase in discount rate applied to cash flows is reflective of current market conditions associated with the trust's level of gearing and cost of equity. There was no impairment loss recognised during the period for Mirvac Industrial Trust (2008: \$20,297,000).

**(c) Share of associates' results**

During the year, the consolidated entity recognised the share of losses in relation to Mirvac Industrial Trust resulting in its investment in the associate being carried at \$nil at balance date. The consolidated entity has not recognised its additional share of losses of \$7,386,000 beyond the carrying value of \$nil during the financial year.

**Mirvac Property Trust and its controlled entities**  
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**26. Investments in joint ventures**

**(a) Joint venture entities**

Joint Venture entities are equity accounted and are included in investments in Joint Ventures – refer note 11.

Name	Principal activities	Ownership		Consolidated	
		2009	2008	2009	2008
		%	%	\$'000	\$'000
197 Salmon Street Trust	Property investment	50%	50%	45,816	56,299
Mirvac AustralianSuper Trust	Property investment	50%	50%	9,646	23,527
Old Wallgrove Road Trust	Property investment	50%	50%	3,520	3,520
				<b>58,982</b>	<b>83,346</b>

Each of the above joint venture entity is incorporated in Australia

Aggregated information relating to the above joint venture entities is set out below:

	Consolidated	2008
	2009	2008
	\$'000	\$'000
<b>Movement in carrying amount of investment in entities</b>		
Carrying amount at the beginning of the financial year	83,346	82,722
New capital contributions	6,247	5,330
Distributions received/contributions repaid	(4,073)	(4,580)
Impairment of investment	-	(5,000)
Share of (loss)/profit	(26,538)	4,874
Carrying amount at the end of the financial year	<b>58,982</b>	<b>83,346</b>
<b>Joint venture entities – aggregate share of entities' assets and liabilities</b>		
Current assets	3,536	4,850
Non-current assets	141,466	196,919
Total assets	<b>145,002</b>	<b>201,769</b>
Current liabilities	3,055	3,003
Non-current liabilities	22,000	29,498
Total liabilities	<b>25,055</b>	<b>32,501</b>
Net assets	<b>119,947</b>	<b>169,268</b>
<b>Aggregate share of entities' revenues, expenses and results</b>		
Revenues	8,280	11,734
Expenses	61,359	1,987
(Loss)/profit before income tax	<b>(53,079)</b>	<b>9,747</b>
<b>Share of joint venture expenditure commitments</b>		
Capital commitments	-	2,930

**Mirvac Property Trust and its controlled entities**  
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**26. Investments in joint ventures (continued)**

**(b) Impairment of investment**

The consolidated entity currently holds an investment in Old Wallgrove Road Trust. On a regular basis, the carrying value of these types of investments are compared to the discounted forecast future cash flows or the fair value less costs to sell of the underlying assets. There was no impairment loss recognised during the period for Old Wallgrove Road Trust (2008: \$5,000,000).

**27. Contingent liabilities**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Contingent liabilities in respect of certain performance guarantees granted in the normal course of business	11,105	526	-	-

No material losses are anticipated in respect of these contractual obligations.

**28. Commitments**

**Capital commitments**

	Consolidated		Parent entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
<b>Investment properties</b>				
Not later than one year	16,758	102,617	11,658	15,135
Later than one year but not later than 5 years	-	13,215	-	13,215
Later than 5 years	-	-	-	-
	16,758	115,832	11,658	28,350

**Mirvac Property Trust and its controlled entities**  
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**29. Key management personnel**

**(a) Directors**

The following persons were directors of Mirvac Funds Limited during the financial year:

**Chairman – Non-Executive Director**

J MacKenzie

**Executive Directors**

N Collishaw (appointed Managing Director 26 August 2008)

G Paramor (retired Managing Director 26 August 2008)

**Non-Executive Directors**

P Biancardi

A Fini (Executive Director until 31 December 2008)

P Hawkins

P Morris

R Turner

**(b) Other key management personnel**

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Mirvac, directly or indirectly, during the financial year:

<b>Name</b>	<b>Position</b>	<b>Employer</b>
E Campbell	Chief Executive Western Australia	Mirvac Projects Pty Limited
J Carfi	Chief Executive New South Wales	Mirvac Projects Pty Limited
G Collins	Chief Executive Victoria	Mirvac Projects Pty Limited
B Draffen	Chief Executive Development	Mirvac Projects Pty Limited
G Flowers	General Manager Operations (from 1 September 2008)	Mirvac Projects Pty Limited
C R Freeman	Chairman, Mirvac UAE, UK and QLD Development	Mirvac Projects Pty Limited
A Harrington	Joint Chief Executive Funds Management (until 31 December 2008)	Mirvac Projects Pty Limited
G Hodgetts	Chief Executive Investment Management	Mirvac Projects Pty Limited
J Mitchell	Chief Financial Officer	Mirvac Projects Pty Limited
T Regan	Chief Operating Officer (until 31 August 2008)	Mirvac Projects Pty Limited
A Turner	Chief Executive Hotels	Mirvac Projects Pty Limited
M Wallace	Chief Executive Queensland	Mirvac Projects Pty Limited

**(c) Key management personnel compensation**

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

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**29. Key management personnel (continued)**

**(d) Equity instrument disclosures relating to key management personnel**

**(i) Unitholdings**

The number of ordinary units in the Trust held during the financial year by each director and other key management personnel, including their personally-related parties, are set out below:

<b>2009</b>	<b>Balance at start of the year</b>	<b>Securities issued under EEP</b>	<b>Other changes</b>	<b>Balance at end of the year</b>
<b>Directors</b>				
P Biancardi	8,041	-	95,238	103,279
N Collishaw	1,461,255	505	495,676	1,957,436
A Fini	8,816,781	505	1,008,098	9,825,384
P Hawkins	18,684	-	423,863	442,547
J MacKenzie	55,978	-	63,222	119,200
P Morris	42,841	-	166,153	208,994
R Turner	69,241	-	161,704	230,945
<b>Other KMP</b>				
E Campbell	85,543	505	103,617	189,665
J Carfi	90,472	505	37,936	128,913
G Collins	164,764	505	76,290	241,559
B Draffen	136,730	505	243,037	380,272
G Flowers	-	-	-	-
C Freeman	320,219	505	-	320,724
G Hodgetts	95,892	505	43,043	139,440
J Mitchell	115,684	505	48,448	164,637
A Turner	390,301	505	162,964	553,770
M Wallace	103,291	505	50,000	153,796

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
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**29. Key management personnel (continued)**

	Balance at start of the year	Securities issued under EEP	Other changes	Balance at end of the year
<b>2008</b>				
<b>Directors</b>				
P J Biancardi	8,041	-	-	8,041
N R Collishaw	1,451,137	180	9,938	1,461,255
A G Fini	8,780,046	180	36,555	8,816,781
P J O Hawkins	18,684	-	-	18,684
J A C MacKenzie	55,866	-	92	55,958
P Morris	42,841	-	-	42,841
G J Paramor	5,755,474	180	-	5,755,654
R W Turner	68,088	-	1,153	69,241
<b>Other KMP</b>				
G J Collins	163,495	180	1,089	164,764
E I Campbell	85,363	180	-	85,543
J Carfi	90,292	180	-	90,472
B Draffen	136,550	180	-	136,730
C R Freeman	320,039	180	-	320,219
A Harrington	607,686	180	-	607,866
G B Hodgetts	95,635	180	77	95,892
J M Mitchell	115,504	180	-	115,684
T J Regan	632,817	180	(192)	632,805
A J Turner	640,121	180	(250,000)	390,301
M J Wallace	103,111	180	-	103,291

**(ii) Options**

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

	Balance at start of the year	Options issued under LTI	Other changes	Balance at end of the year	Unvested
<b>2009</b>					
<b>Directors</b>					
N Collishaw	413,240	1,923,100	-	2,336,340	2,336,340
A Fini	413,240	-	(137,609)	275,631	275,631
<b>Other KMP</b>					
E Campbell	225,990	416,700	-	642,690	642,690
J Carfi	-	368,600	-	368,600	368,600
G Collins	225,990	416,700	-	642,690	642,690
B Draffen	258,280	538,500	-	796,780	796,780
G Flowers	-	192,300	-	192,300	192,300
G Hodgetts	215,230	371,800	-	587,030	587,030
J Mitchell	137,750	333,300	-	471,050	471,050
A Turner	204,470	304,500	-	508,970	508,970
M Wallace	-	336,500	-	336,500	336,500

**Mirvac Property Trust and its controlled entities**  
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**29. Key management personnel (continued)**

	Balance at start of the year	Options issued under LTI	Balance at end of the year	Unvested
<b>2008</b>				
<b>Directors</b>				
N R Collishaw	-	413,240	413,240	413,240
A G Fini	-	413,240	413,240	413,240
G J Paramor	-	1,162,240	1,162,240	1,162,240
<b>Other KMP</b>				
G J Collins	-	225,990	225,990	225,990
E I Campbell	-	225,990	225,990	225,990
B Draffen	-	258,280	258,280	258,280
A Harrington	-	258,280	258,280	258,280
G B Hodgetts	-	215,230	215,230	215,230
J M Mitchell	-	137,750	137,750	137,750
T J Regan	-	279,800	279,800	279,800
A J Turner	-	204,470	204,470	204,470

**(iii) Performance rights**

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

	Balance at start of the year	Rights issued under LTI	Other changes	Balance at end of the year
<b>2009</b>				
<b>Directors</b>				
N Collishaw	116,360	869,600	-	985,960
A Fini	116,360	-	(38,748)	77,612
<b>Other KMP</b>				
E Campbell	63,640	188,400	-	252,040
J Carfi	27,270	166,700	-	193,970
G Collins	63,640	188,400	-	252,040
B Draffen	72,730	243,500	-	316,230
G Flowers	-	87,000	-	87,000
C Freeman	-	1,304,300	-	1,304,300
G Hodgetts	60,610	168,100	-	228,710
J Mitchell	38,790	150,700	-	189,490
A Turner	57,580	137,700	-	195,280
M Wallace	25,450	152,200	-	177,650

**Mirvac Property Trust and its controlled entities**  
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**29. Key management personnel (continued)**

<b>2008</b>	<b>Balance at start of the year</b>	<b>Rights issued under LTI</b>	<b>Balance at end of the year</b>
<b>Directors</b>			
N R Collishaw	-	116,360	116,360
A G Fini	-	116,360	116,360
G J Paramor	-	327,270	327,270
<b>Other key management personnel</b>			
G J Collins	-	63,640	63,640
E I Campbell	-	63,640	63,640
J Carfi	-	27,270	27,270
B Draffen	-	72,730	72,730
A Harrington	-	72,730	72,730
G B Hodgetts	-	60,610	60,610
J M Mitchell	-	38,790	38,790
T J Regan	-	78,790	78,790
A J Turner	-	57,580	57,580
M J Wallace	-	25,450	25,450

**(e) Loans to directors and key management personnel**

The consolidated entity has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the year.

**(f) Other transactions with Directors and KMP**

Detailed below are transactions between Directors and Key Management Personnel with the Group. The terms and conditions of these transactions are considered to be no more favourable than on similar transactions on an arms length basis.

- Mr J MacKenzie is the Chairman of Pacific Brands Limited to whom the Group leases retail space on normal commercial terms.
- Mr N Collishaw has a non-controlling interest in GG Espresso Pty Limited which is licensed to provide in-house food and catering services to staff and guests at Mirvac's head office in Sydney on a commercial basis.
- Mirvac (WA) Pty Limited and Mirvac Homes (WA) Pty Limited are jointly operating under a cost plus agreement for services provided to Mr A G Fini, and his associated companies.
- Mr A Fini is a director of Little World Brewing Limited from whom the Group purchases goods, including olive oil and beer on normal commercial terms.
- Mr R Turner is the owner of Frog Wineries from whom the Group purchases goods, including wine on normal commercial terms.

On occasions, Directors and KMP of the Group may purchase goods and services from Mirvac. These purchases are on terms and conditions available to Mirvac employees generally.

**30. Related parties**

**(a) The 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.

**Mirvac Property Trust and its controlled entities**  
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**30. Related parties (continued)**

**(b) Directors and key management personnel**

Disclosures relating to key management personnel are set out in note 29.

**(c) Responsible entity's fee**

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 2009 were \$2,862,000 (30 June 2008: \$3,027,000) in accordance with the terms contained in the merger proposal in 1999.

**(d) Controlled entities**

Interests in controlled entities are set out in note 13.

**(e) Transactions with related parties**

The following transactions occurred with related parties:

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue and other income</b>				
Rental income from entities related to responsible entity	<b>18,825</b>	19,026	<b>11,184</b>	11,985
Interest received from entities related to responsible entity	<b>67,521</b>	67,726	<b>67,521</b>	67,726
<b>Expenses</b>				
Interest paid to entity related to responsible entity	<b>1,483</b>	978	<b>495</b>	343
Property management fee expense	<b>7,802</b>	7,596	<b>4,651</b>	4,086
Capital expenditure to entities related to responsible entity	<b>104,882</b>	32,572	<b>27,932</b>	28,470

**(f) Outstanding balances in relation to transactions with related parties**

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current receivables</b>				
Loans to entities related to responsible entity	<b>700,000</b>	850,000	<b>700,000</b>	850,000
Amounts due from related entity	<b>94,858</b>	-	<b>94,858</b>	-
Amounts due from controlled entities	-	-	<b>30,515</b>	96,953
	<b>794,858</b>	850,000	<b>825,373</b>	946,953
<b>Current payables</b>				
Amounts owing to entities related to the responsible entity	<b>64,447</b>	78,947	<b>52,448</b>	71,259
Amounts due to controlled entities	-	-	<b>13,234</b>	45,598
	<b>64,447</b>	78,947	<b>65,682</b>	116,857
<b>Non-current payables</b>				
Loan to related entity <sup>2</sup>	<b>29,059</b>	25,556	-	-

<sup>1</sup> No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

<sup>2</sup> Included in syndicated bank loans (refer note 18).

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**30. Related parties (continued)**

**(g) Terms and conditions**

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties, and the loans are interest free.

**31. Financial risk management**

The consolidated entity's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate 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.

Financial risk management is carried out by a central treasury department (Mirvac's Treasury) under policies approved by the Board of Directors. 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's Treasury identifies, evaluates, reports and manages financial risks in close co-operation with the consolidated entity's operating units in accordance with board policy.

The consolidated entity and the parent entity hold the following financial instruments:

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	<b>687,351</b>	8,503	<b>680,390</b>	2,730
Receivables	<b>860,152</b>	887,904	<b>889,977</b>	967,897
Other financial assets at fair value through profit or loss	<b>20,623</b>	25,618	-	-
Derivative financial assets	<b>10,358</b>	63,826	<b>10,358</b>	63,826
	<b>1,578,484</b>	985,851	<b>1,580,725</b>	1,034,453
<b>Financial liabilities</b>				
Payables	<b>87,439</b>	133,231	<b>76,929</b>	133,160
Borrowings	<b>748,655</b>	1,328,697	<b>719,596</b>	1,303,141
Derivative financial liabilities	<b>10,888</b>	-	<b>10,888</b>	-
	<b>846,982</b>	1,461,928	<b>807,413</b>	1,436,301

The carrying value less impairment provision of trade receivables and payables are assumed to be 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 assets or financial liability will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**31. Financial risk management (continued)**

**(a) Market risk (continued)**

**(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 foreign exchange risks arise mainly from:

- Borrowings denominated in currencies other than AUD which are predominately USD
- Investments in offshore operations which are located in the United States
- 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 of net investment in foreign operations are recorded through the foreign currency translation reserve.

The carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars.

**(ii) Interest rate risk**

The consolidated entity's interest rate risk arises from long-term borrowings, cash, 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 60% and a target of 70% of borrowings subject to fixed or capped interest rates. This policy has been complied with at year end.

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 by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate liabilities to maturity.

	Floating interest rate	Fixed interest maturing in:						Total
		1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	
<b>2009</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Syndicated bank loans	248,655	-	-	-	-	-	-	248,655
Domestic medium term notes	265,000	135,000	100,000	-	-	-	-	500,000
Interest rate derivatives <sup>1</sup>	(215,000)	(135,000)	(50,000)	-	-	-	400,000	-
<b>Total</b>	<b>298,655</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,000</b>	<b>748,655</b>

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**31. Financial risk management (continued)**

**(a) Market risk (continued)**

**(ii) Interest rate risk (continued)**

**Borrowings (continued)**

	Floating interest rate	Fixed interest maturing in:						Total
		1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	
<b>2008</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Syndicated bank loans	828,697	-	-	-	-	-	-	828,697
Domestic medium term notes	265,000	-	135,000	100,000	-	-	-	500,000
Interest rate derivatives <sup>1</sup>	(890,000)	100,000	40,000	50,000	-	-	700,000	-
<b>Total</b>	<b>203,697</b>	<b>100,000</b>	<b>175,000</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>700,000</b>	<b>1,328,697</b>

<sup>1</sup> 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 it 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 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 Balance Sheet at fair value in accordance with AASB 139. Derivatives currently in place cover approximately 60% (2008: 85%) of the loan principal outstanding. The fixed interest rates range between 5.67% and 6.03% (2008: 5.23% and 6.30%).

At 30 June 2009, the notional principal amounts, interest rates and periods of expiry of the interest rate swap contracts are as follows:

Floating to fixed	2009	2009	2008	2008
	Interest rates	\$'000	Interest rates	\$'000
Less than 1 year	-	-	5.50% - 6.00%	100,000
1 – 2 years	5.95%	50,000	5.65% - 5.99%	175,000
2 – 3 years	-	-	5.23% - 5.95%	150,000
3 – 4 years	-	-	-	-
4 – 5 years	-	-	-	-
Greater than 5 years	5.67% - 6.03%	400,000	6.00% - 6.30%	700,000
		<b>450,000</b>		<b>1,125,000</b>

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**31. Financial risk management (continued)**

**(a) Market risk (continued)**

**(ii) Interest rate risk (continued)**

Fixed to floating	2009 Interest rates	2009 \$'000	2008 Interest rates	2008 \$'000
Less than 1 year	7.00%	135,000	-	-
1 – 2 years	6.75%	100,000	7.00%	135,000
2 – 3 years	-	-	6.75%	100,000
3 – 4 years	-	-	-	-
4 – 5 years	-	-	-	-
Greater than 5 years	-	-	-	-
		235,000		235,000

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**

Cash held exposes the consolidated entity to cash flow interest rate risk. It is the consolidated entity's policy to minimise cash held and use excess cash to repay borrowings thereby reducing the consolidated entity's overall net interest expense.

**Receivables**

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

	Fixed interest maturing in:								
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000	Non interest bearing \$'000	Total \$'000
<b>2009</b>									
Trade receivables	-	-	-	-	-	-	-	44	44
Related party receivables	700,000	-	-	-	-	-	-	94,858	794,858
Other receivables	-	-	-	-	-	-	-	65,250	65,250
Total	700,000	-	-	-	-	-	-	160,152	860,152

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**31. Financial risk management (continued)**

**(a) Market risk (continued)**

**(ii) Interest rate risk (continued)**

**Receivables (continued)**

	Fixed interest maturing in:								
	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non interest bearing	Total
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	-	-	-	-	-	-	2,789	2,789
Related party receivables	850,000	-	-	-	-	-	-	-	850,000
Other receivables	-	-	-	-	-	-	-	35,115	35,115
<b>Total</b>	<b>850,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,904</b>	<b>887,904</b>

*Sensitivity analysis*

The consolidated entity's interest rate risk exposure arises from long term borrowings, cash held in financial institutions and receivables. Based upon a 100 basis point increase or decrease in 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 100 basis point increase in interest rates would be an increase in profit of \$14,133,000 (2008: increase of \$21,428,000). The impact on the consolidated entity's result of a 100 basis point decrease in interest rates would be a decrease in profit of \$16,325,000 (2008: \$26,135,000)

The sensitivities vary on an increase/decrease 100 basis point movement 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 investments in equity investments. The equity investments are held for the purpose of selling in the near term.

As these investments are not listed, the fund manager provides a unit price each 6 months. At reporting date, if the unit prices had been 5% higher or lower, the effect on net profit for the year would have been \$1,031,000 (2008: \$1,281,000).

The investments represent less than 1% 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 cause a financial loss. The consolidated entity has exposures to credit risk on cash and cash equivalents, receivables and derivative financial assets, our maximum exposure to credit risk is based on the total value of our financial assets, net of any provisions for loss, as shown in note 8.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**31. Financial risk management (continued)**

**(b) Credit risk (continued)**

To help manage this risk the consolidated entity has a policy for establishing credit limits for the entities dealt with which is based 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, lease or security deposits in relation to the investment property. The consolidated entity may also be subject to credit risk for transactions which are not included in the balance sheet, 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 in financial institutions exposes the consolidated entity if the contracting entity is unable 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 rated the equivalent 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 amongst approved counter parties.

Refer to note 8 for the managing of credit risk relating to receivables.

**(c) Liquidity risk management**

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 and the ability to close-out market positions, the ability to raise funds through the issue of new securities through various means including placements and/or Mirvac's Dividend Reinvestment Plan. Mirvac prepares and updates regular forecasts of the Group'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-company loan balances with entities within the consolidated entity as such these balances do not pose any liquidity risk to Mirvac.

The consolidated entity has minimal liquidity risk due to there being only \$300 million of current liabilities (which expire between March 2010) and undrawn facilities of \$1.1 billion. It is expected that these expiring facilities will be paid out of cash balances held.

**(d) Capital risk management**

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 for shareholders and benefits for other stakeholders and to maintain an optimal capital structure including maintaining an investment grade credit rating of BBB to reduce the cost of capital having regard to the real estate activities the group invests in.

The capital structure of the consolidated entity consists of debt and equity and is managed in accordance with the capital structure of Mirvac. The mix of debt and equity is measured by reference to the Mirvac's gearing ratio not to exceed 40%. At 30 June 2009 the gearing ratio (net debt to total assets) was 20.2% (2008: 30.9%). At 30 June 2009 the gearing ratio for the consolidated entity was 1.4% (2008: 25.8%). In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of distributions paid to unitholders, return capital to unitholders or issue new units.

Mirvac prepares quarterly Balance Sheet, Profit and Loss and Cashflow updates for the current financial year and 5 year forecasts. These forecasts are used to monitor covenant compliance and future capital requirements, taking into account future capital requirements and market conditions.

Mirvac has complied with Borrowing covenant ratios as at 30 June 2009.

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**31. Financial risk management (continued)**

**(d) Capital risk management (continued)**

The consolidated entity's maturity of net and gross settled derivative financial instruments are provided in the following table. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Maturing in:</b>						<b>Total</b>
	<b>1 year or less</b>	<b>Over 1 to 2 years</b>	<b>Over 2 to 3 years</b>	<b>Over 3 to 4 years</b>	<b>Over 4 to 5 years</b>	<b>Over 5 years</b>	
<b>2009</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-interest bearing</b>							
Payables	87,439	-	-	-	-	-	87,439
<b>Interest bearing</b>							
Syndicated bank loans	7,235	30,255	206,943	1,197	1,297	33,526	280,453
Medium term notes	323,681	204,432	-	-	-	-	528,113
<b>Derivatives</b>							
Net settled (interest rate swaps)	11,428	5,088	(1,017)	(2,849)	(2,132)	(4,419)	6,099
Fixed to floating swaps	(9,459)	(2,318)	-	-	-	-	(11,777)
<b>Total</b>	<b>420,324</b>	<b>237,457</b>	<b>205,926</b>	<b>(1,652)</b>	<b>(835)</b>	<b>29,107</b>	<b>890,327</b>

	<b>Maturing in:</b>						<b>Total</b>
	<b>1 year or less</b>	<b>Over 1 to 2 years</b>	<b>Over 2 to 3 years</b>	<b>Over 3 to 4 years</b>	<b>Over 4 to 5 years</b>	<b>Over 5 years</b>	
<b>2008</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-interest bearing</b>							
Payables	133,231	-	-	-	-	-	133,231
<b>Interest bearing</b>							
Syndicated bank loans	63,194	950,756	-	-	-	-	1,013,950
Medium term notes	38,925	331,183	202,687	-	-	-	572,795
<b>Derivatives</b>							
Net settled (interest rate swaps)	3,590	1,538	(2,246)	-	-	-	2,882
<b>Total</b>	<b>238,940</b>	<b>1,283,477</b>	<b>200,441</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,722,858</b>

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**32. Remuneration of auditors**

PricewaterhouseCoopers (PwC) earned the following remuneration from the consolidated entity during the year:

	<b>Consolidated 2009 \$</b>	2008 \$	<b>Parent entity 2009 \$</b>	2008 \$
<b>(a) Assurance services</b>				
<b>Audit services - Australian firm</b>				
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	<b>330,420</b>	361,865	<b>330,420</b>	361,865
Total remuneration for audit services	<b>330,420</b>	361,865	<b>330,420</b>	361,865
<b>Other assurance and advisory services - Australian firm</b>				
Audit of regulatory returns	<b>21,000</b>	21,000	<b>21,000</b>	21,000
Audit of property outgoing statement	<b>175,000</b>	160,000	<b>60,000</b>	55,000
Financial due diligence and transactions	-	30,000	-	30,000
Total remuneration for assurance services	<b>196,000</b>	211,000	<b>81,000</b>	106,000
Total remuneration for assurance services	<b>526,420</b>	572,865	<b>411,420</b>	467,865
<b>(b) Taxation services - Australian firm</b>				
Tax compliance services, including review of trust income tax returns	<b>8,800</b>	72,120	<b>8,800</b>	19,820
Other tax services including due diligence	-	313,000	-	313,000
Total remuneration for taxation services	<b>8,800</b>	385,120	<b>8,800</b>	332,820

**Mirvac Property Trust and its controlled entities**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2009**

**33. Note to the cash flow statements**

	<b>Consolidated</b>		<b>Parent entity</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>a) Reconciliation of cash</b>				
<i>Cash at the end of the financial year as shown in the statement of cash flows is the same as the Balance Sheet, the detail of which follows:</i>				
Cash at bank and on hand	7,351	8,503	390	2,730
Deposits at call	<b>680,000</b>	-	<b>680,000</b>	-
<b>Cash assets</b>	<b>687,351</b>	8,503	<b>680,390</b>	2,730
<b>b) Reconciliation of net cash inflow from operating activities to (loss)/profit after tax</b>				
Net (loss)/profit	<b>(541,710)</b>	397,903	<b>(374,481)</b>	401,586
Revaluation of investment properties	<b>504,704</b>	(181,808)	<b>277,320</b>	(101,961)
Amortisation	<b>12,251</b>	10,853	<b>7,568</b>	9,350
Non cash rent free incentive	<b>(6,147)</b>	(9,815)	<b>(3,257)</b>	(7,305)
Impairments	<b>16,446</b>	76,110	<b>212,073</b>	24,926
Unrealised loss/(gain) on other financials at fair value through profit or loss	<b>1,353</b>	(961)	-	-
Profit on sale of non-current assets	-	(41,146)	-	(1,357)
Net gain on held for sale assets	-	(48,578)	-	-
Unrealised loss/(gain) on financial instruments	<b>108,909</b>	(18,572)	<b>108,909</b>	(18,572)
Deferred tax expense	<b>(206)</b>	209	-	-
Share of loss/(profit) of associates and joint ventures not received as distributions	<b>120,331</b>	(9,830)	-	-
<i>Change in operating assets and liabilities, net of effects from purchase of controlled entity:</i>				
Decrease/(increase) in receivables	<b>19,685</b>	(2,867)	<b>76,290</b>	(47,890)
Decrease/(increase) in other assets	<b>18,365</b>	32,142	<b>(4,916)</b>	(1,179)
(Decrease)/increase in creditors	<b>(21,160)</b>	(3,030)	<b>(12,078)</b>	1,151
<b>Net cash inflow from operating activities</b>	<b>232,821</b>	200,610	<b>287,428</b>	258,749

**34. Events occurring after reporting date**

No circumstances have arisen since the end of the financial 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 financial years.

**Mirvac Property Trust  
Directors' declaration**

**For the Year Ended 30 June 2009**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 64 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 2009 and of its performance for the financial year ended on that date; and
- (a) 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; and

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.



N R Collishaw  
Director

Sydney  
25 August 2009

## Independent auditor's report to the unitholders of Mirvac Property Trust

### Report on the financial report

We have audited the accompanying financial report of Mirvac Property Trust (the trust) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Mirvac Property Trust and 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

**Independent auditor's report to the unitholders of Mirvac Property Trust  
(continued)**

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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 trust's and consolidated entity's financial position as at 30 June 2009 and of their 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 consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.



PricewaterhouseCoopers



R L Gavin  
Partner

Sydney  
25 August 2009