

Appendix 4E - Full Year Report

MIRVAC GROUP

The Mirvac group comprises Mirvac Limited (ABN 92 003 280 699) and its controlled entities (including Mirvac Property Trust and its controlled entities).

For the year ended 30 June 2008

(Previous corresponding period 30 June 2007)

Results for Announcement to the Market

					\$'000
Revenues and other income	down	5.8%	to		2,128,650
Net profit attributable to the stapled security holders of the Mirvac Group	down	69.1%	to		171,802
Operating profit (profit before specific non-cash and other significant items) attributable to the stapled security holders of the Mirvac Group	up	10.4%	to		352,241

Dividends (distributions)	Amount per security	Franked amount per security
Final distribution	8.23 cents	-
Previous corresponding period	7.98 cents	1.60 cents

Results for Announcement to the Market (continued)

Other information relating to the financial statements

1 Ratios

	2008	2007
Profit before tax / total revenues and other income Consolidated profit from ordinary activities before tax as a percentage of total revenues and other income	7.2%	26.5%
Profit after tax / equity interests Consolidated net profit from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	4.0%	13.9%

2 Earnings Per Security (EPS)

	2008	2007
Basic EPS	16.58 cents	58.65 cents
Basic EPS before specific non-cash and other significant items	34.00 cents	33.65 cents
Diluted EPS	16.31 cents	57.46 cents
Diluted EPS before specific non-cash and other significant items	33.44 cents	32.97 cents
Weighted average number of ordinary securities outstanding during the period	1,036,006,036	948,120,903
Weighted average number of securities used in calculating diluted earnings per security	1,053,444,247	967,663,288

3 NTA backing

	2008	2007
Net tangible asset backing per ordinary security (AIFRS) – excluding EIS securities	\$3.77	\$3.80

4 Dividends/Distributions

Date the dividend (distribution) is payable.	25 July 2008
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved) 30 June 2007	30 June 2008
If it is a final dividend, has it been declared?	Yes

MIRVAC GROUP

Annual Financial Report 30 June 2008

The Mirvac Group comprises Mirvac Limited (ABN 92 003 280 699) and its controlled entities (including Mirvac Property Trust and its controlled entities)

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This financial report covers both the separate financial statements of Mirvac Limited as an individual entity and the consolidated financial statements for the consolidated entity consisting of Mirvac Limited and its subsidiaries. The financial report is presented in Australian currency.

Mirvac Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Mirvac 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 in the review of operations and activities on pages 2 to 7 and the Director's report on pages 2 to 29, both of which are not part of this financial report.

The financial report was authorised for issue on 26 August 2008. The Directors have the power to amend and reissue the financial report.

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.au.

Mirvac Group

Directors' Report

30 June 2008

The Directors of Mirvac Limited present their report, together with the consolidated financial report of the Mirvac Group, for the year ended 30 June 2008.

The Mirvac Group comprises Mirvac Limited (the Parent entity) and its controlled entities, which includes Mirvac Property Trust (the Trust) and its controlled entities.

Directors

The following persons were Directors of Mirvac Limited during the whole of the financial year and up to the date of this report:

- Mr J A C MacKenzie
- Mr G J Paramor (retired 26 August 2008)
- Mr P J Biancardi
- Mr N R Collishaw
- Mr A G Fini
- Mr P J O Hawkins
- Ms P Morris
- Mr R W Turner

Principal activities

The principal continuing activities of the Mirvac Group consist of real estate investment, development, funds and hotel management. Mirvac has two core divisions, Investment (comprising Mirvac Property Trust and Mirvac Asset Management (formerly Mirvac Real Estate Services)) and Development (comprising residential and non-residential development), with Funds and Hotel Management facilitating capital interaction between the two core divisions and undertaking the management of external funds and hotels.

Dividends/distributions

Dividends/distributions paid to securityholders during the financial year were as follows:

	2008 \$'000	2007 \$'000
June 2007 quarterly dividend/distribution paid on 27 July 2007 7.975 cents (2007: 7.75 cents)	80,907	69,023
September 2007 quarterly dividend/distribution paid on 26 October 2007 8.225 cents (2007: 7.975 cents)	84,042	71,641
December 2007 quarterly dividend/distribution paid on 25 January 2008 8.225 cents (2007: 7.975 cents)	84,514	79,705
March 2008 quarterly dividend/distribution paid on 24 April 2008 8.225 cents (2007: 7.975 cents)	89,786	80,366
Total dividends/distributions paid	339,249	300,735

The June 2008 quarterly dividend/distribution of 8.225 cents totalling \$90.6 million declared on 30 June 2008 was paid on 25 July 2008.

Dividends and distributions paid and payable by the Mirvac Group for the year ended 30 June 2008 totalled \$348.9 million, being 32.9 cents per fully paid security (2007: \$312.6 million – 31.9 cents per fully paid security).

**Mirvac Group
Directors' Report
30 June 2008**

Review of operations and activities

The net profit after tax for the Group for the year ended 30 June 2008 was \$171.8 million (2007: \$556.1 million). The operating profit (profit before specific non-cash and significant items) was \$352.2 million (2007: \$319.1 million).

Operating profit is a financial measure 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 Mirvac Group.

The following table summarises key reconciling items between net profit after tax and operating profit.

	2008 \$'000	2007 \$'000
Net profit attributable to the stapled security holders	171,802	556,056
Specific non-cash items		
Net gains from fair value adjustments on investment properties (excluding owner-occupied)	(146,270)	(239,460)
Unrealised gains on fair value of derivatives and associated foreign exchange movements	(51,337)	(24,530)
Expensing of security based payments	7,127	2,340
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	6,915	6,464
Straight line of lease revenue	(669)	-
Amortisation of lease incentives	8,189	6,748
Net losses from fair value of investment properties, derivatives and other specific non-cash items included in share of associates profits	12,074	6,105
Net (gains)/losses from fair value of investment properties, derivatives and other specific non-cash items included in minority interest	(230)	9,464
Significant items		
Impairment of investment included in share of net profit of associates and joint ventures	85,202	-
Impairment of investment in associates and joint ventures	76,110	-
Impairment of inventory	219,871	-
Impairment of management rights	18,910	-
Tax Effect		
Tax effect of non-cash and significant items	(55,453)	(4,124)
Operating profit (profit before specific non-cash and significant items)	352,241	319,063

Financial highlights

The Mirvac Group's net profit attributable to the stapled securityholders of \$171.8 million was impacted by asset impairments totalling \$400 million, as previously announced. Due to the sustained deterioration in market conditions including prolonged global financial market volatility, rising cost of capital and general slow down in global and Australian economic conditions, Mirvac prudently reassessed the value of its residential and non-residential developments, intangible values and co-investments in managed listed funds.

Mirvac's total assets at 30 June 2008 were \$7,493 million, with net assets of \$4,410 million.

Full year distributions to securityholders of 32.9 cents per stapled security represented a 3.1 per cent increase on the previous 12 months.

Mirvac Group Directors' Report 30 June 2008

Financial highlights (continued)

Other key financial highlights for the 12 months ended 30 June 2008 include:

- AIFRS earnings of 16.58 cents per stapled security
- Operating earnings of 33.44 cents per stapled security
- NTA per stapled security of \$3.77
- Exchanged contracts of \$1.02 billion for residential development
- Raised \$300 million via a private placement with cornerstone investor, Nakheel

Capital management

Mirvac continued to comply with all its debt covenants and as at 30 June 2008 had borrowings of \$2,453 million, representing gearing of 32.5 per cent. Mirvac had no market capitalisation covenants. Mirvac maintained its S&P BBB credit rating.

Post year end, Mirvac disclosed its new distribution policy to reflect the underlying nature of Mirvac's activities. Distributions now include 100 per cent of Trust earnings and up to 80 per cent of corporate earnings, depending on future capital requirements and opportunities.

Operational highlights

Investment

As at 30 June 2008, the Investment Division (comprising Mirvac Property Trust and Mirvac Asset Management) had a total portfolio value of \$4.1 billion, with investments in 56 properties, covering the commercial, retail, industrial and hotel sectors as well as investments in a number of Mirvac's other managed funds.

The Investment Division achieved a net profit before tax of \$404 million; and an operating profit before tax of \$298.2 million; a 22 per cent increase on the previous 12 months. In light of the trading volatility experienced by listed property trusts, Mirvac Property Trust reduced the carrying value in its indirect real estate investments in Mirvac Industrial Trust [ASX: MIX] and Mirvac Real Estate Investment Trust [ASX: MRZ] by \$76 million, as previously announced.

The Division remained well placed with a strong domestic property portfolio and secure tenant covenants, and was strengthened during the year with key highlights including:

- sustained leasing activity with approximately 175,913sqm leased, representing 17.6 per cent of the total portfolio (commercial: 89,079sqm, retail: 49,382sqm, industrial: 37,452sqm), providing a total portfolio occupancy rate of 98.3 per cent
- recognised an increase of \$181.8 million in gross asset revaluations with a weighted average capitalisation rate across the portfolio of 6.55 per cent
- development activity continued to deliver product with completions of an industrial warehouse (Nexus Industry Park) and a bulky goods centre (Lake Haven Mega Centre); and
- completed the major refurbishment of 101 Miller Street, North Sydney ahead of budget.

Operational Highlights (continued)

Development

At 30 June 2008, the Group's Development Division had \$15.9 billion of activities under control. Development comprises two principal areas; Residential (housing, apartments, and land sub-division) with \$12.9 billion activities under control and a future pipeline of 31,295 lots; and non-residential with \$3.0 billion activities under control.

Operating profit before tax was \$154.1 million representing a 10 per cent increase on the previous 12 months.

The Group's Development Division's net loss before tax was \$65.8 million. The Division's results were impacted by the previously announced \$219.9 million impairment to the carrying value of its inventory. Residential developments have been exposed to the continuing poor sentiment, affordability and mortgage related stress, which adversely impacted some development values. Mirvac reviewed its portfolio of residential developments and adjusted the carrying value of some of its inventory, particularly in NSW. Mirvac also adjusted the value of some of its non-residential developments after a review of key metrics including capitalisation rates, development time frames and costs.

The Development Division continued to deliver quality residential products resulting in the settlement of 2,089 lots as at 30 June 2008, with key projects including:

- Ephraim Island, QLD – 19 lots, \$29.6 million
- Burswood, WA – 105 lots, \$115 million
- Yarra's Edge T5, VIC – 19 lots, \$26.8 million
- Waverley Park, VIC – 95 lots, \$42.3 million; and
- Cambridge Apartments, NSW – 134 lots, \$114 million.

The Division also continued to secure income with \$1.02 billion of exchanged contracts (including Mirvac share of JV interest and Mirvac managed funds) with strong pre-sales at:

- Tennyson Reach, QLD (136 lots, \$220 million) – riverfront apartments sold out stage one and sales progressing well in stage two release
- Beachside Leighton, WA (60 lots, \$190 million) – oceanfront luxury apartments sold out of stage one release
- Aquarius, Burswood WA (45 lots, \$53 million) – initial release of fifth apartment tower in The Peninsula sold out; and
- Yarra's Edge River Homes, VIC (39 homes & marina berths, \$92 million) – successful sales with 27 homes sold out for \$60 million in the first 24 hours of release.

Mirvac Group

Directors' Report

30 June 2008

Operational highlights (continued)

Mirvac continued to deliver on its strategy of diversifying into non-residential development across the commercial, industrial and retail sectors, with key projects including:

- Hayles Wharf, Townsville, QLD - acquisition of mixed-use site, with proposed development plans comprising 19,000sqm of commercial space, 1,600sqm of retail space, an 84-room hotel and 97 apartments, with an expected end value of \$210.7 million
- 664 Collins Street, VIC - completed acquisition and planning approvals for a CBD, landmark 47,000sqm commercial office building, to be developed in joint venture with AustralianSuper, and has an expected end value of \$319.4 million
- Section 63, Canberra, ACT - acquisition of a mixed use development site in joint venture with Leighton Properties. The proposed development will total 128,000sqm in space with an expected end value of \$754.5 million; and
- Crown Street, Surry Hills, NSW - completed acquisition and commenced work on former Sydney Water site. The development will comprise approximately 2,500sqm of office space and 2,200sqm of retail space, with an expected end value of \$45.5 million.

Funds Management

As at 30 June 2008, Mirvac's Funds Management business unit had \$7.2 billion in funds under management on behalf of more than 36,000 institutional and retail investors across listed, unlisted and wholesale funds and joint ventures, both domestically and internationally. Funds Management was adversely affected by the deterioration in the real estate markets with the value of certain assets being written-down by \$104 million including infrastructure investments (Lane Cove Tunnel and River City Motorway) and intangible assets (Mirvac Domaine, Mirvac Real Estate Equity Funds and JF Infrastructure). Funds Management's net loss before tax was \$93.9 million, and operating profit before tax was \$9.5 million, a decrease of 60 per cent.

In the short term, the product mix will continue to be rationalised with a focus on core, scaleable and sustainable funds management activities. Going forward, the focus for Funds Management is to facilitate interaction between Mirvac's two core divisions, Investment and Development, with long-term capital partners. Funds Management's wholesale platform successfully delivered on this strategy during the year, with key highlights including:

- The Mirvac Wholesale Hotel Fund delivered 17.1 per cent total investor return for the year. The total portfolio value at 30 June 2008 was \$510.6 million.
- The Mirvac Wholesale Residential Development Partnership (MWRDP), continued its acquisition/development management program by successfully acquiring the Austral Brick sites in Wantirna South, Melbourne (\$102.5 million) in February 2008 and the Village at Seascapes, Western Australia (\$50 million) in June 2008. MWRDP was also granted the opportunity to participate in the development of The Pier at Waterfront, Newstead, Queensland in June 2008.
- Sales for existing MWRDP developments remained strong during the period, highlights being: sale/settlement of all 96 lots (valued at \$56.9 million)¹ in the first Stage at Rhodes (Adina); and the successful sale 52 of the 99 lots in the Newstead Project launched in June 2008.
- Mirvac and Nakheel entered into an unconditional contract to purchase a major industrial site in Bromelton, Queensland for \$70 million. The Bromelton site was part of the Doyle Portfolio secured by Mirvac in October 2007 under a put and call option. The partnership intends to develop the 196 hectare site into a multi-modal industry park.

¹ 93 lots settled by 30 June 2008 and 3 lots settled post period end.

**Mirvac Group
Directors' Report
30 June 2008**

Operational Highlights (continued)

Hotel Management

The Group's Hotels business unit, which manages 40 hotels and resorts across Australasia, achieved an operating profit before tax of \$15.3 million, a 43 per cent increase on the previous 12 months.

Outlook

Mirvac reaffirmed its EPS guidance of range of 23-25 cents per stapled security and DPS guidance of 20 cents per stapled security for the next financial year.

Mirvac is committed to being Australia's leading developer of residential real estate and proving quality returns through the Investment portfolio.

Mirvac's strategy going forward will be to continue to drive the core platform - investment and development - through the use of the funds management capabilities, and continue its growth in key markets.

Significant changes in state of affairs

Changes in the state of affairs of the Mirvac Group are set out in the Directors Report and financial statements.

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 2008 that has significantly affected or may significantly affect:

- (a) the Mirvac Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Mirvac Group'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 Mirvac Group to provide additional information relating to likely developments in the operations of the Mirvac Group, and the expected results of those operations in financial years subsequent to 30 June 2008.

**Mirvac Group
Directors' Report
30 June 2008**

Environmental regulations

Mirvac Group and its business operations are subject to compliance with both Commonwealth and State environment protection legislation.

At the Commonwealth level the Mirvac Group has triggered the Energy Efficiency Opportunities (EEO) Act reporting threshold and is required to participate. An EEO Assessment Plan has been approved under Section 16 of the Energy Efficiency Opportunities Act 2006. Mirvac has completed the initial round of assessments in accordance with the Plan and must perform the balance of assessments by 30 June 2011.

Mirvac Group has also triggered the National Greenhouse and Energy Reporting System (NGERS) reporting threshold. NGERS requires large energy-using companies to report annually on greenhouse gas emissions, reductions, removals and offsets, and energy consumption and production figures. The first report under NGERS is due by 31 August 2009.

To facilitate the above and other voluntary commitments a Group wide sustainability strategy is in place which sets clear performance objectives, targets and measures that provide the necessary structure for the Group's forward planning and expansion.

The strategy is structured around six sustainability priority areas identified as 'most significant' to the Mirvac Group and its stakeholders. The areas are under constant review and continuous change:

- Business Conduct – including sustainability in decision making and reporting performance.
- Mirvac People – driving a high performance culture committed to sustainability.
- Stakeholders – meeting needs, engendering loyalty and enhancing communities.
- Supply Chain – balancing financial, environmental and social factors.
- Environmental Impact - minimising Mirvac Group's impact on the environment.
- Climate Change Action – reduce greenhouse gas emissions and readying Mirvac for a carbon constrained future.

Mirvac is currently actioning more than 100 commitments or performance targets against the above priority areas.

Within The Mirvac Group's Health Safety and Environment performance reporting systems, including internal and external audits and inspections, no incidents of significant harm to the environment occurred. The Mirvac Group's development projects across Australia were issued a total of thirteen environmental infringement notices throughout the reporting period with a total value of \$12,980. The notices related to minor incidents of environmental impact at the Mirvac Group development sites and included: eight instances of inadequate sediment barriers; three instances of noise emission outside defined hours of work; one clean up notice and one administrative notice.

**Mirvac Group
Directors' Report
30 June 2008**

Information on Directors

Directors' experience and areas of special responsibilities

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

James A C MacKenzie, Chairman, BBus, FCA, FAICD

Chairman of the Nomination Committee.

Member of the Human Resources Committee.

James MacKenzie is Chairman of Mirvac Group and is also a director of the listed companies Melco Crown Entertainment Limited, Pacific Brands Limited and Bravura Solutions Pty Ltd.

A Chartered Accountant by profession, Mr MacKenzie was a Partner in both the Melbourne and Hong Kong offices of an international accounting firm now part of Deloitte Touche Tohmatsu.

Mr MacKenzie has served as a Director of a number of public companies listed on Stock Exchanges both in Australia and overseas and has been a director of prominent funds management companies: James Fielding Group (JFG), Paladin Australia Limited, Portfolio Partners Limited and the Victorian Funds Management Corporation.

Mr MacKenzie is also on the Board of Management of the Victorian Transport Accident Commission, the Victorian Workcover Authority and is a Director of the Victorian Major Events Corporation.

Mr MacKenzie was appointed to Mirvac's Board in January 2005.

Gregory J Paramor, Managing Director to 26 August 2008, FRICS, FAPI, FAICD

Member of the Nomination Committee

Greg Paramor was appointed Managing Director of the Mirvac Group following the acquisition of the James Fielding Group (JFG) in January 2005.

Mr Paramor has been involved in the real estate and funds management industry for more than 30 years. He has participated in forming property vehicles for public investment since 1981 and was the co-founder of Growth Equities Mutual, Paladin Australia and JFG. He is a past president of the Property Council of Australia and past President of the Investment Funds Association.

Mr Paramor is a Director of a number of not for profit organisations, including the Garvan Institute of Medical Research, The Property Industry Foundation and The National Breast Cancer Foundation. He was also formerly a Non-Executive Director of Australian Agricultural Company Limited.

Mr Paramor retired as Managing Director and as a member of Mirvac Group's Board with effect from 26 August 2008.

Paul J Biancardi, Deputy Chairman, B.Ec, FCA

Chairman of the Audit, Risk and Compliance Committee

Member of the Human Resources and Nomination Committees

Mr Biancardi was appointed a Non-Executive Director of the Mirvac Group on 1 July 2001 and was appointed Deputy Chairman in August 2007. He is a former taxation partner of PricewaterhouseCoopers (the current auditors of the Mirvac Group) and was Chairman of Coopers and Lybrand Chartered Accountants from 1994 to 1997. He retired from PricewaterhouseCoopers in 1999.

An experienced accountant, Mr Biancardi brings extensive knowledge to the Mirvac Board in the areas of finance, taxation and human resources.

Mr Biancardi is also a former Director of Crescent Capital Partners Limited and is a former Chairman of Hamilton James and Bruce Group Limited.

**Mirvac Group
Directors' Report
30 June 2008**

Information on Directors (continued)

Nicholas R Collishaw, Executive Director, Managing Director from 26 August 2008, SA (Fin), AAPI

Mr Collishaw was appointed Managing Director on 26 August 2008. Prior to this appointment Mr Collishaw was the Executive Director - Funds Management where he was responsible for the Funds Management operations including Mirvac Property Trust, External Funds Management and Hotel Management, having been appointed to the Mirvac Group Board on 19 January 2006.

Mr Collishaw has been involved in property and property funds management for over 20 years and has extensive experience in commercial, retail and industrial property throughout Australia. In various roles he has coordinated business acquisitions and investment fund creation, as well as implemented portfolio sales programs and managed large investment acquisitions.

At JFG, Mr Collishaw was an Executive Director and Head of Property. He has also held senior positions with Deutsche Asset Management, Paladin Australia Limited and Schroders Australia.

Adrian G Fini, Executive Director, B.Com

Mr Fini was appointed to the Mirvac Board on 19 January 2006. He was formerly Chief Executive Officer of Mirvac Fini, the Mirvac Group's Western Australian Division, and is currently the Executive Director responsible for Mirvac Group's Development Division.

Mr Fini has been involved in property development since 1977 and was appointed Managing Director of the Fini Group in 1994. Following its merger with Mirvac in 2001 he became the Chief Executive of the expanded Mirvac Fini business, broadening its development activities in the residential, commercial, industrial, retail and hospitality sectors in Western Australia, as well as integrating that business into the expanded Mirvac Group.

Mr Fini is also a Director of Little World Beverages Limited and the Art Gallery of Western Australia.

Peter J O Hawkins, Non-Executive Director, BCA (Hons), FAICD, SF Fin, FAIM, ACA (NZ)

Chairman of the Human Resources Committee
Member of the Audit, Risk and Compliance Committee

Mr Hawkins was appointed a Non-Executive Director of the Mirvac Group on 19 January 2006, following his retirement from the Australia and New Zealand Banking Group Limited (ANZ) after a career of 34 years. Prior to his retirement, Mr Hawkins was Group Managing Director, Group Strategic Development, responsible for the expansion and shaping of ANZ's businesses, mergers, acquisitions and divestments and for overseeing its strategic cost agenda.

He was a member of ANZ's Group Leadership Team and sat on the Boards of Esanda Limited, ING Australia Limited and ING (NZ) Limited, the funds management and life insurance joint ventures between ANZ and ING Group.

Mr Hawkins was previously Group Managing Director, Personal Financial Services, as well as holding a number of other senior positions during his career with the ANZ.

Mr Hawkins is currently a Director of Visa Inc, St George Bank Limited, Liberty Financial Services Pty Limited, Treasury Corporation of Victoria and Camberwell Grammar School.

**Mirvac Group
Directors' Report
30 June 2008**

Information on Directors (continued)

Penny Morris A.M, Non-Executive Director, B.Arch (Hons), M.EnvSci, DipCD, FRAIA, FAICD

Member of the Audit, Risk and Compliance Committee

Member of the Human Resources Committee

Chairman of the Board Health Safety and Environment Committee

Ms Morris was appointed a Non-Executive Director of the Mirvac Group on 19 January 2006, and has extensive experience in property development and management, having formerly been Group Executive Lend Lease Property Services, General Manager and Director, Lend Lease Commercial and Director of Commonwealth Property within the Federal Department of Administrative Services.

An experienced Director for more than 17 years, Ms Morris has also been a Director of the Colonial State Bank, Australia Post Corporation, Howard Smith Limited, Energy Australia, Indigenous Land Corporation, Country Road Limited, Jupiters Limited, Principal Real Estate Investors (Australia) Limited, Strathfield Group Limited, Landcom and the Sydney Harbour Foreshore Authority.

Ms Morris is currently a Director of Aristocrat Leisure Limited, Candle Australia Limited, The NSW Institute of Teachers and The Bowel Cancer and Digestive Research Institute Australia.

Richard W Turner A.M, Non-Executive Director, B.Ec,FCA

Member of the Audit, Risk and Compliance Committee

Member of the Human Resources Committee

Mr Turner was appointed a Non-Executive Director of the Mirvac Group on 7 January 2005. He is a Chartered Accountant by profession and the former Chief Executive Officer of Ernst & Young, following a career of over 35 years with that organisation until his retirement.

Mr Turner is currently a Director of Consolidated Media Holdings Limited, Crown Limited (group) and HBOS Australia Limited (group) and was formerly a President and Director of The Smith Family and past Chairman and a current Director of Pain Management Research Institute.

Mr Turner also currently serves as Chairman of Crown Melbourne Limited's Audit Committee.

Group Company Secretary

Michael G A Smith, Mirvac Group Company Secretary, B.A. FAID, ACIS

Mr Smith was appointed Group Company Secretary of the Mirvac Group in October 2005. Prior to that he was Company Secretary of Promina Group Limited from its float in 2003 and has also been Company Secretary for Australand Holdings Limited, National Foods Limited and Macquarie Bank Limited.

Mr Smith has extensive experience in legal, risk management, corporate governance, compliance and company secretarial practice for over 25 years in listed and public companies in Australia.

**Mirvac Group
Directors' Report
30 June 2008**

Meetings of Directors

The number of meetings of Mirvac Group's Board of Directors and of each Board Standing Committee held during the year ended 30 June 2008, and the number of meetings attended by each Director is detailed below:

Director	Committees									
	Board		Audit, Risk & Compliance		Human Resources Committee		Health, Safety & Environment		Nomination	
	A	B	A	B			A	B	A	B
J A C MacKenzie	15	15	-	-	4	4	-	-	1	1
G J Paramor	15	15	-	-	-	-	-	-	1	1
P J Biancardi	15	15	7	7	4	4	-	-	1	1
N R Collishaw	15	15	-	-	-	-	-	-	-	-
A G Fini	13	15	-	-	-	-	-	-	-	-
P J O Hawkins	15	15	6	7	4	4	-	-	-	-
P Morris	15	15	7	7	4	4	5	5	-	-
R W Turner	15	15	7	7	4	4	-	-	-	-

- A Indicates number of meetings attended during the period the Director was a member of the Board or Committee.
- B Indicates the number of meetings held during the period the Director was a member of the Board or Committee.

**Mirvac Group
Directors' Report
30 June 2008**

Remuneration Report

This Remuneration Report is set out under the following sections:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Equity instruments held by Key Management Personnel
5. Other benefits
6. Additional information

The information provided in this Remuneration Report has been audited as required by section 308 (3c) of the *Corporations Act 2001*.

1. Principles used to determine the nature and amount of remuneration

Details of Mirvac Group's remuneration philosophy, policies and practices together with details of Directors' and Executives' remuneration for the year ended 30 June 2008 are as follows:

a) Overview – remuneration philosophy, policies and practices.

The Mirvac Group's remuneration policy seeks to ensure competitive performance based remuneration is set in order to attract, retain and motivate the best talent in the industry sectors in which the Group operates, to pursue its long-term growth and success, as well as that of its stakeholders.

The Board has set an overall target to remunerate at the 50th percentile (median) for the fixed component of an employee's remuneration and up to 75th percentile for high performers and potentially to the 75th percentile for the variable component depending on performance, as assessed by independent market data for the Mirvac Group's peers.

The Mirvac Group's philosophy and practices are also designed to demonstrate a clear relationship between the Mirvac Group's overall performance, an individual's performance and his or her remuneration, particularly in the awarding of short and long term performance based incentive payments.

Underpinning this philosophy and core to its remuneration practices is the Group's Performance Management and Development system which reviews past performance and sets future objectives and development plans for employees at all levels.

The Human Resources Committee, consisting of five independent, Non-Executive Directors, advises the full Board of Directors on remuneration policies and practices generally, and makes specific recommendations on remuneration packages, incentives and other terms of employment for Non-Executive and Executive Directors, including the Managing Director, as well as the Executive group.

Executive remuneration, incentives and other terms of employment are reviewed annually by the Human Resources Committee in conjunction with recommendations by the Managing Director, having regard to the Board's remuneration philosophy, individual performance against pre-determined objectives, relevant comparative performance, as well as the Mirvac Group's overall performance and returns to its securityholders.

Remuneration Report (continued)

The Human Resources Committee has access to the Mirvac Group's General Manager, Human Resources and to the advice and data of independent, professional remuneration consultants as required to ensure the Group's base remuneration and incentive scheme practices remain consistent with the Board's stated philosophy, as well as current market practice particularly within the industry sectors in which the Mirvac Group operates.

Each component of remuneration for other staff is also reviewed annually. This review is conducted under the Performance Management and Development system and considers such factors as market relativities, individual performance and business performance.

Recommendations for individuals are submitted by the individual's manager to their manager for approval, ensuring that all salaries and increases (if any) have two levels of approval, reducing subjectivity and maintaining relativities. As noted above the remuneration of the direct reports to the Managing Director is reviewed by the Human Resources Committee following review by, and on the recommendation of, the Managing Director.

At the beginning of each financial year, clear objectives are set for all employees, in order to provide clarity and focus to the individual and to the organisation as to what is expected to be achieved in the ensuing period.

There are a number of common objectives shared by the Executive Committee including:

- Achievement of the Mirvac Group's profit targets;
- Achievement of their respective business unit's profit target (if applicable) and other key performance indicators;
- Leadership both within their business unit and division as well as across the Mirvac Group;
- Adherence to the Mirvac Group's risk management and health , safety and environment (HSE) requirements and targets; and
- Training and development of staff to allow them to fulfil their potential as contributors to the Group.

Additional business or divisional specific objectives may also be set by the Managing Director each year, which are also reviewed by the Human Resources Committee. The Committee also sets specific targets and key performance indicators annually for the Managing Director.

b) Relationship between remuneration policy and the Mirvac Group performance.

There is a direct relationship between performance and remuneration at the Mirvac Group. The Board approved a new Remuneration Strategy statement last year which outlines the use of each key element of remuneration. The Mirvac Group has implemented the strategy over last year and this year as follows:

- Fixed pay is targeted at the median of peer market data, recognising that differences in scope of each role will allow fixed pay to be in a range from below median up to the 75th percentile for high performers
- Short-term Incentives (STI) are targeted to deliver market median reward for strong performance and market 75th percentile or higher reward for exceptional outperformance
- Long-term Incentives (LTI) are also targeted to deliver median reward for strong performance and 75th percentile or higher reward for exceptional performance

**Mirvac Group
Directors' Report
30 June 2008**

Remuneration Report (continued)

Over the past year, the business environment in which the Mirvac Group operates has experienced a significant slowdown. The resulting performance of the Mirvac Group has had a direct impact on remuneration this year. Fixed pay increases across the Mirvac Group were moderated to be just above the inflation rate, leading to a reduction to the overall average compared to the increase given last year. The actual STI pool was reduced to 1/3 of the original target, which is substantially less than the maximum potential opportunity at Mirvac. STI awards have been given only to key high performing individuals to recognise achievement in a challenging year. Accordingly, STI as a proportion of short-term benefits of Executive Directors and Other Key Management Personnel reduced from 30% in 2007 to 14% in 2008. The current LTI plan is tied directly to objective hurdles and will only vest when those performance criteria are met or exceeded.

The table below provides summary information regarding the Mirvac Group's earnings and securityholder's wealth for the five years to June 2008:

	2008	2007	2006	2005 ¹	2004 ¹
Operating earnings (\$'000)	352,241	319,063	274,431	233,330	273,826
Statutory net profit (\$'000)	171,802	556,056	441,094	233,330	273,826
Distributions paid (\$'000)	339,249	300,735	274,343	251,157	220,659
Security price at 30 June (\$)	2.96	5.70	4.35	3.57	4.30
Earnings per security (cents)	16.58	58.65	52.18	29.86	36.67

¹ The Mirvac Group adopted the Australian equivalents to International Reporting Standards in 2006. The reported numbers in 2004 and 2005 were prepared under the Australian accounting standards applicable at that time.

There have been no returns of capital to securityholders in the last five years.

c) Structure of remuneration

Remuneration within the Mirvac Group is structured with three distinct components: fixed remuneration, short-term variable remuneration, and long-term variable remuneration.

i) Fixed remuneration:

The key drivers of fixed remuneration are:

- Individual performance evaluated against the pre-determined objectives; and
- The competitive market environment for the individual's skills and capabilities or the role the individual performs.

Fixed remuneration includes a base or fixed salary plus statutory superannuation contributions. Employees also have the opportunity to sacrifice some of their base salary for additional voluntary superannuation contributions and /or novated leases for motor vehicles.

Executives also have the flexibility to allocate a portion of their base salary to certain other benefits. In such circumstances, the Executive is also charged any resultant Fringe Benefits Tax so that there is no additional cost to the Mirvac Group in allowing the Executive to take the particular benefit.

Remuneration Report (continued)

ii) Short-term variable remuneration

The key drivers of short-term variable remuneration are:

- Performance of the Mirvac Group overall, measured against pre-determined targets such as the annual budget; and
- An individual's contribution to the Mirvac Group or business unit's performance as well as their own performance in meeting or exceeding pre-determined targets or objectives.

Short-term variable remuneration consists of an annual incentive payment as a cash bonus. Members of the Executive Committee, including Executive Directors, are rewarded based on the above factors as well as their achievement (as a minimum) of the common objectives detailed earlier. Increasingly, more of this Group's total remuneration is variable and "at risk" if performance criteria are not met or exceeded each year. The Managing Director's participation is conditional upon the Mirvac Group achieving a pre determined profit target.

There is a deferral aspect to the short term incentive scheme whereby 50% of the component above \$50,000 of any award will be deferred and paid in the following year. No interest is payable on the deferred component.

For the Managing Director and Chief Financial Officer, short-term incentives (STI) were primarily based on the Mirvac Group's financial performance, measured against its Net Profit after Tax (NPAT) and Earnings Per Share (EPS) targets, and individual performance, measured against strategic objectives. For the remaining Executive Directors and Key Management Personnel, the STI's were based partially on the same Group results and partially on results in their respective Divisions. Individual performance criteria used in assessing all Executive Committee members included achievement of Health Safety and Environment targets, leadership goals, the development of business relationships and the development of staff.

The maximum opportunity as a percentage of fixed remuneration for Executive Committee members for the 2008 financial year was as follows:

Profile of short-term Incentives

	Short-term incentive (STI)		
	Maximum STI % of fixed remuneration	STI included in remuneration \$	STI achieved % of potential maximum
Executive Directors			
G J Paramor	150	-	-
N Collishaw	150	250,000	17
A Fini	150	-	-
Other Key Management Personnel			
E Campbell	120	100,000	14
J Carfi	120	62,500	10
G Collins	120	100,000	14
B Draffen	120	150,000	16
C Freeman	120	-	-
A Harrington	120	75,000	9
G Hodgetts	120	100,000	15
J Mitchell	100	100,000	18
T Regan	120	-	-
A Turner	120	50,000	9
M Wallace	120	62,500	11

Remuneration Report (continued)

iii) Long-term variable remuneration

• **Current plan**

The Mirvac Group's current long-term incentive scheme was introduced in 2007 following approval by securityholders at the 2007 Annual General and General Meetings.

This plan applies to the Managing Director, Executive Directors, Senior Executives and other Executive employees only.

Under this plan participants are offered performance rights over Mirvac Group's stapled securities which can only be exercised if certain performance conditions are achieved over a three year period. For the Managing Director, Executive Directors and Senior Executives a portion of this award also comprises options over Mirvac Group's stapled securities. Grants of options will be limited to these employees only as they have the greatest capacity to drive the growth of the Mirvac Group.

The Board determined, on the recommendation of the Human Resources Committee that the following two performance conditions apply to the grants made during the financial year 2008; being measured based on: Relative Total Securityholder Return (TSR); and Absolute, Compound Earnings per Security (EPS) growth.

The satisfaction of each condition is given an equal weighting in terms of the total number of performance rights (and options for the Senior Executive group) that may vest.

Entitlements to the performance rights and to exercise the options will only arise if the following thresholds are achieved:-

Performance level	Relative TSR (percentile)	% of securities subject to this criterion to vest
<Threshold	<50 th	NIL
Threshold	50 th	50
Threshold - Maximum	50 th to 75 th	Pro-rata between 50 and 100
Maximum	75 th and above	100

Performance level	Absolute EPS growth (compound)	% of securities subject to this criterion to vest
<Threshold	<4%	NIL
Threshold	4%	50
Threshold - Maximum	4% to 9%	Pro-rata between 50 and 100
Maximum	9% and above	100

The term of the performance rights is 10 years and of the options 5 years. However if the performance rights and options do not vest at the end of the three year performance period they will lapse. Participants are prohibited from hedging both their unvested or vested performance rights and options. No loans have been made to participants under this plan. Directors have also indicated that there is no intention to re-test the performance conditions in the future.

If the performance rights and options, or a portion of each, vest, and are exercised entitlements will be satisfied by either an allotment of new securities or by purchase on market of existing securities, at the Board's discretion. Non-executive Directors are not eligible to participate in this long-term incentive plan.

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Remuneration Report (continued)

As at 30 June 2008, 2,910,520 performance rights and 4,246,500 options were issued to participants under the plan. No performance rights or options vested during the year to 30 June 2008.

In valuing options/rights, key inputs are as follows:

	Performance options	Performance rights
Performance Hurdle	TSR/EPS	TSR/EPS
Performance Period Start	1 July 2007	1 July 2007
Testing Date	30 June 2010	30 June 2010
Expiry Date	14 December 2012	14 December 2012
Share price at Grant Date	\$5.79	\$5.79
Exercise Price	\$5.75	Nil
Expected Life	3.8 years	2.6 years
Volatility	22%	22%
Risk Free Interest Rate	6.4%	6.5%
Dividend Yield	5.5%	5.5%

- **Superseded plans**

Two previous long-term incentive plans were closed with the introduction of the current plan.

- **Employee Incentive Scheme**

Until 2006, Mirvac Group's long-term variable remuneration for employees was its Employee Incentive Scheme (EIS). The EIS, which was open to all permanent employees, was designed to widely share the benefits of the Group's performance through the provision of loans to purchase Mirvac Group's stapled securities. Allocations were made annually, were unrestricted and fully vested on allotment. The loans were repayable via distributions received on the securities or upon their sale.

The EIS scheme was closed to new participants in 2006 as it was no longer considered to be consistent with market practice but existing arrangements remain in place until all current loans are repaid.

- **Long-term Incentive Plan**

A revised long-term incentive plan (LTI plan) was introduced in 2006 and approved by members at the Group's 2006 Annual General Meeting/General Meeting. Participation in the plan was open to the Managing Director, Executive Directors, other Executives and eligible employees. Under this plan, participants were offered a loan, calculated as a percentage of a participant's fixed remuneration component, which has been applied to fund the acquisition of Mirvac Group's stapled securities at market value.

The term of the loan is eight years. Any loan balance outstanding at the end of the eighth year must be repaid at that time. The loan is also being reduced by applying the after tax amounts of any distributions paid by Mirvac Group to the outstanding principal. The loans are interest free and non-recourse over their term. However the loan to the Managing Director has been provided on a full recourse basis.

Two performance conditions have been imposed before the securities acquired under the plan vest with the participant; being a measure based on: Relative Total Security Holder Return (TSR); and Absolute Earnings Per Share (EPS) growth

Remuneration Report (continued)

The satisfaction of each condition is given an equal weighting in terms of the total number of securities that may vest (i.e. 50% of the total securities held by a participant is subject to each performance condition).

TSR performance condition

The Mirvac Group's TSR ranking will determine whether any securities vest under this measure. An entitlement to vesting of the securities will only arise if Mirvac Group's TSR ranking is at or above the 50th percentile of the comparator group (being the entities that comprise the ASX/S&P 200 Property Trust Accumulation Index) over a three year period as detailed in the table below:

Performance level	Relative TSR (percentile)	% of securities subject to this criterion to vest
< Threshold	< 50 th	Nil
Threshold	50 th	50
Threshold – stretch	50 th to 75 th	Pro-rata between 50 and 100
Target	62.5%	75
Stretch	75 th and above	100

EPS performance condition

The second performance condition to be achieved is absolute EPS growth (compound) by the Mirvac Group. An entitlement to vesting under this condition will only occur when Mirvac Group's EPS growth reaches 4 per cent compound over a three year period, detailed in the table below:

Performance level	Absolute EPS growth (compound)	% of securities subject to this criterion to vest
< Threshold	< 4%	Nil
Threshold	4%	50
Threshold – stretch	4% to 9%	Pro-rata between 50 and 100
Target	6%	75
Stretch	9% and above	100

On vesting 53.5% of the original loan to fund the purchase of the vested securities will be waived. The remaining balance of the loan would continue to be reduced by after tax distributions until either the loan has been fully repaid or the eight year term expires, which ever occurs first.

If securities do not vest at the end of the three year period they will be sold with the net proceeds payable to the Mirvac Group. Participants in such circumstances would retain a sufficient portion of the sale proceeds to cover any tax liability arising from the sale of the securities.

Where a participant ceases to be employed by the Mirvac Group because of a "qualifying reason" prior to the satisfaction of the performance conditions any vesting entitlements to the securities will be, at the discretion of the Board, pro-rated in accordance with the relevant performance criteria over the reduced performance period.

Remuneration Report (continued)

"Qualifying reasons" include death, total and permanent disability or redundancy, cessation of employment with the Mirvac Group because the employer company ceases to be part of the Group, or sells its business, and any other reason determined by the Board.

If a participant terminates their employment with the Group for other than a qualifying reason, unvested securities will be sold with net proceeds accruing to the Mirvac Group.

If a participant terminates their employment after securities have vested, any outstanding loans will have to be repaid in full. Any unvested securities must be sold with the proceeds payable to the Mirvac Group.

Other than the securities that vested for a qualifying reason, no other securities issued under this plan vested during the year to 30 June 2008.

Both the EIS scheme that was replaced in 2006 and the LTI plan introduced last year are closed to new participants and will remain in "run-off" mode until all loans made under each arrangement are extinguished. As at 30 June 2008 3,064,527 securities remain on issue under the 2006 Plan, with 224,322 securities having been sold and the associated loans repaid during the year.

d) Other equity schemes in the Mirvac Group

The Mirvac Group has in operation a general employee exemption plan whereby offers are made to eligible Australian based employees (but not to Non-Executive Directors) to acquire Mirvac Group stapled securities to a value of \$1,000 per annum tax free. Securities acquired under this plan must be held for a minimum of three years (or earlier cessation of employment with the Group) during which time the securities are subject to a restriction on disposal but otherwise holders enjoy the same rights and benefits as other holders of Mirvac Group's stapled securities.

As at 30 June 2008, 664,588 stapled securities have been issued to employees under this general employee exemption plan. No securities have subsequently been issued in the period from 30 June 2008 to the date of this Report.

No other equity acquisition schemes are in operation in the Mirvac Group as at 30 June 2008.

e) Non-Executive Directors' remuneration

Mirvac Limited's Constitution provides that Non-Executive Directors are entitled to such remuneration as they determine, but that the total amount provided to all Directors (excluding the Managing Director and any Executive Directors) for their services as Directors must not exceed in the aggregate in any financial year the sum from time to time determined by securityholders in a general meeting.

At the 2006 Annual General Meeting, security holders approved an increase in this aggregate amount to \$1,200,000 per annum. At the 2008 Annual General Meeting, Directors will be seeking securityholders' approval to increase this aggregate amount to \$1,450,000. Further details will be provided in the Notice convening the 2008 Annual General and General Meeting of the Mirvac Group, which will be sent to all securityholders separately to this Report.

The Mirvac Group's Non-Executive Directors currently receive a base retainer fee, plus fees for serving on the Audit, Risk and Compliance, and Human Resources, Committees. The Chairs of each of these Committees receive an additional amount in recognition of the greater responsibility these positions demand. Non-Executive Directors also receive superannuation contributions which satisfy Mirvac Group's Superannuation Guarantee Contribution obligations.

**Mirvac Group
Directors' Report
30 June 2008**

Remuneration Report (continued)

However with effect from 1 July 2008 Non-Executive Directors will be permitted to sacrifice some or all of their fees, on a monthly basis, to acquire Mirvac Group securities on market on a set trading day each month.

Mr Turner also receives a fee for serving on the Board of the Responsible Entity for a number of registered trusts and schemes operated by Mirvac Group's Funds Management division. This fee is paid by a subsidiary entity within the Mirvac Group.

Members of the Audit Risk and Compliance Committee (ARCC) each receive an additional fee of \$15,000 per annum for also acting as the Audit, Risk and Compliance Committee for responsible entities of a number of registered trusts and schemes operated by the Funds Management Division. These additional fees are paid by subsidiary entities within the Mirvac Group.

No additional fees are paid to Directors who serve on the Board's Nomination Committee, and Ms Morris did not receive any additional fees during the year for Chairing the Board HSE Committee. Non-Executive Directors have not received any fees in addition to those described above in respect of any other duties performed or services provided within the scope of the ordinary duties of a director, do not receive bonuses or any other incentive payments or retirement benefits and are not eligible to participate in any of the executive or employee security acquisition plans established by Mirvac Group. However Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of Mirvac Group.

2. Details of remuneration

Details of the remuneration of each Director and the Key Management Personnel (as defined in AASB 124: Related Party Disclosures) of Mirvac Group are set out in the following tables. The Key Management Personnel of the parent entity and of the Mirvac Group include members of the Executive Committee who report directly to the Managing Director and had authority and responsibility for planning, directing and controlling the activities of the Mirvac Group.

This includes the 11 Group Executives who received the highest remuneration for the year ended 30 June 2008. These Executives are:

- G Collins - Chief Executive Victoria
- J Carfi - Chief Executive New South Wales
- E Campbell- Chief Executive Western Australia
- B Draffen - Chief Executive Development - Australia
- C Freeman - Chairman, Mirvac UAE, UK and Queensland Development
- A Harrington - Joint Chief Executive Funds Management
- G Hodgetts- Joint Chief Executive Funds Management
- J Mitchell - Chief Financial Officer
- T Regan - Chief Operating Officer
- A Turner - Chief Executive Hotels
- M Wallace - Chief Executive Queensland

**Mirvac Group
Directors' Report
30 June 2008**

Remuneration Report (continued)

Remuneration Report (continued)						Post-employment	Share-based payment			Other-long term benefits	Total
2008		Short-term benefits									
		Cash salary and fees ¹	STI ²	Non-cash benefits ³	Employee loan ⁴	Super contributions	Value of options ⁵	Value of rights ⁵	Value of issued securities ⁵	Long service leave ⁶	
	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Directors											
		1,804,062	-	1,100	-	96,718	572,644	161,248	144,395	31,885	2,812,052
		892,951	250,000	3,300	-	13,129	203,606	57,331	33,650	16,448	1,470,415
		799,307	-	6,457	316,452	38,193	203,606	57,331	33,650	13,448	1,468,444
Non-executive Directors											
	8	169,521	-	-	-	99,960	-	-	-	-	269,481
	8	186,871	-	-	-	13,804	-	-	-	-	200,675
	8	382,000	-	39,375	-	38,000	-	-	-	-	459,375
	8	170,000	-	-	-	-	-	-	-	-	170,000
	8, 9	280,000	-	-	-	25,000	-	-	-	-	305,000
Other Key Management Personnel											
		507,359	100,000	47,779	121,210	13,129	111,347	31,356	14,107	9,081	955,368
	7	82,388	62,500	2,614	15,767	-	-	2,239	2,202	1,392	169,102
		512,643	100,000	44,990	121,061	13,129	111,347	31,356	19,319	9,143	962,988
		622,391	150,000	56,360	67,758	13,129	127,256	35,835	25,507	12,453	1,110,689
		749,698	-	3,941	292,022	15,302	-	-	29,579	12,506	1,103,048
		587,662	75,000	43,251	-	19,694	127,256	35,835	19,324	10,748	918,770
		409,623	100,000	35,970	-	79,407	106,045	29,863	21,354	7,151	789,413
		433,507	100,000	30,654	-	13,129	67,870	19,112	14,677	8,473	687,422
		614,760	-	23,991	-	13,129	137,859	38,820	25,507	10,615	864,681
		414,751	50,000	-	169,067	77,129	100,744	28,370	21,436	6,881	868,378
	7	78,604	62,500	4,633	12,605	631	-	2,090	1,795	1,260	164,118
Total		9,698,098	1,050,000	344,415	1,115,942	582,612	1,869,580	530,786	406,502	151,484	15,749,419

¹ Salary and wages includes accrued annual leave paid out on retirement

² Short-term incentives (STI) relate to amounts accrued for the relevant financial year.

³ Non-monetary benefits include motor vehicle costs and car parking and are inclusive of related fringe benefits tax.

⁴ Employee loans are interest free and provided for personal use (excludes EIS loans). Compensation includes amounts forgiven during the year, imputed interest and related fringe benefits tax.

⁵ Value of securities and options/rights issued under the Mirvac LTI plan are derived from an option pricing model. Refer to note 34 (e) for details.

⁶ Long service leave relates to amounts accrued during the financial period.

⁷ Remuneration for J Carfi and M Wallace are from appointment on 21 April 2008.

⁸ Messrs Biancardi, Hawkins and Turner and Ms Morris received additional fees of \$15,000 each per annum for serving on the Audit, Risk and Compliance Committee for various Responsible Entities and their respective trusts and schemes within the Mirvac Group's Funds Management Division. This additional fee is included in each Director's total remuneration details above but does not form part of the pool of fees approved by Mirvac Limited's securityholders to Director's for the services provided as Directors of Mirvac Limited.

⁹ Mr Turner also received \$120,000 during the year for serving as a Non-Executive Director on the Boards of various Responsible Entities within the Mirvac Group's Funds Management Division, which is included in the above remuneration details for Mr Turner but does not form part of the pool of fees approved by Mirvac Limited's security holders to Directors for services provided as Directors of Mirvac Limited.

**Mirvac Group
Directors' Report
30 June 2008**

Remuneration Report (continued)

Remuneration related to performance

2008		Remuneration related to performance					Performance related remuneration as % of total	Value of options granted as % of total
		Total remuneration	STI	Value of options	Value of rights	Value of issued securities		
Executive directors								
		2,812,052	-	572,644	161,248	144,395	31	20
		1,470,415	250,000	203,606	57,331	33,650	37	14
		1,468,444	-	203,606	57,331	33,650	20	14
Non-executive directors								
		269,481	-	-	-	-	-	-
		200,675	-	-	-	-	-	-
		459,375	-	-	-	-	-	-
		170,000	-	-	-	-	-	-
		305,000	-	-	-	-	-	-
Other Key Management Personnel								
		955,368	100,000	111,347	31,356	14,107	27	12
	1	169,102	62,500	-	2,239	2,202	40	-
		962,988	100,000	111,347	31,356	19,319	27	12
		1,110,689	150,000	127,256	35,835	25,507	30	11
		1,103,048	-	-	-	29,579	3	-
		918,770	75,000	127,256	35,835	19,324	28	14
		789,413	100,000	106,045	29,863	21,354	33	13
		687,422	100,000	67,870	19,112	14,677	29	10
		864,681	-	137,859	38,820	25,507	23	16
		868,378	50,000	100,744	28,370	21,436	23	12
	1	164,118	62,500	-	2,090	1,795	40	-
Total		15,749,419	1,050,000	1,869,580	530,786	406,502	24	12

¹ Remuneration for J Carfi and M Wallace are from appointment on 21 April 2008.

**Mirvac Group
Directors' Report
30 June 2008**

Remuneration Report (continued)

Remuneration Report (continued)										
2007	Note	Short-term benefits				Post-employment	Share-based payment	Termination benefits	Other long-term benefits	Total
		Cash, salary and fees ¹	STI ²	Non-cash benefits ³	Employee loans ⁴	Super contributions	Value of securities issued ⁵		Long service leave ⁶	
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Directors										
		1,267,964	600,000	8,454	-	105,112	224,880	-	24,915	2,231,325
		537,313	350,000	8,454	-	12,686	51,207	-	8,955	968,615
		524,482	350,000	34,491	97,197	38,118	51,207	-	8,782	1,104,277
Non-executive Directors										
		167,938	-	-	-	106,854	-	-	-	274,792
		70,400	-	-	-	99,600	-	-	-	170,000
		276,769	-	30,036	-	99,999	-	-	-	406,804
		67,288	-	-	-	95,316	-	-	-	162,604
		86,237	-	-	-	73,761	-	-	-	159,998
Other Key Management Personnel										
		305,238	200,000	45,647	78,482	12,686	19,282	-	5,755	667,090
		336,930	200,000	39,356	78,482	12,686	28,732	-	6,234	702,420
		452,704	225,000	98,279	20,804	22,586	38,437	-	7,710	865,520
		538,564	250,000	35,989	299,676	22,551	44,822	-	9,176	1,200,778
		357,375	200,000	40,095	-	12,686	32,052	-	5,980	648,188
		320,122	200,000	24,282	-	55,509	31,925	-	-	631,838
	7	215,143	-	2,206	153,662	3,230	-	-	-	374,241
	8	108,742	-	24,042	20,521	8,428	-	1,266,935	-	1,428,668
		462,101	250,000	33,666	-	12,686	38,437	-	7,702	804,592
		344,313	175,000	11,472	171,707	70,686	28,732	-	5,639	807,549
Total		6,439,623	3,000,000	436,469	920,531	865,180	589,713	1,266,935	90,848	13,609,299

¹ Salary and wages includes accrued annual leave paid out on retirement.

² Short-term incentives (STI) relate to amounts accrued for the relevant financial year.

³ Non-monetary benefits include motor vehicle costs and car parking and are inclusive of related fringe benefits tax.

⁴ Employee loans are interest free and provided for personal use (excludes EIS loans). Compensation includes amounts forgiven during the year, imputed interest and related fringe benefits tax.

⁵ Value of securities issued under the Mirvac EIS plan is derived from an option pricing model. Refer to note 34 for details.

⁶ Long service leave relates to amounts accrued during the financial period.

⁷ Remuneration for R P Lynch is from 1 July 2006 to his resignation on 9 August 2006.

⁸ Remuneration for M V O'Brien is from 1 July 2006 to his resignation on 6 July 2006.

Remuneration Report (continued)

Bonus payments

The Short-Term Incentives (STI) for the year ended 30 June 2007 was primarily based upon achievement of both Group and divisional targets. For the Managing Director and CFO their STI was 100% based on the Group achieving its net profit after tax (NPAT) target. For Divisional CEO's their STI was 40% based on the Group achieving its NPAT target and 60% based on their Division achieving its earnings before interest and tax (EBIT) target. The component as a percentage of fixed remuneration for all Executive Committee members ranged from 40% to 100% of their current year salary depending on the Group's performance.

3. Service agreements

The Executives' terms of employment are detailed in formal service agreements. Each agreement is of a continuing duration and has no set term of service (subject to the termination provisions within the agreement). Each agreement covers (in addition to other standard matters) the relevant Executives':

- general duties;
- remuneration and other benefits; and
- termination of employment and termination benefits.

The employer may generally terminate an Executive's employment without notice or payment in lieu of notice in cases of serious and wilful misconduct by the Executive, or in certain other circumstances. The following table summarises the individual details of the service agreements that are in place for Mirvac Group's Executive Directors and Key Management Personnel.

Name	Term of agreement	Notice period	Severance period ¹	Remuneration period	Eligible for STI	Eligible for LTI	Eligible for termination benefit ²	Eligible for other benefits
G Paramor	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
N Collishaw	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
A Fini	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
A Harrington	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
A Turner	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
B Draffen	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
J Carfi	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
C Freeman	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
J Mitchell	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
T Regan	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
E Campbell	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
G Collins	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
M Wallace	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes
G Hodgetts	No term	3 months	Yes	12 months	Yes	Yes	Yes	Yes

1. Severance period consists of amounts of nine months fixed pay and pro-rate STI.

2. Termination consists of 9 months of fixed pay and pro-rate STI. In the event of a corporate amalgamation where there is a material change of status or responsibilities of the Executive leading to a termination payment of 18 months fixed pay and STI at target will be made.

**Mirvac Group
Directors' Report
30 June 2008**

Remuneration Report (continued)

4. Equity instruments held by Key Management Personnel

The relevant interests held in stapled securities of Mirvac Group by the Key Management Personnel are detailed in note 33 of the Group's full financial statements.

5. Other benefits

Fees paid by the Mirvac Group for Directors' and Officers' liability insurance are not itemised for each Director and, as their disclosure would breach the terms of the policy, are not set out in this Report. Executives and Directors (including Non-Executive Directors) are entitled to participate in arrangements available to directly purchase Mirvac Group developed residential property, on the same terms and conditions as apply to other employees within the Mirvac Group.

6. Additional information

a) Loans to Key Management Personnel

Information on loans to Executive Directors and other Key Management Personnel is disclosed in Note 33. Loans are not provided to Non-Executive Directors.

b) Directors' interests

Particulars of Directors' relevant interests in the stapled securities of the Mirvac Group or a related body corporate, in debentures of (or interests in a registered scheme made available by) the Mirvac Group or a related body corporate and their rights or options over any such securities, 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 2008 are as follows:

Directors	Interests in securities of related entities	Mirvac Group stapled securities
J A C MacKenzie		55,978
Mirvac Real Estate Investment Trust - units	93,841	
Mirvac Industrial Trust – units	122,643	
Mirvac Development Fund – Seascapes - units	300,000	
G J Paramor		5,755,654
Mirvac Domaine Land Fund – units	200,000	
Mirvac Tourist Park Portfolio – units	100,000	
Mirvac Industrial Trust – units	306,609	
Mirvac Development Fund – Meadow Springs – units	80,000	
Steel River Project – project units	500,000	
Performance Rights		327,270
Options		1,162,240
P J Biancardi		8,041
Mirvac Development Fund – Seascapes – units	25,000	
Mirvac Development Fund – Meadow Springs – units	50,000	
N R Collishaw		1,461,255
Mirvac Domaine Land Fund – units	17,500	
Mirvac Tourist Park Fund – units	10,000	
Mirvac Development Fund – Seascapes – units	25,000	
Tomago Project – project units	50,000	
Performance Rights		116,360
Options		413,240

**Mirvac Group
Directors' Report
30 June 2008**

Remuneration Report (continued)

Directors	Interests in securities of related entities	Mirvac Group stapled securities
A G Fini		8,816,781
Mirvac Development Fund – Seascapes – units	100,000	
Mirvac Development Fund – Meadow Springs – units	400,000	
Mirvac Industrial Trust – units	100,000	
Performance Rights		116,360
Options		413,240
P J O Hawkins		18,684
P Morris		42,841
R W Turner		69,241
Mirvac Development Fund – Seascapes – units	25,000	
Mirvac Development Fund – Meadow Springs – units	25,000	

Messrs Paramor, Collishaw and Fini participated in the long-term incentive plan and the general employee exemption plan with the approval of Mirvac Group's securityholders during the year.

For the year ended 30 June 2008, Mr Paramor received 327,270 performance rights and 1,162,240 options under the long-term incentive plan and 180 stapled securities under the general employee exemption plan.

For the year ended 30 June 2008, each of Messrs Collishaw and Fini received 116,360 performance rights and 413,240 options under the long-term incentive plan and 180 stapled securities under the general employee exemption plan.

Mirvac Group's Non-Executive Directors do not participate in any security purchase plan operated by the Mirvac Group other than the Distribution Reinvestment Plan on the same terms and conditions as are available to other Mirvac Group securityholders. However, with effect from 1 July 2008 Non-Executive Directors will be permitted to sacrifice some or all of their fees on a monthly basis to acquire Mirvac Group securities on market on a set day each month.

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 Mirvac Limited or a related body corporate.

c) Options over unissued securities

During the year ended 30 June 2008, options over 4,246,500 Mirvac Group stapled securities were issued to Executives pursuant to Mirvac Group's Long Term Incentive Plan as detailed in this Remuneration Report.

No securities in the Mirvac Group or any of its controlled entities were issued during or since the year ended 30 June 2008 as a result of the exercise of an option over unissued securities.

**Mirvac Group
Directors' Report
30 June 2008**

Other Directorships

Details of all Directorships of other listed companies held by each Director in the three years immediately before 30 June 2008 and the period for which each Directorship was held are as follows:

Director	Company	Date appointed	Date ceased
J A C MacKenzie	Bravura Solutions Limited	April 2006	Current
	Circadian Technologies Limited	July 2002	Current ¹
	Melco Crown Entertainment Limited	April 2008	Current
	Pacific Brands Limited	April 2008	Current
	Strategic Pooled Development Limited	November 2005	October 2007
	Zenyth Therapeutics Limited	April 2005	November 2006
A G Fini	Little World Brewing Limited	November 1999	Current
P Morris	Aristocrat Leisure Limited	February 2004	Current
	Candle Australia Limited	August 2005	Current
G J Paramor	Australian Agriculture Company Limited	June 2007	May 2008
R W Turner	Consolidated Media Holdings Limited (formerly called Publishing and Broadcasting Limited) Crown Limited	November 1998	Current
		July 2007	Current
P J O Hawkins	St George Bank Limited	April 2007	Current
	Visa Inc	October 2007	Current

¹ Mr MacKenzie resigned as director of Circadian Technologies Limited in July 2008.

Non-audit services

The Mirvac Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Mirvac Group 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 37 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.
- 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 Group
Directors' Report
30 June 2008**

Insurance of officers

During the financial year, the Mirvac Group paid a premium for an insurance policy insuring any past, present, or future Director, Secretary, Executive Officer or employee of the Mirvac Group against certain liabilities. In accordance with commercial practice, the insurance policy prohibits disclosure of the nature of the liabilities insured against and the amount of the premium.

The liabilities insured are legal costs that maybe incurred in defending civil or criminal proceedings that maybe brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Auditor independence declaration

A copy of the Auditors' Independence Declaration required under section 307C of the Corporations Act 2001 is set out on page 30.

Rounding of amounts

Mirvac Limited is of the kind referred to in Class Order 98/0100 issued by the Australian Securities & 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.



G. J. Paramor
Director

Sydney
26 August 2008

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SYDNEY NSW 1171
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Telephone +61 2 8266 0000
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Auditor's Independence Declaration

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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



R L Gavin
Partner
PricewaterhouseCoopers

Sydney
26 August 2008

Mirvac Group

Corporate Governance Statement

30 June 2008

1. Governance at Mirvac Group

The Mirvac Group has implemented various systems and processes to ensure that the interests of securityholders and other stakeholders in the Mirvac Group are protected at all times.

The Board is responsible for ensuring that the Mirvac Group is properly managed and is committed to maintaining the highest standards of corporate governance and fostering a culture that values ethical behaviour, integrity and respect to protect those stakeholders' interests.

This Statement sets out the key corporate governance principles adopted by Directors in governing the Mirvac Group and reflects the corporate governance policies and practices in place as at 30 June 2008 and throughout the year ending on that date.

Mirvac Group predominately operates in Australia but has increasing interests off-shore, and its stapled securities are listed on the Australian Securities Exchange (ASX).

The ASX Listing Rules require all listed entities to report on the extent to which their corporate governance practices follow the principles and recommendations contained in the ASX Corporate Governance Council's publication "Corporate Governance Principles and Best Practice Recommendations" which was issued in 2003.

Mirvac Group reported in its 2007 Corporate Governance Statement that it considered its governance practices complied with those Principles and Recommendations.

During the 2007/8 year the ASX Corporate Governance Council ("Council") published its revised "Corporate Governance Principles and Recommendations" ("Recommendations").

These Recommendations are to apply to a company's first financial year commencing on or after 1 January 2008. For Mirvac Group these Recommendations will first apply for its financial year commencing 1 July 2008, with compliance to be reported in its 2009 Annual Report.

However the Council has encouraged companies to make an early transition to adopting these Recommendations and to disclose their corporate governance practices by reference to these Recommendations in their reporting for the 2007/8 year.

Mirvac Group has moved to adopt these Recommendations now and this Corporate Governance Statement reports on the compatibility of Mirvac Group's compliance practices with the Recommendations.

As detailed in this Statement, Mirvac Group considers its practices do comply with the Recommendations in all aspects unless disclosed otherwise.

Copies of Mirvac Group's corporate governance policies and practices are posted to its website as required by the Recommendations (www.mirvac.com.au).

2. Board of Directors

2.1 Board role and responsibilities

The primary objective of the Mirvac Group Board is to build long-term securityholder value with due regard to other stakeholder interests.

The Board has formalised its roles and responsibilities into a Board Charter which also clarifies the roles and responsibilities that are delegated to management.

2. Board of Directors (continued)

2.1 Board role and responsibilities (continued)

In summary, the Board's accountabilities and responsibilities cover the following areas:

- Strategy and planning
- Personnel
- Remuneration
- Capital management and financial reporting
- Performance monitoring
- Risk management; and
- Audit and compliance

Responsibility for the day to day management and administration of Mirvac Group is delegated by the Board to the Managing Director, assisted by the Executive Committee.

The Managing Director manages the Group in accordance with the strategy, plans and delegations approved by the Board.

The Board monitors the decisions and actions of the Managing Director and the performance of the Group to gain assurance that progress is being made towards attainment of the approved strategies and plans. The Board also monitors the performance of the Group through its Committees.

The Managing Director provides open and detailed reports on the Group's performance and related matters to each Board meeting. The Chief Operating Officer and Chief Financial Officer provide comprehensive reports on Mirvac Group's financial performance and other relevant matters such as debt position and status of financing facilities.

A copy of the Board Charter is available on Mirvac Group's website.

Recommendations 1.1 and 2.6

2.2 Board size and composition

The Board determines its size and composition subject to the limits imposed by Mirvac Group's Constitutions, which provide that there be a minimum of three and a maximum of ten Directors.

The Board is to comprise a majority of independent Non-Executive Directors with an appropriate range of skills, experience and expertise to deal with current and emerging issues of the business. Mirvac Group's Board currently comprises five independent Non-Executive Directors and three Executive Directors. Details of the Directors in office as at the date of this report, including their qualifications, experience, date of appointment and their status as independent or executive are set out on pages 9 to 11.

The Board considers that its Directors collectively bring the range of skills, knowledge and experience necessary to direct the Group.

Recommendations 2.1 and 2.6

**Mirvac Group
Corporate Governance Statement
30 June 2008**

2. Board of Directors (continued)

2.3 Role of the Chairman

The Chairman of the Board is appointed by the Directors and, as specified in the Board Charter, must be an independent, Non-Executive Director who at the same time is not the Chief Executive of the Group.

The Chairman, Mr James MacKenzie, is an independent Non-Executive Director who is also Chairman of the Board's Nomination Committee and a member of its Human Resources Committee.

The Chairman's specific role is detailed in the Board Charter. In general the Chairman leads the Board and ensures that its principles and processes are maintained including the timely provision of accurate and clear information to Directors. The Chairman also encourages debate and active engagement in the Boardroom and in conjunction with the Managing Director and Group Company Secretary sets agendas for Board meetings that focus on strategy and performance. The Chairman is also responsible for facilitating the relationship between the Board and the Managing Director and other Executives in particular.

Recommendations 2.2 and 2.3

2.4 Independence of Directors

The Board considers that an appropriate balance between independent Non-Executive, and Executive, Directors is necessary to appropriately govern the Mirvac Group effectively and to promote securityholder interests. It is committed to ensuring a majority of the Board is independent at all times.

The Board has developed a policy, contained in the Board Charter, to determine the independence of its Directors. This determination is conducted annually or at any other time where the circumstances of a Director change such as to warrant reconsideration.

Independent Directors must be independent of management and any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment as Directors of the Mirvac Group.

It is the Mirvac Group's view and that of its Board, that each of its Non-Executive Directors is independent. Each Director has exercised judgment and discharged his or her responsibilities in an unrestricted and independent manner throughout the year. No Non-Executive Director has a relationship that may affect his or her independent status and each continues to satisfy the specific materiality tests set down by the Board Charter.

Recommendations 2.1 and 2.6

2.5 Conflicts of interest

The Board approved guidelines for Board members dealing with conflicts of interests with their duties as Directors of Mirvac Group as detailed in the Board Charter.

A Director with an actual or potential conflict of interest in relation to a matter before the Board does not receive any papers prepared in relation to that matter and, when the matter comes before the Board for discussion, is not present for the discussion and takes no part in the decision making process.

Minutes recording the matter in which a Director is considered to have a conflict of interest are not provided to that Director. However, the Chairman would normally advise the conflicted Director of the broad nature of the matter for discussion and the progress of the matter through the Board process.

Mirvac's Code of Conduct also sets down guidelines for dealing with conflicts of interest that may arise particularly for Executives and other employees.

**Mirvac Group
Corporate Governance Statement
30 June 2008**

2. Board of Directors (continued)

2.6 Meetings of the Board

The Board is scheduled to meet at least six times per year, and at any other time to deal with specific matters between the scheduled meetings. In addition Directors, with key Executives, hold a strategy session annually in mid year to determine strategic direction and related issues for the ensuing year. A follow up session is usually held about six months later to review how the Group is performing against the strategic objectives set.

Papers are circulated well in advance of meetings in either electronic or paper form to assist in the decision making process. Board meetings are also scheduled away from head office at the Group's state and regional offices to provide Directors with the opportunity to view the businesses that comprise the Mirvac Group and to meet employees from those businesses.

Details of the number of Board and Committee meetings held during the year together with the number of meetings attended by each Director are contained within the Directors' Report section of this Annual Report.

2.7 Review of Board and Executive performance

a) Board

The performance of the Board is conducted annually by the Chairman supported by the Group Company Secretary. The appraisal is conducted initially by way of questionnaires completed by each Director individually which effectively review:

- the performance of the Board and each of its Committees against the requirements of their respective charters;
- the individual performance of the Chairman and each Director; and
- the processes and procedures of the Board
- to identify areas for improvement.

The completed questionnaires are used as the basis of interviews and discussions conducted by the Chairman with Directors.

The appraisal process conducted during the year ended 30 June 2008 indicated that no major issues or concerns were identified that required further attention. The primary focus of the Board over the next twelve months will be to implement strategies and monitor Executive performance to continue to deliver securityholder value over the longer term in the face of a more challenging operating environment.

The Human Resources Committee reviews and makes recommendations to the Board on the criteria for, and the evaluation of, the performance of the Managing Director. The Managing Director evaluates the performance of the Executive Directors in their capacity as Executives of the Group.

b) Key Executives

Evaluation of key Executives' performance is conducted annually by the Managing Director. This evaluation includes assessment of the respective Executive's performance against business and personal objectives agreed at the beginning of the year. A copy of this evaluation of each key Executive is also reviewed by the Human Resource Committee.

The Managing Director also monitors Executive performance throughout the year through regular meetings where progress towards achieving the set objectives is assessed and discussed.

Recommendations 1.2, 1.3, 2.5 and 2.6

**Mirvac Group
Corporate Governance Statement
30 June 2008**

2. Board of Directors (continued)

2.8 Nomination and appointment of new Directors

Mirvac Group's Board Nomination Committee is responsible for identification and recommendation of candidates to the Board.

External consultants may be retained to assist the Committee to ensure a wide selection of potential Directors is assessed.

All new Directors are required to sign and return a letter of appointment which sets out the key terms and conditions of their appointment, including duties, rights and responsibilities, the time commitment envisaged and the Group's expectations of its Directors.

Directors (other than the Managing Director) appointed during a year only hold office until the next Annual General Meeting following their appointment, where upon they must retire and seek election by securityholders. Mirvac Group provides securityholders with relevant information on the candidates for election in such instances.

Recommendations 2.4 and 2.6

2.9 Retirement and re-election of Directors

Mirvac Group's Constitutions provide that one-third of Directors must retire each year and seek re-election by securityholders at the Annual General/General Meetings. This ensures that the maximum time that each Director can serve in any single appointment is three years.

The Chairman will evaluate the contribution of retiring Directors prior to the Board endorsing their standing for re-election. At this time, the Mirvac Group has not imposed any maximum on the number of terms that a Non-Executive Director may serve. The Managing Director is not included in the number of Directors that must retire each year.

Recommendation 2.6

2.10 Access to independent information and advice

As detailed in the Board Charter, the Board and its Committees may seek advice from independent experts whenever it is considered appropriate. Individual Directors, with the consent of the Chairman, may seek independent professional advice on any matter connected to their responsibilities as a Director of the Mirvac Group, at the Group's expense. No Director availed him or herself of this right during the year.

Recommendation 2.6

Mirvac Group
Corporate Governance Statement
30 June 2008

3. Board Committees

3.1 Committees' charters and membership

The Board has established the following standing Committees to assist it in the discharge of its responsibilities:-

- Audit, Risk and Compliance Committee (ARCC)
- Human Resources Committee (HR)
- Nomination Committee (Nomination)
- Health, Safety and Environment Committee (HSE)

Each Committee has adopted its own terms of reference or Charter, approved by the Board, setting out matters relevant to its composition and responsibilities. The Charters are reviewed annually by the Board.

Copies of the Committee Charters are available in the corporate governance section of the Mirvac Group's website.

In general, the review of capital management, financial reporting, risk management and audit and compliance matters has been delegated to the Audit, Risk and Compliance Committee.

Personnel and remuneration matters have been delegated to the Human Resources Committee, with the review of the composition of, and appointments to, the Board delegated to the Nomination Committee.

The HSE Committee was formed during the year to assist the Board to lead the Group's commitment to HSE matters.

In addition project approvals to purchase or invest/divest and approvals to commence construction to a value or cost up to \$25 million each have been delegated to the Executive Committee for approval.

All Directors are entitled to attend meetings of the standing Committees. Papers considered by the standing Committees are available to all Directors via an electronic portal with access restricted to Directors only.

Minutes of all standing Committee, and the Executive Committee, meetings are provided as part of the papers for Board meetings, and the proceedings of each meeting are reported by the Committee Chairman at the next Board meeting.

Each Committee is entitled to the resources and information it requires to discharge its responsibilities, including direct access to employees and advisors.

The performance of each Committee, including its individual members, is evaluated as part of the annual performance review of the Board conducted by the Chairman.

Members of the standing Committees are:

	ARCC	HR	Nomination	HSE
James MacKenzie		✓	✓ (ch)	
Paul Biancardi	✓ (ch)	✓	✓	
Peter Hawkins	✓	✓ (ch)		
Penny Morris	✓	✓		✓ (ch)
Richard Turner	✓	✓		
Greg Paramor			✓	

(ch): designates Chairman of the Committee

Mirvac Group
Corporate Governance Statement
30 June 2008

3. Board Committees (continued)

3.1 Committees' charters and membership (continued)

Each Committee member is an independent, Non-Executive Director, with the exception of Mr Greg Paramor who is the Managing Director. The HSE Committee, although chaired by an independent Non-Executive Director, comprises a number of Executives and other senior managers with expertise in HSE matters.

Details of the number of meetings held by each Committee during the year, together with the number attended by each Committee member, are contained within the Directors' Report section of this Annual Report.

The Executive Committee meets monthly and comprises the Managing Director, Executive Directors, business unit Chief Executives, the Chief Operating Officer, Group Company Secretary, Chief Financial Officer and General Manager, Human Resources who are all Mirvac Group employees.

Recommendations 2.4, 2.6, 4.1, 4.3, 4.4 and 8.1

3.2 Audit, Risk and Compliance Committee (ARCC)

Each member of the Committee has the technical expertise to enable the Committee to effectively discharge its mandate, chaired by Mr Paul Biancardi, a Chartered Accountant with extensive knowledge of taxation, finance and human resources in particular.

The Managing Director, Chief Operating Officer and Chief Financial Officer as well as representatives of the external and internal auditors attend all meetings by invitation. The ARCC regularly meets with the external auditors without management present.

The role of the ARCC is to assist the Board in fulfilling its oversight responsibilities in relation to the Group's financial reporting, legal and regulatory compliance, internal controls and risk management as well as the internal and external audit functions, as fully detailed in its Charter.

Also reporting to the ARCC is the Compliance Committee which has direct responsibility for monitoring and reviewing the Compliance Plans of Mirvac Group entities that hold Australian Financial Service (AFS) licenses, and overseeing their adherence to all applicable laws and regulations.

The Compliance Committee meets on a quarterly basis and comprises four independent members.

Through the ARCC, the Compliance Committee reports to the respective Boards of the AFS licensed entities.

Recommendations 4.1, 4.2, 4.4 and 7.1

3.3 Human Resources Committee (HR)

The objective of this Committee is to assist the Board in ensuring the Mirvac Group has coherent remuneration policies and practices which are consistent with the Group's strategic goals and human resource objectives by attracting and retaining Directors and Executives and other employees who will create value for securityholders.

The Committee also ensures the Group fairly and responsibly remunerates Directors and Executives having regard to the performance of the Mirvac Group, the performance of the individuals and the general remuneration environment.

Full details are contained in the HR Committee Charter which is posted to Mirvac's website.

Mirvac Group
Corporate Governance Statement
30 June 2008

3. Board Committees (continued)

3.3 Human Resources Committee (HR) (continued)

The Managing Director and General Manager Human Resources attend all meetings of the Committee by invitation.

Recommendations 8.1 and 8.3

3.4 Nomination Committee

The objective of this Committee is to assist the Board in ensuring that the Mirvac Group has Boards of effective composition, size, expertise and commitment to adequately discharge their responsibilities and duties, having regard to the law and the highest standards of governance, with the specific responsibilities as set out in its Charter. The Committee also oversees succession planning within the Board, including the Managing Director/Chief Executive position.

Recommendations 2.4 and 2.6

3.5 HSE Committee

Each member of this Committee has the technical expertise to enable the Committee to effectively discharge its mandate, chaired by Ms Penny Morris who has extensive experience in HSE matters, particularly in the property development and construction industries.

The objectives of this Committee are to assist the Mirvac Group Board lead the Group's commitment to HSE matters by reporting on compliance with applicable statutory requirements, codes, standards and guidelines, as well as measurable objectives and targets aimed at the elimination of work related incidents or impacts from the Group's activities, products and services.

The HSE Committee meets monthly and reports to each Mirvac Group Board meeting on Mirvac's performance against set goals and targets.

4. External auditor relationship

Mirvac Group's Audit, Risk and Compliance Committee (ARCC) in accordance with its Charter, is responsible for overseeing the relationship with the Group's external auditor, PricewaterhouseCoopers, including the terms of engagement of the external auditor and the scope of the external audit program each year. The ARCC is also responsible for monitoring and evaluating the performance, and independence, of the external auditor.

4.1 Approach to auditor independence

The Board has adopted a Policy for Auditor Independence which forms part of the ARCC's Charter published on Mirvac Group's website.

That Policy endorses the fundamental principles of auditor independence that, in order to be eligible to undertake any non-audit related services, the external auditor must not, as a result of that assignment:

- create a mutual or conflicting interest with that of Mirvac Group;
- audit their own work;
- act in a management capacity or as an employee; or
- act as an advocate for the Mirvac Group.

The Policy also details the services that the external auditor will be prohibited from performing.

**Mirvac Group
Corporate Governance Statement
30 June 2008**

4. External auditor relationship (continued)

4.2 Certification of independence

PricewaterhouseCoopers has provided the ARCC with a half yearly and annual certification of its continued independence, in accordance with the requirements of the Corporations Act, and in particular confirmed that it did not carry out any services or assignments during the year ended 30 June 2008 that were not compatible with auditor independence.

4.3 Other monitoring of independence

During the current year Mr Mark Haberlin retired as the lead audit partner of the Mirvac Group's Financial Statements and Reports and was replaced by Mr Ross Gavin.

In addition to the audit partner rotation and appointment requirements set out in the Policy and in the Corporations Act, the ARCC also reviews and approves, or declines, as considered appropriate before the engagement commences, any individual engagement for non-audit services involving fees exceeding \$100,000. Below this amount, approval, or otherwise as considered appropriate, is delegated to the Chief Financial Officer.

No work will be awarded to the external auditor if the ARCC (or the Chief Financial Officer as applicable) believes such work would give rise to a "self review threat" (as defined in APES110: Code of Ethics for Professional Accountants) or would create a conflict, or perceived conflict, of interest for the external auditor or any member of the audit team, or would otherwise compromise the auditor's independence requirements under the Corporations Act.

4.4 Attendance at the Annual General Meeting/General Meeting.

A Partner of Mirvac Group's external auditor, PricewaterhouseCoopers, attends all Annual General/General Meetings of the Mirvac Group and is available to answer questions from securityholders on the conduct and the content of the Auditor's report of the Group. Securityholders are also provided with a reasonable opportunity to ask questions of the Auditor at the Meetings.

The external auditor is also allowed a reasonable opportunity to answer written questions submitted by securityholders to the Meetings. No questions were directed to the Auditors in regard to the content of the Mirvac Group's 2007 Financial Report or the content of the Auditor's report for the Group and no questions were directed to the auditors at the Mirvac Group's 2007 Annual General Meeting.

Recommendation 6.2

5. Recognise and Manage risk

5.1 Approach to risk management

Mirvac Group is a leading ASX Listed, integrated real estate group with approximately \$28billion of activities under control across the real estate funds management and development spectrum.

These activities involve risks of varying kinds and to varying extents. Risks can relate to both threats to existing activities as well as failure to take advantage of opportunities that may arise. Mirvac Group's objective is to ensure those risks are identified and, where practical and economic, measures implemented to mitigate or otherwise manage the impact those risks may have on the Group's activities.

In recognition that risk management is a key element of effective corporate governance, the Mirvac Group has adopted a Risk Management Policy statement, which is published on its website, as well as implementing specific and comprehensive procedures for identifying and managing its financial and operational risks.

**Mirvac Group
Corporate Governance Statement
30 June 2008**

5. Recognise and Manage risk (continued)

The Mirvac Group Board is responsible for approving and reviewing the risk management policy and risk strategy. To assist the Board in discharging its risk management responsibilities, certain activities have been delegated for particular review by the ARCC, as described in its Charter.

The management of risk and the implementation of mitigation measures is the responsibility of management under the direction of the Managing Director and the Executive Committee.

The Board determines the overall risk appetite and approves the strategies, policies and practices to ensure that risks are identified and managed within the context of this risk appetite.

Mirvac Group's approach to risk management is to establish an effective control environment to manage "material risks" to its business. A "material risk" is defined as the probability that an action, inaction or natural event may hinder or prevent the achievement of key business objectives.

The risk management and internal control systems within Mirvac include policies, processes, practices and procedures to provide reasonable assurance that:

- risk exposure is identified and adequately monitored and managed; and
- there is an appropriate level of compliance with policies, standards, procedures and applicable laws, regulations and licences.

The risk management framework is based on the Australian/New Zealand standard (AS/NZS 4360:2004) for risk management.

Each business unit within the Mirvac Group has its own risk management committee which meet regularly to assess the risks relevant to its particular activities and to develop a business specific risk register. These business units then participate in a National Risk Group, chaired by the Chief Operating Officer that assesses all risks identified across the Group. The National Risk Group's risk register is tabled at all meetings of the Executive Committee, ARCC and Board, respectively.

These risk registers identify the particular risk, the residual exposure (be it "low", "medium" or "high"), as well as provide an assessment of the effectiveness of the controls and programs implemented to mitigate or manage the risk or its impact on the Mirvac Group.

During the year the independent Chartered Accounting firm Ernst & Young continued to assist the Mirvac Group's Internal Audit function in managing an effective internal audit/operational review program across the Group's operations. Internal Audit's role is to assess risks, enhance processes and monitor controls to provide assurance to the ARCC and the Board that the material risks and compliance obligations are being effectively managed through the implementation and maintenance of appropriate control processes.

The Head of Internal Audit, Mr Grant Katz, reports to the Chief Operating Officer and also has unfettered access to the ARCC and its Chairman at all times.

Mirvac Group's Risk Management Policy and underlying strategies are reviewed annually by the ARCC and the Board to ensure continued application and relevance. Management review of the implementation and effectiveness of this Policy is undertaken regularly by the National Risk Group.

The above arrangements were in place for the year ended 30 June 2008. However prior to year end, Mirvac Group commenced a comprehensive review of its current Risk Management Policy and Risk Appetite position.

A new Risk Management Road Map and Framework is also being prepared to provide improved guidance to the Group's operations in implementing appropriate processes to address or manage the range of current risk exposures identified across the Group. As at 30 June 2008 this work was well advanced but yet to be finalised.

5. Recognise and Manage risk (continued)

As previously noted the Board has delegated responsibility to management in all of the Group's business units for executing risk management to acceptable standards. Internal Audit will facilitate the process by providing a centralised role for overseeing risk management and assurance across these varied business units, as well as consolidating risk reporting for different stakeholders.

This Risk Management Framework sets a standardised approach to managing risk within the Mirvac Group, whilst maintaining a sufficient degree of flexibility to allow the various business units to adopt appropriate strategies to address their particular risk exposures.

Recommendations 7.1, 7.2 and 7.4

5.2 Executive assurance

The Managing Director and the Chief Financial Officer have provided the following assurance to the Mirvac Group Board in connection with the Group's full year financial statements and reports, namely that in their opinion, to the best of their knowledge and belief:

- a) the financial records of the Mirvac Group for the year ended 30 June 2008 have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
- b) the financial statements of the Mirvac Group and the notes to those statements for the year ended 30 June 2008 comply with the relevant accounting standards;
- c) the Group's financial statements, and the notes to those statements, for the year ended 30 June 2008 give a true and fair view of the financial position, operational results and the performance of the Mirvac Group;
- d) The statements referred to in paragraphs a) to c) above are founded on a system of risk management and internal compliance and control which implements the policies adopted by the Mirvac Group Board; and
- e) Mirvac Group's risk management and internal compliance and control system is operating effectively in all material respects in relation to financial reporting risks.

The effective control environment established by the Mirvac's Group's Board supports this assurance provided by the Managing Director and Chief Financial Officer.

However, it should be noted that associates and joint ventures, which are not controlled by the Mirvac Group, are not covered for the purposes of this assurance or declaration given under Section 295A of the Corporations Act 2001.

Further, these declarations provide a reasonable but not absolute level of assurance about risk management, internal compliance and control systems, and do not imply a guarantee against adverse events or more volatile conditions and outcomes in the future.

Recommendations 7.3 and 7.4

6. Remuneration policies and practices

The Remuneration Report on pages 13 to 27 details the Mirvac Group's remuneration policies and practices including the relationship between remuneration, group performance and returns to security holders.

Recommendations 8.1, 8.2 and 8.3

**Mirvac Group
Corporate Governance Statement
30 June 2008**

7. Corporate conduct and responsibility

7.1 Approach to corporate conduct

Integrity is one of the Mirvac Group's core values. In the Group's 36 year history, it has built a reputation for integrity and in dealing fairly, honestly and transparently with all stakeholders.

Mirvac Group has adopted a Code of Conduct which espouses its core values and reflects the Recommendations in terms of the matters addressed. Each member of the Executive Committee certifies to the ARCC their adherence to the requirements of the Code on a quarterly basis.

The Code of Conduct applies to the Mirvac Group's Board of Directors, Executives and all other employees. A copy of the Code has been made available to all and is posted on the Group's intranet and is available within the Investor Information section of the website.

Recommendations 3.1 and 3.3

7.2 Compliance with the Code of Conduct

To fulfil Mirvac Group's commitment to its core values and the requirements of the Code of Conduct, the Group needs to be able to ensure that:-

- violations of the Code and these values are detected and reported; and
- appropriate action is taken in response to any violations.

Accordingly Mirvac Group encourages its Non-Executive Directors, Executives and other employees to report promptly in good faith any serious violations or suspected serious violations of the law or its Code of Conduct. To facilitate this, and in addition to the quarterly sign-off referred to in Section 7.1, the Group has established its "Open Line" program to allow staff to report in good faith suspected fraud, theft, criminal activity or any other conduct which may cause loss or be detrimental to Mirvac Group's reputation. The Open Line program sets out the measures to be taken and the protection to be provided in instances where violations or other suspected matters are reported.

Further Part 9.4AAA of the Corporations Act also provides protection to "whistleblowers" in certain specified circumstances.

Recommendations 3.1 and 3.3

7.3 Political and charitable donations

The Mirvac Group supports the democratic process within Australia and does make modest donations to Australia's major political parties to facilitate attendance at conferences and meetings where the Company is able to provide its views on policies and matters that may impact its operations. The Mirvac Group's Code of Conduct stipulates that donations can only be made on the approval of the Managing Director.

During the year ended 30 June 2008, Mirvac Group donated \$112,023 in total to the major political parties in Australia.

During the year the Mirvac Foundation was established to be the focus of the Mirvac Group's charitable support. The Foundation is currently supporting financially in each state charities that care for the homeless. The Mirvac Group's staff also donates financially to the Foundation and donate their time to support the various organisations' activities. In addition to making a direct financial contribution to the Foundation, Mirvac matches the financial contributions of staff to the Foundation, makes staff available to provide development and construction advice as well as providing materials and personnel to assist in building programs. Staff are also permitted time off with full pay to support the charities in other areas of their respective operations, where this is feasible.

**Mirvac Group
Corporate Governance Statement
30 June 2008**

7. Corporate conduct and responsibility (continued)

7.4 Security Trading Policy

Mirvac Group has implemented a security trading policy that covers dealings in securities by Directors, Executives and other designated employees as well as their respective associates. These persons may only deal in Mirvac Group securities, or in securities of other public, listed entities that are related to Mirvac Group, in certain periods as identified in the Policy. Notwithstanding this, no Director, Executive or other employee may deal whenever they are in possession of price sensitive information. Any securities dealing in the Group by Directors is notified to the ASX within five business days of the dealing. Mirvac Group does not stipulate any minimum security holding requirements by its Directors.

In particular the Policy also prohibits Executives and other employees hedging options they may hold over Mirvac Group securities.

Mirvac Group's Security Trading Policy is available within the Investor Information section of its website.

Recommendations 3.2, 3.3 and 8.3

7.5 Market Disclosure Policy and Practice

Mirvac Group is committed to:-

- effectively communicating with its securityholders and facilitating an efficient and informed market in its securities by keeping the market apprised through announcements to the ASX, of all material information; and
- compliance with the requirements of the Corporations Act, ASX Listing Rules and the ASX Corporate Governance Principles and Recommendations.

The Group's Continuous Disclosure Policy is designed to support its commitment to a fully informed market in its securities by ensuring that announcement are:-

- made to the ASX in a timely manner, are factual and do not omit material information; and
- expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Supporting the Continuous Disclosure Policy is its Communications Policy which governs Mirvac Group's policy in relation to interactions with external individuals, investors, analysts and other market participants.

The Group Company Secretary is responsible for the Group's compliance with its continuous disclosure obligations and for overseeing and co-ordinating disclosures to the ASX and other interested parties.

All disclosures are posted to Mirvac Group's website. Also posted to its website are annual and half year reports, profit releases, market briefings, notices of meetings and its regular property compendium. Web-casting and teleconferencing facilities are provided for market briefings to encourage participation from all stakeholders, regardless of location.

Mirvac Group is also rotating the location of its Annual General Meeting/General Meeting each year, after many years in Sydney, to allow securityholders in other States to participate in person. The 2007 Meetings were held in Brisbane in November 2007, with the 2008 Meetings to be held in Melbourne.

The Continuous Disclosure and Communications Policies are posted to Mirvac Group's website under the Investor Information section.

Recommendations 5.1, 5.2, 6.1 and 6.2

Mirvac Group
Income Statements
For the Year Ended 30 June 2008

		Consolidated		Parent entity	
		2008	2007	2008	2007
	Note	\$'000	\$'000	\$'000	\$'000
Revenue					
Development and construction revenue		1,211,000	1,274,151	-	-
Rental revenue from investment properties		322,529	300,079	-	-
Hotel operations revenue		163,748	158,230	-	-
Fee revenue		59,784	40,815	-	-
Interest revenue	4	19,307	14,012	2,559	1,051
Dividend revenue		1,626	1,417	-	108,011
Other revenue		19,827	13,140	-	2
Total revenue from continuing operations		1,797,821	1,801,844	2,559	109,064
Other income					
Net gain from fair value adjustments on investment properties		146,270	239,460	-	-
Share of net profit of associates and joint ventures accounted for using the equity method		-	53,149	-	-
Gain on financial instruments	4	25,145	50,266	-	-
Foreign exchange gains	4	51,432	49,191	-	-
Net gain on sale of investments		2,406	22,636	-	-
Net gain on sale of investment property		41,146	28,868	-	-
Net gain on assets reclassified as held for sale		48,578	13,988	-	-
Net gain on sale of property, plant and equipment		15,852	456	-	-
Total other income		330,829	458,014	-	-
Total revenues and other income		2,128,650	2,259,858	2,559	109,064
Cost of property development and construction		(959,658)	(1,008,410)	-	-
Investment property outgoings		(78,150)	(70,538)	-	-
Hotel operating expenses		(53,679)	(50,932)	-	-
Share of net loss of associates and joint ventures accounted for using the equity method		(50,208)	-	-	-
Employee benefits expense		(201,828)	(164,207)	(1,114)	(3,369)
Depreciation and amortisation expense	5	(27,728)	(25,847)	-	-
Impairment of management rights		(18,910)	-	-	-
Impairment of investment in associates and joint ventures		(76,110)	-	-	-
Finance costs expense	5	(139,888)	(147,105)	(12,686)	(12,916)
Loss on financial instruments		(24,812)	(72,668)	-	(12,434)
Selling and marketing		(42,991)	(44,413)	-	-
Provision for loss on inventory		(219,871)	(12,258)	-	-
Other expenses		(82,288)	(65,351)	(2,054)	(3,335)
Profit before income tax		152,529	598,129	(13,295)	77,010
Income tax benefit/(expense)	6	22,865	(30,698)	14,254	8,750
Profit for the year		175,394	567,431	959	85,760
Profit attributable to minority interest		(3,592)	(11,375)	-	-
Net profit attributable to the stapled securityholders of the Mirvac Group		171,802	556,056	959	85,760
Earnings per stapled security for net profit attributable to the stapled securityholders of the Mirvac Group					
Basic earnings per security	7	16.58	58.65		
Diluted earnings per security	7	16.31	57.46		

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

Mirvac Group
Balance Sheets
As at 30 June 2008

	Note	Consolidated		Parent entity	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	38	29,273	25,294	8,038	-
Receivables	8	310,516	455,362	2,603,510	2,202,813
Current tax assets	6	63,301	39,989	55,309	43,079
Inventories	9	683,153	346,126	-	-
Other financial assets at fair value through profit or loss	10	19,262	17,770	-	-
Assets classified as held for sale	11	6,274	65,997	-	-
Other assets	12	47,426	41,923	12	683
Total current assets		1,159,205	992,461	2,666,869	2,246,575
Non-current assets					
Receivables	8	182,185	86,684	3,998	5,506
Inventories	9	1,000,842	1,273,974	-	-
Investments accounted for using the equity method	13	600,182	671,944	-	-
Derivative financial assets	14	95,127	69,861	-	-
Other financial assets	15	-	-	321,805	315,312
Investment properties	16	3,436,782	3,431,177	-	-
Property, plant and equipment	17	633,485	492,155	-	-
Intangible assets	18	320,845	291,498	-	-
Deferred tax assets	6	64,122	42,496	2,260	1,704
Other non-current assets	12	-	370	-	-
Total non-current assets		6,333,570	6,360,159	328,063	322,522
Total assets		7,492,775	7,352,620	2,994,932	2,569,097
Current liabilities					
Payables	19	325,389	281,979	1,980,020	1,618,651
Borrowings	20	138,000	33	-	10,341
Provisions	21	95,633	87,292	-	16,184
Other liabilities	22	33,882	30,419	-	-
Total current liabilities		592,904	399,723	1,980,020	1,645,176
Non-current liabilities					
Payables	19	16,385	93,126	-	-
Borrowings	20	2,199,898	2,552,842	-	-
Derivative financial liabilities	23	110,632	85,855	-	-
Deferred tax liabilities	6	139,462	135,283	425	647
Provisions	21	23,327	5,381	-	-
Total non-current liabilities		2,489,704	2,872,487	425	647
Total liabilities		3,082,608	3,272,210	1,980,445	1,645,823
Net assets		4,410,167	4,080,410	1,014,487	923,274
Equity					
Contributed equity	24	3,771,459	3,322,183	917,394	835,379
Reserves	25	133,816	77,093	16,796	9,699
Retained earnings	26	435,265	611,218	80,297	78,196
Total parent entity interest		4,340,540	4,010,494	1,014,487	923,274
Minority interest	27	69,627	69,916	-	-
Total equity		4,410,167	4,080,410	1,014,487	923,274

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

Mirvac Group
Statements of Changes in Equity
For the Year Ended 30 June 2008

Consolidated	Note	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Minority Interest \$'000	Total \$'000
Balance at 1 July 2007		3,322,183	77,093	611,218	69,916	4,080,410
Increment on revaluation of property, plant and equipment, net of tax	25	-	51,985	-	-	51,985
Exchange differences on translation of foreign operations	25	-	(2,359)	-	-	(2,359)
Net income recognised directly in equity		-	49,626	-	-	49,626
Net profit			-	171,802	3,592	175,394
Total recognised income and expenses for the year		-	49,626	171,802	3,592	225,020
Security based payment transactions	25	-	7,097	-	-	7,097
Equity based compensation – movement in retained earnings	26	-	-	1,142	-	1,142
EIS securities converted/sold/forfeited	24	8,189	-	-	-	8,189
Contributions of equity, net of transaction costs	24	441,087	-	-	-	441,087
Dividends/distributions provided for or paid	26	-	-	(348,897)	-	(348,897)
Minority interest	27	-	-	-	(3,881)	(3,881)
Balance at 30 June 2008		3,771,459	133,816	435,265	69,627	4,410,167
Balance at 1 July 2006		2,728,575	54,064	366,678	18,741	3,168,058
Increment on revaluation of property, plant and equipment, net of tax	25	-	22,253	-	-	22,253
Exchange differences on translation of foreign operations	25	-	(72)	-	-	(72)
Net income recognised directly in equity		-	22,181	-	-	22,181
Net profit		-	-	556,056	11,375	567,431
Total recognised income and expenses for the year		-	22,181	556,056	11,375	589,612
Security based payment transactions	25	-	848	-	-	848
Equity based compensation – movement in retained earnings	26	-	-	751	-	751
EIS securities converted/sold/forfeited	24	21,149	-	-	-	21,149
Contributions of equity, net of transaction costs	24	572,459	-	-	-	572,459
Dividends/distributions provided for or paid	26	-	-	(312,267)	-	(312,267)
Minority interest	27	-	-	-	39,800	39,800
Balance at 30 June 2007		3,322,183	77,093	611,218	69,916	4,080,410

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

Mirvac Group
Statements of Changes in Equity (continued)
For the Year Ended 30 June 2008

Parent entity	Note	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2007		835,379	9,699	78,196	923,274
Net profit		-	-	959	959
Total recognised income and expenses for the year		-	-	959	959
Share based payment transactions	25	-	7,097	-	7,097
Equity based compensation – movement in retained earnings	26	-	-	1,142	1,142
EIS securities converted/sold/forfeited	24	2,325	-	-	2,325
Contributions of equity, net of transaction costs	24	79,690	-	-	79,690
Balance at 30 June 2008		917,394	16,796	80,297	1,014,487
Balance at 1 July 2006		710,593	8,851	54,219	773,663
Net profit		-	-	85,760	85,760
Total recognised income and expenses for the year		-	-	85,760	85,760
Share based payment transactions	25	-	848	-	848
Equity based compensation – movement in retained earnings	26	-	-	751	751
EIS securities converted/sold/forfeited	24	6,516	-	-	6,516
Contributions of equity, net of transaction costs	24	118,270	-	-	118,270
Dividends/distributions provided for or paid	26	-	-	(62,534)	(62,534)
Balance at 30 June 2007		835,379	9,699	78,196	923,274

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

Mirvac Group
Cash Flow statement
For the Year Ended 30 June 2008

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		1,954,903	1,677,777	838	67,159
Payments to suppliers and employees (inclusive of goods and services tax)		(1,747,500)	(1,540,850)	(22,425)	(49,127)
		207,403	136,927	(21,587)	18,032
Interest received		15,467	14,012	2,559	1,051
Joint venture and associates distributions received		77,897	69,789	-	-
Dividends received		1,626	1,534	-	108,011
Borrowing costs paid		(173,359)	(161,481)	(12,633)	(12,916)
Income taxes paid		(8,114)	(74,256)	(6,805)	(12,636)
Net cash inflows/(outflows) from operating activities	38(b)	120,920	(13,475)	(38,466)	101,542
Cash flows from investing activities					
Payment for property, plant and equipment		(89,707)	(67,182)	-	-
Proceeds from the sale of assets		60,926	63,589	-	-
Payments for investment properties		(218,048)	(604,995)	-	-
Proceeds from the sale of investment properties and assets held for sale		467,283	285,163	-	-
Movements in loans to related entities		(67)	(1,045)	12,022	(145,035)
Movements in loans to unrelated entities		3,632	(5,894)	-	-
Contributions to joint venture and associates		(206,025)	(351,384)	-	-
Proceeds from joint venture and associates		2,398	90,383	-	-
Purchase of controlled entities		(60,123)	(82,303)	-	(50,076)
Proceeds from sale of investments		30,256	150,536	-	-
Net cash (outflows)/inflows from investing activities		(9,475)	(523,132)	12,022	(195,111)
Cash flows from financing activities					
Proceeds from borrowings		1,314,931	1,417,997	-	10,341
Repayment of borrowings		(1,531,428)	(1,201,722)	(10,341)	-
Proceeds from issue of shares		298,337	449,240	52,991	94,873
Dividends/distributions paid		(201,134)	(156,364)	(8,168)	(31,870)
Net cash (outflows)/ inflows from financing activities		(119,294)	509,151	34,482	73,344
Net (decrease)/increase in cash and cash equivalents		(7,849)	(27,456)	8,038	(20,225)
Cash received on acquisition of business combinations	39	12,719	(2,180)	-	-
Cash and cash equivalents at the beginning of the period		25,294	54,925	-	20,225
Effects of exchange rate changes on cash and cash equivalents		(891)	5	-	-
Cash and cash equivalents at the end of the period	38(a)	29,273	25,294	8,038	-

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

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

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Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies

The financial statements of the Mirvac Group consist of the consolidated financial statements of Mirvac Limited and its controlled entities including the Mirvac Property Trust and its controlled entities. These financial statements include the separate financial statements of Mirvac Limited as an individual entity.

The Mirvac Group – stapled securities

Mirvac Group stapled securities comprise one Mirvac Limited security and one Mirvac Property Trust unit to create a single listed entity traded on the Australian Stock Exchange. The stapled securities cannot be traded or dealt with separately.

With the establishment of the Mirvac Group and its common investors, the Mirvac Group has common Directors and common business objectives, and operates as a Mirvac Group with two core businesses:

- real estate funds management
- real estate development

The entities forming the stapled Mirvac Group entered into a Deed of Co-Operation which provided that the members consider the interests of the Mirvac Group 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 the Mirvac Group as a whole.

The two Mirvac Group 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 Australian Stock Exchange 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. The financial report includes separate financial statements for Mirvac Limited as an individual entity and the Mirvac Group consisting of Mirvac Limited and its controlled entities (including Mirvac Property Trust and its controlled entities).

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.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

Compliance with IFRS

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of the Mirvac Group comply with International Financial Reporting Standards (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.

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 Mirvac Group'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.

Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Mirvac Group as at 30 June 2008 and the results of all subsidiaries for the financial year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Mirvac Group has the power to govern the financial and operating policies, generally accompanying a shareholding 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 Mirvac Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Mirvac Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Mirvac Group (refer to note 1: Business combinations).

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

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

Investments in subsidiaries are accounted for at cost in the individual statements of Mirvac Limited (parent entity).

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(ii) Associates

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

The Mirvac Group'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. Dividends receivable from associates reduce the carrying amount of the investments.

When the Mirvac Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Mirvac Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

Joint venture entities

Interests in joint ventures are accounted for in the consolidated financial statements using the equity method and are carried at cost by the parent entity. 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 venture are eliminated to the extent of the Mirvac Group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

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 Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Mirvac Limited 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 Limited'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.

(iii) Foreign controlled entities

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

- Assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of the Balance Sheet;
- 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.

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) Development projects and land sales

Revenue is recognised for development projects and land sales on settlement of the contract of sale, when the risks and rewards of ownership are transferred.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(ii) Construction contracts

Revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately.

When the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

(iii) Hotel revenue

Revenue is recognised when goods and services have been provided to the customer.

(iv) 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.

(v) 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.

(vi) Fees

Revenues from the rendering of property funds management, property advisory and facilities management services are recognised upon the delivery of the service to the customers or where there is a signed unconditional contract for sale or purchase of assets.

(vii) Interest

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

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Mirvac Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Mirvac Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Mirvac Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities

Under the current income tax legislation Mirvac Property Trust is not liable for income tax, provided its taxable income is fully distributed to unit holders each financial year.

Leases

Leases of property, plant and equipment where the Mirvac Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

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, securities 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 Mirvac Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1: Intangible assets)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary 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.

Impairment of 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). The Mirvac Group has identified each of the cash-generating units represent the primary reporting segments (note 3).

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.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

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 debts is established when there is objective evidence that the Mirvac Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Income Statement.

Mezzanine loans

Mezzanine loans are loans to unrelated parties for predominately real estate property development. These loans are secured by a second ranking mortgage, behind senior lender. Mezzanine loans are recognised initially at fair value. Collectability of loans is reviewed on an ongoing basis and those which are considered uncollectible are written off.

Inventories

Inventories comprises of development projects, construction contracts and hotel stock.

(i) Development projects

Development projects are valued at the lower of cost and net realisable amount. Cost includes the cost of acquisition, development, borrowing costs and all other costs directly related to specific projects, including an allocation of direct overhead expenses. After the development is completed, borrowing costs, and other holding charges are expensed as incurred. Profits on development projects are not brought to account until they are settled.

(ii) Construction contracts

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under payables.

Contract costs include all costs directly related to specific contracts, and costs that are specifically chargeable to the customer under the terms of the contract.

The stage of completion is measured as a percentage complete of the construction contract.

(iii) Hotel stock

Hotel stock is stated at lower of cost and net realisable value.

Assets classified as held for sale

Assets 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 asset classified as held for sale is recognised at the date of de-recognition.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale 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.

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 Mirvac Group 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) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Mirvac Group's management has the positive intention and ability to hold to maturity.

(iv) *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 Mirvac Group 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 Mirvac Group 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.

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.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

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 Mirvac Group 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.

Impairment of financial asset

The Mirvac Group 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 security below its costs is considered in determining whether the security 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.

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 Mirvac Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The Mirvac Group 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 Mirvac Group 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 of 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.

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). 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.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(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.

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 Mirvac Group 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 Mirvac Group 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 Mirvac Group for similar financial instruments.

Transaction costs are included in the initial carrying amounts of the financial instruments, which are not carried at fair value through profit or loss.

Property, plant and equipment

Property, plant and equipment comprises land and buildings, plant and equipment (including hotel plant and equipment), owner-occupied hotel management lots, owner-occupied freehold hotels, owner-occupied properties and investment properties under construction.

Increases in the carrying amounts arising on the revaluation of certain classes of property, plant and equipment are credited, net of tax, to the asset revaluation reserve in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Income Statement.

(i) Plant and equipment (including hotel plant and equipment)

Plant and equipment (including hotel plant and equipment) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(ii) Owner-occupied hotel management lots

Hotel management lots are classified as owner-occupied where the lot is owned and managed by the Mirvac Group. The management lots land and buildings are shown at fair value, less subsequent depreciation for buildings. Fair values are derived through annual Directors valuations. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

(iii) Owner-occupied freehold hotels

Owner-occupied freehold hotels are shown at fair value, less subsequent depreciation for buildings. Fair values are determined by external valuers on a rotation basis with one-half of the portfolio being revalued annually. Those assets which are not subject to an external valuation at the reporting date are fair valued internally by Directors. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

(iv) Owner-occupied administration properties

Administration properties are classified as owner-occupied where the Mirvac Group occupies more than 10% of the total lettable area of the individual property. Owner-occupied administration properties are shown at fair value, less subsequent depreciation for buildings. Fair values are determined by external valuers on a rotation basis with one-half of the portfolio being revalued annually. Those assets which are not subject to an external valuation at the reporting date are fair valued internally by directors. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

(v) Property 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 with the item will flow to the Mirvac Group 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.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	3 – 15 years
Office leasehold	1 – 10 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

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: Impairment of assets).

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 Mirvac Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

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 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.

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.

Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Mirvac Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries 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. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Mirvac Group's primary reporting segments (note 3).

(ii) Management rights

Management rights are carried at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of the intangible assets. Management rights held in relation to an unlisted property fund are amortised over the useful life of seven years. All other management rights have an indefinite useful life and are not amortised but tested annually for impairment. The recoverable amount of management rights and other intangible assets is assessed using the value in use methodology which uses discounted cash flow projections.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(iii) Carbon sequestration rights

Carbon sequestration rights are recorded as intangible assets and are stated at historic cost. Cost includes expenditure that is directly attributable to the acquisition of the items. Carbon sequestration rights are not amortised. Instead, carbon sequestration rights are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Mirvac Group 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.

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 Mirvac Group 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.

Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors and accruals in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave vesting within twelve months of the reporting date is recognised and is measured in accordance with (i) above and included in provisions. The liability for long service leave vesting more than twelve months from the reporting date is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, at the reporting date, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(iii) Share-based payments

Share based payments are recognised for the following plans:

- **Current long-term incentive plan**

The fair value at grant date is independently determined using a bi-nomial option pricing model that takes into account the exercise price, the vesting and performance criteria, the impact of dilution, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield and the risk-free interest rate for the term of the equity instrument. The fair value is then expensed on a straight line basis over the vesting period of equity instruments.

- **Employee exemption plan**

Share based expense relating to the securities issued under the employee exemption plan (EEP) are expensed to the income statement in the period to which they are granted with a corresponding increase to the Mirvac Group's contributed equity.

- **Superseded plans**

The fair value of equity instruments granted under the superseded long-term incentive plan (LTI) and Employee Incentive Scheme (EIS) is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period. No expense relating to EIS has been recognised in the financial year ending 30 June 2008.

(iv) Bonuses

A liability for bonuses payable is recognised in other creditors and accruals where there is a present obligation to settle the liability and at least one of the following conditions is met:

- there are formal terms for determining the amount of the benefit
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation

Liabilities for bonuses are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Mirvac Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after Balance Sheet date are discounted to present value.

(vi) Retirement benefit obligations

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

Provisions

Provisions for legal claims, forward contracts and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contributed equity

Ordinary securities are classified as equity.

Incremental costs directly attributable to the issue of new securities or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new securities or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

In accordance with AASB 2: "Share Based Payments", securities issued as part of the Mirvac LTI and EIS are not classified as ordinary securities, until such time as the employee loans are fully repaid or they leave the Mirvac Group.

Dividends

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

Earnings per security

(i) Basic earnings per security

Basic earnings per security are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary securities outstanding during the year. In calculating basic earnings per security, securities issued under the Mirvac EIS have been excluded from the weighted average number of securities.

(ii) Diluted earnings per security

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

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

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.

Comparative information

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

Rounding of amounts

The Mirvac Group 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.

New accounting standards and UIG interpretations

In the current year, the Mirvac Group 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 2008 reporting periods. The Mirvac Group's assessment of the impact of these new standards and interpretations is as follows:

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8. AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 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 Mirvac Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.
- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It 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 Mirvac Group, as the Mirvac Group already capitalises borrowing costs relating to qualifying assets.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101. A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It 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 Mirvac Group intends to apply the revised standard from 1 July 2009.
- 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. Revised accounting standards for business combinations and consolidated financial statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009, but may applied earlier. The new rules generally apply only prospectively to transactions that occur after the application date of the standard. Their impact will therefore depend on whether the Mirvac Group will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application. Key changes include; all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income; all transaction cost will be expensed; the Mirvac Group will need to decide whether to continue calculating goodwill based only on the parent's share of net assets or whether to recognise goodwill also in relation to the non-controlling (minority) interest; and when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.
- AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations. AASB 2008-1 was issued in February 2008 and will become applicable for annual reporting periods beginning on or after 1 January 2009. The revised standard clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the Mirvac Group or by other parties, should receive the same accounting treatment. The Mirvac Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for share-based payments.
- IFRIC Interpretation 15 Agreements for the Construction of Real Estate. IFRIC Interpretation 15 was issued in July 2008 and applies to reporting periods commencing on or after 1 January 2009. The interpretation provides guidance on determining whether an agreement is a construction contract, an agreement for the rendering of services or for the sale of goods. The Mirvac Group intends to apply the interpretation from 1 July 2009. It has reviewed its current agreements for the construction of real estate in light of the new guidance and concluded that there would be no change to the accounting for these agreements if IFRIC 15 was adopted in the current financial year. Consequently, it does not expect to make any adjustment on the initial application of IFRIC 15.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

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.

(a) Critical judgements in applying the Mirvac Group's accounting policies

The following are the critical judgements (estimations are detailed below), that management has made in the process of applying the Mirvac Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(i) Revenue recognition

Construction revenue

The Mirvac Group has recognised construction revenue amounting to \$85,144,000 (2007: \$88,700,000) using the percentage of completion basis. The percentage of completion is determined by calculating the expenses incurred to date as a percentage of total estimated costs. Management is confident that the percentage of completion calculated in determining the above revenue represents that actual percentage of the completed contracts.

Development revenue

Recognition of development revenue requires management to use estimations and judgement around future selling prices, selling rates and future development costs. Development revenue recognised for the period amounts to \$1,067,000,000 (2007: \$1,173,000,000).

(b) Key sources of estimation uncertainty

In preparing the financial statements of the Mirvac Group, 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) Inventories

The Mirvac Group is required to carry inventory at the lower of cost or net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and cost to sell. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The key assumptions require the use of management judgement and are reviewed annually. During the period the Mirvac Group has expensed \$219,871,000 (2007: \$12,258,000) in relation to inventory that was carried in excess of the net realisable value.

(ii) Impairment of goodwill

The Mirvac Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. 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 \$259,474,000 (2007: \$212,727,000). There was no impairment loss recognised during the period (2007: nil). Details on the assumptions used are provided in note 18.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

2. Critical accounting estimates and judgements (continued)

(iii) *Estimated impairment of investments accounting for using the equity method*

During the period the Mirvac Group impaired two investments accounted for using the equity method. The investments are tested for impairment, by comparing recoverable amounts (higher of value in use and fair value less costs to sell) with the carrying amounts, whenever there is indication that the investment may be impaired. In determining the value in use of the investment, the Mirvac Group 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. Details of this impairment and the assumptions used by management in assessing the impairment are provided in notes 29 and 30.

(iv) *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 \$19,262,000 (2007: \$17,770,000) and are disclosed as financial assets at fair value through profit or loss (note 10).

(v) *Carrying value of management rights*

The carrying value of management rights are initially carried at fair values as at the date of acquisition. The Mirvac Group has used discounted cash flow analysis to assess the carrying value of the acquired management rights. During the period the Mirvac Group assessed an impairment of management rights of \$18,910,000 (2007: nil) which was expensed during the period. Further information on the impairment expense is detailed in note 18. The carrying value of management rights at 30 June 2008 was \$60,343,000 (2007: \$67,777,000) and is disclosed as part of intangibles (note 18).

(vi) *Valuation of investment properties and owner occupied properties*

The Mirvac Group uses judgement in respect of the fair values of investment properties and owner occupied properties. Investment properties and owner occupied 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 \$3,436,782,000 (2007: \$3,431,177,000) and owner occupied property \$285,803,000 (2007: \$154,672,000). Details on investment properties provided in note 16 and owner occupied note 17.

(vii) *Valuation of assets acquired in business combinations*

During the period the Mirvac Group completed the acquisitions of Domaine Property Funds Limited and Property Funds Australia Limited (note 39). On recognising this acquisition, management used estimations and assumptions on the fair value of the assets and liabilities assumed at date of exchange.

(viii) *Valuation of share based payment transactions*

Valuation of share based payment transactions is performed using judgements around the fair value of the equity instruments on the date at which they are granted. The fair value is determined using a bi-nominal option pricing model. The Mirvac Group recognises a share based payment over the vesting period which is based on the estimation of the number of equity instruments likely to vest. At the end of the vesting period the Mirvac Group will assess the total expense recognised comparison to the number of equity instruments that ultimately vested.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

2. Critical accounting estimates and judgements (continued)

(ix) Valuation of derivatives and other financial instruments

The Mirvac Group 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

(a) Primary segments

The Mirvac Group's segment reporting format is that of business segments as the Mirvac Group's risks and rates of return are affected predominantly by differences in the products and services produced.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Mirvac Group is organised into two core business segment divisions:

- **Development**

The Development segment's primary operations are construction and property development of residential, commercial, industrial and retail development projects throughout Australia. In addition project management fees are received from the management of development and construction projects on behalf of joint ventures and residential development funds.

- **Funds Management**

Funds Management is divided into Investments and Funds Management. Investments has investments in properties covering the retail, commercial, industrial and hotel sectors, held for the purpose of producing rental income throughout Australia. Income is also derived from investments in associated entities including Mirvac Real Estate Investment Trust and Mirvac Industrial Trust. Fees are also received by Mirvac Real Estate Services which provides asset management services to both Investments and Funds Management.

Funds Management also comprises Hotel Management. Funds Management and Hotel Management facilitate capital interaction between The Mirvac group's two core divisions being Investment and Development, and undertake the management of external funds and hotels across Australasia.

(b) Geographical segment

The Mirvac Group operates predominantly in Australia.

(c) Inter-segment transfers

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

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

3. Segmental information (continued)

		Investments		Funds Management		
	Development	MPT/ MRES	Hotel Management	Funds Management	Unallocated / eliminated	Totals
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	1,247,750	358,659	166,938	52,918	(28,444)	1,797,821
Inter-segment sales	71,919	68,928	-	48	(140,895)	-
Total revenue	1,319,669	427,587	166,938	52,966	(169,339)	1,797,821
Investment property revaluations	-	181,809	-	-	(35,539)	146,270
Net foreign exchange gain/(loss)	-	-	(316)	-	51,748	51,432
Net gain on financial instruments	-	19,533	-	-	5,612	25,145
Net gain on sale of investments	-	-	-	2,406	-	2,406
Profit on sale of investment property	-	41,146	-	-	-	41,146
Profit on held for sale assets	-	48,578	-	-	-	48,578
Gain/(loss) on disposal of property, plant & equipment	16,704	(41)	(168)	(179)	(464)	15,852
Total segment revenue and other income	1,336,373	718,612	166,454	55,193	(147,982)	2,128,650
Segment result before interest and tax	(2,064)	447,948	14,243	(89,023)	(97,993)	273,111
Net interest allocated ¹	(63,717)	(43,990)	(597)	(4,899)	(7,379)	(120,582)
Profit/(loss) after interest and before tax	(65,781)	403,958	13,646	(93,922)	(105,372)	152,529
Income tax benefit						22,865
Net profit						175,394
Outside equity interest						(3,592)
Net profit attributable to Mirvac Group securityholders						171,802
Total assets	5,129,143	5,253,453	293,299	866,762	(4,049,882)	7,492,775
Total liabilities	4,917,146	1,634,175	242,492	829,597	(4,540,801)	3,082,609
Investments in associates and joint ventures	241,612	366,928	-	38,542	(46,900)	600,182
Acquisitions of investments and property, plant and equipment	3,403	233,376	4,527	552	6,690	248,548
Depreciation and amortisation expense	3,338	11,159	4,906	863	7,462	27,728
Provision for loss on inventory	219,871	-	-	-	-	219,871
Impairment of management rights	-	-	-	18,910	-	18,910
Impairment of investments	-	76,110	-	-	-	76,110
Share of associates and joint venturers net profit/(loss)	26,258	10,611	-	(85,293)	(1,784)	(50,208)

¹ Net interest includes interest revenue of \$19,307,000 and interest expense of \$139,888,000

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

3. Segmental information (continued)

	Investments		Funds Management			
	Development	MPT/ MRES	Hotel Management	Funds Management	Unallocated / eliminated	Total
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	1,331,776	322,453	158,394	34,531	(45,310)	1,801,844
Inter-segment sales	199,443	69,579	527	767	(270,316)	-
Total revenue	1,531,219	392,032	158,921	35,298	(315,626)	1,801,844
Investment property revaluations	-	245,805	-	-	(6,345)	239,460
Share of associates and joint ventures profit	22,375	15,678	-	16,644	(1,548)	53,149
Net foreign exchange gain/(loss)	-	-	9	(2)	49,184	49,191
Net gain on financial instruments	-	41,115	-	-	9,151	50,266
Net gain on sale of investments	22,175	350	-	792	(681)	22,636
Profit on sale of investment property	1,701	27,167	-	-	-	28,868
Profit on held for sale assets	-	13,988	-	-	-	13,988
Gain/(loss) on disposal of property, plant & equipment	(56)	(7)	521	-	(2)	456
Total segment revenue and other income	1,577,414	736,128	159,451	52,732	(265,867)	2,259,858
Segment result before interest and tax	213,334	560,113	9,479	25,979	(77,683)	731,222
Net interest allocated ¹	(73,278)	(44,970)	(26)	(1,339)	(13,480)	(133,093)
Profit/(loss) after interest and before tax	140,056	515,143	9,453	24,640	(91,163)	598,129
Income tax expense						(30,698)
Net profit						567,431
Outside equity interest						(11,375)
Net profit attributable to Mirvac Group securityholders						556,056
Total assets	4,867,643	5,275,573	213,745	770,936	(3,775,277)	7,352,620
Total liabilities	4,597,420	2,091,366	175,944	634,784	(4,227,304)	3,272,210
Investments in associates and joint ventures	171,722	440,226	-	94,712	(34,716)	671,944
Acquisitions of investments and property, plant and equipment	7,324	626,360	47,062	335	1,833	682,914
Depreciation and amortisation expense	5,142	9,006	5,624	144	5,931	25,847
Provision for loss on inventory	12,258	-	-	-	-	12,258

¹ Net interest includes interest revenue of \$14,012,000 and interest expense of \$147,105,000

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

4. Revenue

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Interest revenue:				
Cash and cash equivalents	11,316	7,640	2,559	1,051
Joint venture and related party loans	3,481	3,030	-	-
Mezzanine loans	4,489	3,193	-	-
Others	21	149	-	-
Total interest revenue	19,307	14,012	2,559	1,051
Gain on financial instruments:				
Gain on interest rate derivatives	24,758	48,590	-	-
Gain on revaluation of other financial instruments	387	1,676	-	-
Gain on financial instruments	25,145	50,266	-	-
Foreign exchange gains	51,432	49,191	-	-

5. Expenses

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Profit before income tax expense includes the following specific expenses:				
Finance Costs				
Interest and finance charges paid/payable	178,156	167,529	12,626	12,916
Amount capitalised	(77,850)	(75,218)	-	-
Interest capitalised in current and prior years expensed this year	37,045	49,421	-	-
Borrowing costs amortised	2,537	5,373	60	-
Finance costs expense	139,888	147,105	12,686	12,916
Depreciation				
Plant and equipment	9,250	8,699	-	-
Owner-occupied management lots	1,345	915	-	-
Owner-occupied freehold hotels	859	2,588	-	-
Owner-occupied administration properties	6,359	3,033	-	-
Office leasehold improvements	-	450	-	-
Total depreciation	17,813	15,685	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

5. Expenses (continued)

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Amortisation				
Lease fit-outs	6,550	6,478	-	-
Amortisation of intangibles	701	1,706	-	-
Deferred expenses	2,664	1,978	-	-
Total amortisation	9,915	10,162	-	-
Total depreciation and amortisation	27,728	25,847	-	-
Loss on financial instruments:				
Loss on cross currency derivatives	24,812	72,668	-	-
Loss on interest rate derivatives	-	-	-	12,434
Loss on financial instruments	24,812	72,668	-	12,434
Other charges against assets				
Provision for loss on inventory	219,871	12,258	-	-
Bad and doubtful debts – trade debtors	594	655	-	-
Impairment of management rights	18,910	-	-	-
Impairment of investment in associates and joint ventures	76,110	-	-	-
Other provisions – Long service leave	2,601	2,544	-	-
Rental expense relating to operating leases	3,652	3,957	-	-

6. Income tax

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(a) Income tax (benefit)/expense				
Current tax	(15,776)	56,400	(13,626)	(5,345)
Deferred tax	(6,556)	(26,321)	77	(3,250)
(Over)/under provided in prior years	(533)	619	(705)	(155)
Income tax (benefit)/expense	(22,865)	30,698	(14,254)	(8,750)
Deferred income tax/(benefit) included in income tax (benefit)/expense comprises:				
Decrease/(Increase) in deferred tax assets	(35,179)	(12,575)	328	(3,612)
(Decrease)/increase in deferred tax liabilities	28,623	(13,747)	(251)	363
Deferred income tax (benefit)/expense	(6,556)	(26,322)	77	(3,249)

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

6. Income tax (continued)

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(b) Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable				
Profit from continuing operations before income tax expense	152,529	598,129	(13,295)	77,010
Income tax calculated at 30%	45,758	179,439	(3,989)	23,103
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Non-deductible write down of investment in associate	25,500	-	-	-
Non-deductible write down of intangibles	5,700	-	-	-
Other non-deductible /non assessable items	4,876	594	-	-
Inter-company dividend income not assessable	-	-	-	(31,698)
Utilisation of prior year tax losses not previously recognised	-	-	(9,560)	-
Trust net income	(104,166)	(149,954)	-	-
	(22,332)	30,079	(13,549)	(8,595)
(Over)/under provision in previous year	(533)	619	(705)	(155)
Income tax (benefit)/expense	(22,865)	30,698	(14,254)	(8,750)
(c) Tax losses				
Unused tax losses incurred by Australian entities for which no deferred tax asset has been recognised	66,478	91,911	66,478	91,911
Potential tax benefit at 30%	19,943	27,573	19,943	27,573

(d) Tax consolidation legislation

Mirvac Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Mirvac Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Mirvac Limited for any current tax payable assumed and are compensated by Mirvac Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mirvac Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

6. Income tax (continued)

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(e) Current tax assets				
Tax receivable	63,301	39,989	55,309	43,079
(f) Net deferred tax liabilities				
Non-current assets – deferred tax assets				
The balance comprises temporary differences attributable to:				
Employee provisions	16,481	14,886	-	-
Accrued expenses	11,444	8,314	446	129
Provision for diminution in investments	-	-	1,500	1,500
Inventory	-	14,103	-	-
Unearned profits with associates	12,246	5,193	-	-
Derivative financial instruments	23,951	-	-	-
Other	-	-	314	75
Deferred tax assets	64,122	42,496	2,260	1,704
Non-current liabilities – deferred tax liabilities				
The balance comprises temporary differences attributable to:				
Inventory	77,345	116,931	-	-
Receivables	4,710	-	-	-
Equity accounted investments	15,427	10,855	-	-
Fixed Assets	(688)	(19)	-	-
Derivative financial instruments	-	18,996	-	337
Foreign exchange translation gains/(losses)	34,629	(18,000)	-	-
Other	-	2,093	425	310
Amounts recognised directly in equity:				
Revaluation of property, plant and equipment	8,039	4,427	-	-
Deferred tax liabilities	139,462	135,283	425	647
Net deferred tax liabilities	(75,340)	(92,787)	1,835	1,057
Movements:				
Opening balance at 1 July	(92,787)	(118,650)	1,057	(2,295)
Charged/(credited) to the income statement	6,556	26,321	(77)	3,250
Credited to equity	(3,612)	(3,290)	132	-
Adjustment to tax return lodged	14,493	3,218	723	102
Acquisition of subsidiary	10	(386)	-	-
Closing balance at 30 June	(75,340)	(92,787)	1,835	1,057

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

7. Earnings per security

	Consolidated	
	2008	2007
	Cents	Cents
Earnings per security		
Basic earnings per security	16.58	58.65
Diluted earnings per security ¹	16.31	57.46
Reconciliation of earnings used in calculating earnings per security	\$'000	\$'000
Basic and diluted earnings per security		
Net profit used in calculating earnings per security	171,802	556,056
Weighted average number of securities used as denominator	Number '000	Number '000
Weighted average number of securities used in calculating basic earnings per security	1,036,006,036	948,120,903
Adjustment for calculation of diluted earnings per security:		
Securities issued under EIS	17,438,211	19,542,385
Weighted average number of securities used in calculating diluted earnings per security	1,053,444,247	967,663,288

¹ Diluted securities 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 vesting period.

8. Receivables

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current receivables				
Trade receivables	97,227	92,993	-	-
Provision for doubtful debts	(1,314)	(958)	-	-
	95,913	92,035	-	-
Amounts due from related entities	75,363	211,799	-	108,000
Amounts due from subsidiaries	-	-	2,603,061	2,093,526
Amounts due from unrelated entities	6,492	6,172	-	-
Mezzanine loans	26,263	29,895	-	-
Accrued income	34,367	31,416	-	-
Other receivables	72,118	84,045	449	1,287
	310,516	455,362	2,603,510	2,202,813
Non-current receivables				
Loans to directors and employees	4,003	5,506	3,998	5,506
Amounts due from related entities	111,117	56,963	-	-
Other receivables	67,065	24,215	-	-
	182,185	86,684	3,998	5,506

Further information in relation to amounts due from related entities is set out in note 35 and loans to Key Management Personnel is set out in note 33.

(a) Trade receivables

The average credit period on sales of goods is 60 days. No interest is charged on any outstanding trade receivables. Refer to note 8 (d) on discussions regarding the credit risk of receivables.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

8. Receivables (continued)

(b) Other receivables

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

(c) Bad and doubtful trade receivables

Movements in the provision for doubtful debts are detailed below:

	Consolidated	
	2008	2007
	\$'000	\$'000
Balance at beginning of year	(958)	(569)
Amounts written off during the year	238	265
Increase in allowance recognised in profit and loss	(594)	(655)
Balance at end of year	(1,314)	(958)

The Mirvac Group has written off \$238,000 (2007: \$265,000) of bad and doubtful trade receivables during the current year. This loss has been applied against the provision for doubtful debts.

(d) Credit risk

Receivables consist of a large number of customers. Mirvac Group 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 Mirvac Group holds collateral in certain circumstances which takes the form of a bank guarantees, personal guarantee or mortgage over property until completion. There is no concentration of credit risk with respect to receivables as the Mirvac Group has a large number of customers, geographically dispersed.

The ageing of receivables is detailed below:

	2008		2007	
	Total receivables	Bad debt allowance	Total receivables	Bad debt allowance
	\$'000	\$'000	\$'000	\$'000
Not past due	456,339	-	497,722	-
Past due 1 - 30 days	19,840	-	26,982	-
Past due 31 - 60 days	6,471	-	5,475	-
Past due 61 - 90 days	3,648	-	4,640	-
Past due 91 - 120 days	1,092	-	3,576	(555)
Past 120 days	5,311	(1,314)	3,651	(403)
	492,701	(1,314)	542,046	(958)

The Parent has no balances past due.

Under certain circumstances, the Mirvac Group has 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 Group holds collateral over receivables of \$75,177,000 (2007: \$92,691,000). The fair value of the collateral held, equals the fair value of the receivables for which the collateral is held. The terms of the collateral are if payment due is not received per the agreed terms, Mirvac is able to claim the collateral held.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

8. Receivables (continued)

(e) Interest rate risk exposures

Refer to note 36 for the Mirvac Group's exposure to interest rate risk.

9. Inventories

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current				
Development projects:				
Cost of acquisition	281,581	120,670	-	-
Development costs	46,085	176,226	-	-
Borrowing costs capitalised during development	40,379	28,715	-	-
Provision for losses	(54,825)	(8,840)	-	-
	313,220	316,771	-	-
Construction work in progress (amount due from customers for contract work):				
Contract costs incurred and recognised profits less recognised losses	946,817	949,557	-	-
Borrowing costs capitalised during construction	1,918	10,916	-	-
Progress billings	(579,990)	(933,278)	-	-
	368,745	27,195	-	-
Hotel inventories	1,188	2,160	-	-
Total current inventory	683,153	346,126	-	-
Non-current				
Development projects:				
Cost of acquisition	675,910	840,914	-	-
Development costs	311,814	324,986	-	-
Borrowing costs capitalised during development	85,206	85,508	-	-
Provision for losses	(189,728)	(26,626)	-	-
	883,202	1,224,782	-	-
Construction work in progress (amount due from customers for contract work):				
Contract costs incurred and recognised profits less recognised losses	514,938	246,143	-	-
Borrowing costs capitalised	20,796	4,286	-	-
Progress billings	(418,094)	(201,237)	-	-
	117,640	49,192	-	-
Total non-current inventory	1,000,842	1,273,974	-	-
Aggregate carrying amount of inventories				
Current	683,153	346,126	-	-
Non Current	1,000,842	1,273,974	-	-
Total inventory	1,683,995	1,620,100	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

10. Other financial assets at fair value through profit or loss

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Units in unlisted fund				
At beginning of the year	17,770	17,200	-	-
Revaluation	1,492	570	-	-
At end of the year	19,262	17,770	-	-

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.

(a) Price risk exposures

Refer to note 36 for the Mirvac Group's exposure to price risk on other financial assets at fair value through profit or loss.

11. Assets classified as held for sale

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Investment properties	6,274	65,997	-	-

12. Other assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current				
Prepayments	14,387	12,690	12	683
Monies held in trust	33,039	29,233	-	-
	47,426	41,923	12	683
Non-current				
Other	-	370	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

13. Investments accounted for using the equity method

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Shares in associates – accounted for using equity method (note 29)	284,180	220,191	-	-
Interests in joint ventures – accounted for using equity method (note 30)	316,002	451,753	-	-
	600,182	671,944	-	-

14. Derivative financial assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Interest rate swap contracts – fair value	89,423	64,675	-	-
Interest rate collar contracts – fair value	5,704	5,186	-	-
	95,127	69,861	-	-

(a) Instruments used by the Mirvac Group

Refer to note 36 for information on instruments used by the Mirvac Group.

(b) Interest rate risk exposures

Refer to note 36 for the Mirvac Group's exposure to interest rate risk on interest rate swaps.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

15. Other financial assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Shares in subsidiaries	-	-	321,805	315,312

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy describes in note 1: Principles of consolidation:

(a) Shares held in controlled entities of Mirvac

Name of entity	Country of incorporation	Class of shares	Equity holding	Equity holding
			2008 %	2007 %
107 Mount Street Head Trust	Australia	Units	100	100
107 Mount Street Sub-Trust	Australia	Units	100	100
197 Salmon Street Pty Limited ³	Australia	Ordinary	100	100
Australian Sustainable Investments Fund ¹	Australia	Units	35	35
Cambridge Management Services Pty Ltd ³	Australia	Ordinary	100	100
CMS Holdings (Mirvac) Pty Ltd ³	Australia	Ordinary	100	100
Domaine Holdings Pty Limited ³	Australia	Ordinary	100	100
Ford Mirvac Unit Trust	Australia	Units	100	100
HIR Boardwalk Tavern Pty Ltd ³	Australia	Ordinary	100	100
HIR Golf Club Pty Ltd ³	Australia	Ordinary	100	100
HIR Golf Course Pty Ltd ³	Australia	Ordinary	100	100
HIR Property Management Holdings Pty Ltd ³	Australia	Ordinary	100	100
HIR Property Management Pty Ltd ³	Australia	Ordinary	100	100
HIR Tavern Freehold Pty Ltd ³	Australia	Ordinary	100	100
Hope Island Resort Services Limited ³	Australia	Ordinary	100	100
Hotel Capital Partners Pty Limited	Australia	Ordinary	100	100
Hoxton Park Airport Pty Limited ³	Australia	Ordinary	100	100
HPAL Holdings Pty Limited ³	Australia	Ordinary	100	100
Industrial Commercial Property Solutions (Finance) Pty Ltd ³	Australia	Ordinary	100	100
Industrial Commercial Property Solutions (Holdings) Pty Ltd	Australia	Ordinary	79	79
JF (ASIF) Pty Limited ³	Australia	Ordinary	100	100
JFFM US Real Estate, Inc	United States	Common	100	100
Magenta Unit Trust	Australia	Ordinary	100	100
MGR US Real Estate, Inc	United States	Common	100	100
Mirvac (Beacon Cove) Pty Limited ³	Australia	Ordinary	100	100
Mirvac (Docklands) Pty Limited ²	Australia	Ordinary	100	100
Mirvac (WA) Pty Limited ²	Australia	Ordinary	100	100
Mirvac (Walsh Bay) Pty Limited ³	Australia	Ordinary	100	100
Mirvac Advisory Pty Ltd ³	Australia	Ordinary	100	100
Mirvac Aero Company Ltd ³	Australia	Ordinary	100	100

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

15. Other financial assets (continued)

(a) Shares held in controlled entities of Mirvac (continued)

Name of entity	Country of incorporation	Class of shares	Equity holding 2008 %	Equity holding 2007 %
Mirvac Capital Investments Pty Ltd ²	Australia	Ordinary	100	100
Mirvac Capital Pty Limited ³	Australia	Ordinary	100	100
Mirvac Commercial Funding Pty Limited ³	Australia	Ordinary	100	100
Mirvac Commercial Sub SPV Pty Ltd ³	Australia	Ordinary	100	100
Mirvac Constructions (Homes) Pty Limited ³	Australia	Ordinary	100	100
Mirvac Constructions (QLD) Pty Limited ³	Australia	Ordinary	100	100
Mirvac Constructions (SA) Pty Limited ³	Australia	Ordinary	100	100
Mirvac Constructions (VIC) Pty Limited ³	Australia	Ordinary	100	100
Mirvac Constructions (WA) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Constructions Pty Limited ³	Australia	Ordinary	100	100
Mirvac Design Pty Ltd ²	Australia	Ordinary	100	100
Mirvac Developments NZ Limited	New Zealand	Ordinary	100	100
Mirvac Developments Pty Ltd ³	Australia	Ordinary	100	100
Mirvac Domaine Property Funds Limited (formerly Domaine Property Funds Limited) ^{2, 4}	Australia	Ordinary	100	50
Mirvac ESAT Pty Limited ³	Australia	Ordinary	100	100
Mirvac Finance Pty Limited ²	Australia	Ordinary	100	100
Mirvac Funds Limited ³	Australia	Ordinary	100	100
Mirvac Funds Management Pty Limited ³	Australia	Ordinary	100	100
Mirvac George Street Pty Limited ³	Australia	Ordinary	100	100
Mirvac Group Finance Limited ³	Australia	Ordinary	100	100
Mirvac Group Funding Limited ³	Australia	Ordinary	100	100
Mirvac Harbourn town Pty Limited ³	Australia	Ordinary	100	100
Mirvac Holdings (WA) Pty Ltd ³	Australia	Ordinary	100	100
Mirvac Holdings Ltd ²	Australia	Ordinary	100	100
Mirvac Homes (NSW) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Homes (QLD) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Homes (SA) Pty Limited ³	Australia	Ordinary	100	100
Mirvac Homes (VIC) Pty Limited ³	Australia	Ordinary	100	100
Mirvac Homes (WA) Pty Limited ³	Australia	Ordinary	100	100
Mirvac Homes Builders (VIC) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Hotels Pty Limited ³	Australia	Ordinary	100	100
Mirvac Industrial Developments Pty Limited ³	Australia	Ordinary	100	-
Mirvac Industrial (Middle East) Pty Ltd ³	Australia	Ordinary	100	-
Mirvac Industrial (Middle East) No. 2 Pty Ltd ³	Australia	Ordinary	100	-
Mirvac ID (Bromelton) Pty Limited	Australia	Ordinary	100	-
Mirvac ID (Bromelton) Sponsor Pty Limited	Australia	Ordinary	100	-
Mirvac Wholesale Industrial Developments ³	Australia	Ordinary	100	-
MWID (Brendale) Pty Limited ³	Australia	Ordinary	100	-
MWID (Mackay) Pty Limited ³	Australia	Ordinary	100	-
Mirvac International No 3 Pty Limited ³	Australia	Ordinary	100	100
Mirvac International Pty Limited ³	Australia	Ordinary	100	100
Mirvac JV's Pty Limited ³	Australia	Ordinary	100	100
Mirvac Management Limited ³	Australia	Ordinary	100	100
Mirvac Mandurah Pty Limited ²	Australia	Ordinary	100	100
Mirvac Newcastle Pty Ltd ³	Australia	Ordinary	100	100
Mirvac Parking Pty Limited ²	Australia	Ordinary	100	100
Mirvac Precinct 2 Pty Limited ³	Australia	Ordinary	100	100
Mirvac Projects No 2 Pty Limited ³	Australia	Ordinary	100	100
Mirvac Projects Pty Limited ²	Australia	Ordinary	100	100

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

15. Other financial assets (continued)

(a) Shares held in controlled entities of Mirvac (continued)

Name of entity	Country of incorporation	Class of shares	Equity holding 2008 %	Equity holding 2007 %
Mirvac Properties Pty Limited ³	Australia	Ordinary	100	100
Mirvac Property Advisory Services Pty Limited ³	Australia	Ordinary	100	100
Mirvac PFA Limited (Formerly Property Funds Australia Limited) ^{3,5}	Australia	Ordinary	100	100
Mirvac Property Services Pty Limited ³	Australia	Ordinary	100	100
Mirvac Queensland Pty Limited ²	Australia	Ordinary	100	100
Mirvac Real Estate Debt Funds Pty Ltd ³	Australia	Ordinary	100	100
Mirvac Real Estate Pty Limited ³	Australia	Ordinary	100	100
Mirvac REIT Management Limited ³	Australia	Ordinary	100	100
Mirvac Retail Head SPV Pty Ltd ³	Australia	Ordinary	100	100
Mirvac Retail Sub SPV Pty Ltd ³	Australia	Ordinary	100	100
Mirvac Rockbank Pty Ltd ³	Australia	Ordinary	100	100
Mirvac Services Pty Limited ³	Australia	Ordinary	100	100
Mirvac South Australia Pty Limited ³	Australia	Ordinary	100	100
Mirvac Spring Farm Limited ³	Australia	Ordinary	100	100
Mirvac Treasury Limited ²	Australia	Ordinary	100	100
Mirvac Treasury No 2 Limited ²	Australia	Ordinary	100	100
Mirvac Treasury No 3 Limited ³	Australia	Ordinary	100	100
Mirvac UK Ltd	United Kingdom	Ordinary	100	100
Mirvac UK Services Ltd	United Kingdom	Ordinary	100	100
Mirvac Victoria Pty Limited ²	Australia	Ordinary	100	100
Mirvac Woolloomooloo Pty Limited ³	Australia	Ordinary	100	100
MRV Hillsdale Pty Ltd ³	Australia	Ordinary	100	100
Newington Homes Pty Limited ²	Australia	Ordinary	100	100
Planned Retirement Living Pty Limited ³	Australia	Ordinary	100	100
Springfield Development Company Pty Limited ³	Australia	Ordinary	100	100
SPV Magenta Pty Ltd	Australia	Ordinary	100	100

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

15. Other financial assets (continued)

(b) Units held in controlled entities of Mirvac Property Trust

Name of entity	Country of incorporation	Class of shares	Equity holding 2008 %	Equity holding 2007 %
1900-2000 Pratt Inc. ⁶	United States	Ordinary	100	-
380 St Kilda Road Trust	Australia	Ordinary	100	100
James Fielding Infrastructure Sustainable Equity Fund	Australia	Ordinary	100	100
James Fielding Trust	Australia	Ordinary	100	100
Mirvac Broadway Sub-trust	Australia	Ordinary	100	100
Mirvac Commercial Trust	Australia	Ordinary	100	100
Mirvac Glasshouse Sub-trust ⁷	Australia	Ordinary	100	-
Mirvac Lakehaven Sub-trust	Australia	Ordinary	100	100
Mirvac Property Trust No 2	Australia	Ordinary	100	100
Mirvac Retail Head Trust	Australia	Ordinary	100	100
Mirvac Rhodes Sub-trust	Australia	Ordinary	100	100
Peninsular Homemaker Centre Trust	Australia	Ordinary	100	100
Springfield Regional Shopping Centre Trust	Australia	Ordinary	67	67
The George Street Trust	Australia	Ordinary	100	100
The Mulgrave Trust	Australia	Ordinary	100	100

¹ The addition of Mirvac Limited and Mirvac Property Trusts interest in these entities are greater than 50%.

² These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

³ These subsidiaries joined as parties to the Deed of Cross Guarantee on 16 June 2008

⁴ The Company became a controlled entity on 10 September 2007

⁵ The Company became a controlled entity on 10 October 2007

⁶ The Company was acquired in December 2007

⁷ The Trust was acquired in July 2007

(c) Entities subject to class order

All wholly owned companies incorporated in Australia are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned companies have been relieved from the requirement to prepare a financial report and director's report under Class Order 98/1418 (as amended by Class Order 98/2017 and 00/0321) issued by the Australian Securities & Investment Commission. The entities included are listed in note 15 (a).

Companies noted in (a) above as being included in the class order, are a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by the Company, they also represent the 'Extended Closed Group'. As a condition of the Class Order, the companies have entered into a Deed of Cross Guarantee. The effect of the deed is that Mirvac Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity. The controlled entities also have given a similar guarantee in the event that Mirvac Limited is wound up.

The aggregated income statement and balance sheet for year ended 30 June 2008 of the entities which are members of the "Closed Group" are as follows:

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

15. Other financial assets (continued)

Consolidated Income Statements

	2008 \$'000	2007 \$'000
Revenue		
Development and construction revenue	1,211,904	919,297
Rental revenue from investment properties	17,764	12,883
Hotel operations revenue	163,603	-
Fee revenue	70,022	28,125
Interest revenue	18,138	13,594
Dividend revenue	15	7,596
Procurement revenue	4,900	-
Other revenue	23,593	7,109
Total revenue	1,509,939	988,604
Other income		
Share of net profit of associates and joint ventures accounted for using the equity method	-	25,368
Net foreign exchange gains	49,841	-
Net gain on sale of investments	2,406	16,291
Net gain on sale of property, plant and equipment	15,852	-
Total other income	68,099	41,659
Total revenues and other income	1,578,038	1,030,263
Cost of property development and construction	(998,916)	(761,957)
Share of net loss of associates and joint ventures accounted for using the equity method	(55,505)	-
Net gain on financial instruments	(18,591)	-
Net foreign exchange losses	-	(283)
Investment property outgoings	(30)	-
Hotel operating expenses	(56,051)	-
Employee benefits expense	(197,901)	(56,076)
Depreciation and amortisation expense	(11,209)	(4,288)
Impairment expense	(18,910)	-
Finance costs expense	(54,977)	(34,764)
Net loss on sale of property, plant and equipment	-	(24)
Selling and marketing	(42,196)	(26,059)
Provision for loss on inventory	(193,771)	(12,228)
Other expenses	(103,404)	(57,534)
(Loss)/profit before income tax	(173,423)	77,050
Income tax benefit/(expense)	17,276	(14,338)
(Loss)/profit for the year	(156,147)	62,712

Consolidated retained earnings

	2008 \$'000	2007 \$'000
Movement in Retained Earnings		
Retained earnings at beginning of the financial year	24,308	(38,404)
Net loss	(156,147)	62,712
Addition of subsidiaries into closed group	17,816	-
Retained earnings at end of the financial year	(114,023)	24,308

Mirvac Group
Notes to the Consolidated Financial Statements
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15. Other financial assets (continued)

Consolidated Balance Sheets

	2008	2007
	\$'000	\$'000
Current assets		
Cash and cash equivalents	18,872	2,041
Receivables	7,875,865	275,043
Current tax assets	56,570	-
Inventories	781,483	334,481
Other financial assets at fair value through profit or loss	-	19
Assets classified as held for sale	6,274	-
Other assets	40,682	1,762
Total current assets	8,779,746	613,346
Non-current assets		
Receivables	170,937	164,367
Inventories	1,024,931	967,756
Investments accounted for using the equity method	237,637	134,798
Derivative financial assets	31,301	-
Other financial assets	25,925	84,800
Investment properties	33,575	-
Property, plant and equipment	98,624	45,642
Intangible assets	265,197	22,292
Deferred tax assets	61,048	24,495
Total non-current assets	1,949,175	1,444,150
Total assets	10,728,921	2,057,496
Current liabilities		
Payables	7,832,626	123,928
Borrowings	-	33
Current tax liabilities	-	3,528
Provisions	1,782	-
Other liabilities	33,884	1,402
Total current liabilities	7,868,292	128,891
Non-current liabilities		
Payables	789,753	1,642,703
Borrowings	962,830	-
Derivative financial liabilities	111,140	-
Deferred tax liabilities	139,760	85,365
Provisions	26,283	7,569
Total non-current liabilities	2,029,766	1,735,637
Total liabilities	9,898,058	1,864,528
Net assets	830,863	192,968
Equity		
Contributed equity	911,405	133,166
Reserves	33,481	35,494
Retained earnings	(114,023)	24,308
Total equity	830,863	192,968

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

16. Investment properties

	Date of acquisition	Cost & additions to 30 June 2008 \$'000	Book value 30 June 2008 \$'000	Book value 30 June 2007 \$'000	Date of last external valuation \$'000	Last external valuation \$'000
Mirvac Property Trust and its controlled entities						
1 Castlereagh Street, Sydney NSW	18/12/1998	50,283	87,500	72,000	31/12/2007	87,000
1 Darling Island, Pyrmont, NSW	15/05/2006	134,501	186,500	155,000	31/12/2006	144,500
127 Creek Street, Brisbane QLD	1/05/1998	-	-	88,972	30/06/2006	72,000
1-47 Percival Road, Smithfield NSW	22/11/2002	20,926	25,300	23,800	31/03/2008	25,300
189 Grey Street, Southbank QLD	19/04/2004	39,224	72,000	65,000	30/06/2007	65,000
190 George Street, Sydney NSW	5/08/2003	46,862	46,000	45,000	31/03/2008	46,000
1900-2000 Pratt Blvd, Elk Grove Village, Illinois USA	6/12/2007	42,608	42,608	-	-	-
200 George Street, Sydney NSW	31/10/2001	24,689	30,500	28,000	31/03/2008	30,500
253 Wellington Road & 18-20 Compark Circuit, Mulgrave VIC	1/08/2001	15,924	15,200	19,000	31/03/2008	15,200
271 Lane Cove Road, North Ryde NSW	5/04/2000	18,669	43,500	30,700	31/03/2008	43,500
30-32 Compark Circuit, Mulgrave VIC	1/02/2003	6,723	6,550	8,300	31/03/2008	6,550
333-343 Frankston-Dandenong Rds & 4 Abbotts Road, Dandenong South, VIC	15/01/2004	12,631	15,350	13,700	31/03/2008	15,350
38 Sydney Avenue, Forrest ACT	26/06/1996	32,019	44,500	39,500	31/12/2006	38,000
40 Miller Street, North Sydney NSW ¹	31/03/1998	66,989	100,000	-	31/03/2008	100,000
44 Biloela Street, Villawood NSW	24/09/2003	18,882	18,500	20,100	31/03/2008	18,500
54 Marcus Clarke Street, Canberra, ACT	15/10/1987	14,271	21,000	19,500	31/12/2006	18,800
64 Biloela Street, Villawood NSW	2/02/2004	22,702	25,800	25,000	31/03/2008	25,800
7 Railway St, Chatswood NSW	11/08/2003	-	-	4,170	31/12/2005	3,750
Arts House, 40 Macquarie Street, Barton ACT	8/12/1995	-	-	19,000	30/06/2005	18,000
Ballina Central, Ballina NSW	1/12/2004	44,711	40,200	42,500	31/03/2008	40,200
Bay Centre, Cnr Pirrama & Edward Streets, Pyrmont NSW	29/06/2001	57,858	111,000	88,500	31/03/2008	111,000
Blacktown Mega Centa, Blacktown Road, Blacktown NSW	30/06/2002	32,352	48,500	45,000	30/06/2007	45,000
Broadway Shopping Centre, Broadway NSW	15/01/2007	227,393	227,000	226,500	-	-
Building 1,2,3 & 7, Riverside Quay, Southbank VIC	15/04/2002 & 01/7/2003	119,068	129,000	128,450	30/06/2007	128,450
Como Centre, Cnr Toorak Road & Chapel Street, South Yarra VIC ²	18/08/1998	117,137	145,642	144,700	30/06/2007	176,383
Gippsland Centre, Cunninghame Street, Sale VIC	6/01/1994	34,966	52,750	55,700	30/06/2007	55,700
Glasshouse, 48 Furzer St, Phillip ACT	19/07/2007	78,345	73,920	-	31/03/2008	74,000
Hinkler Shopping Centre, Maryborough Street, Bundaberg QLD	12/08/2003	79,223	96,000	92,400	31/03/2008	96,000
James Ruse Business Park, 6 Boundary Road, Northmead NSW	14/07/1994	23,069	30,750	30,600	31/12/2006	30,500
John Oxley Centre, 339 Coronation Drive, Milton QLD	31/05/2002	43,470	66,250	58,500	30/06/2007	58,500

¹ Property previously classified as Owner Occupied Buildings until 1 July 2007.

² Valuation includes the Como Hotel which has been reclassified to owner occupied properties.

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Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

16. Investment properties (continued)

	Date of acquisition	Cost & additions to 30 June 2008 \$'000	Book value 30 June 2008 \$'000	Book value 30 June 2007 \$'000	Date of last external valuation \$'000	Last external valuation \$'000
Kawana Shoppingworld, Nicklin Way, Buddina QLD	09/12/1993 (1st 50%) 10/6/1998 (2nd 50%)	105,461	195,000	176,000	31/12/2007	195,000
Kwinana Hub Shopping Centre, Cnr Gilmore & Chisham Aves, Kwinana WA	16/09/2005	27,494	30,000	29,500	31/03/2008	30,000
Lakehaven Homemaker Centre, Lakehaven NSW	15/01/2007	52,256	42,250	-	31/12/2007	47,000
Logan Mega Centre, Slacks Creek QLD	1/03/2007	80,984	83,750	82,500	30/06/2007	82,500
Moonee Ponds Central, Homer Street, Moonee Ponds VIC	20/05/2003	26,302	25,600	25,500	31/03/2008	25,600
Nexus Industry Park (Atlas) , Prestons NSW	3/08/2004	16,945	20,300	19,500	31/03/2008	20,300
Nexus Industry Park (Building 3), Prestons NSW	3/08/2004	20,213	25,250	-	31/12/2007	26,000
Nexus Industry Park (EWR), Prestons NSW	3/08/2004	13,034	15,000	14,500	30/06/2007	14,500
101-103 Miller Street, North Sydney ³	30/06/1994	189,982	228,500	372,000	30/06/2007	372,000
Orange City Centre, Summer Street, Orange NSW	5/04/1993	31,765	54,000	52,500	31/03/2008	54,000
Orion Springfield, Springfield Lakes QLD	15/03/2007	130,478	150,000	155,000	30/06/2007	155,000
Peninsula Homemaker Centre, 1128 Nepean Highway, Mornington VIC	1/12/2003	55,307	56,000	58,500	30/06/2007	58,500
Perpetual Trustees Building, 10 Rudd Street, Canberra ACT	15/10/1987	14,843	22,000	19,600	31/03/2008	22,000
Quay West Car Park, 111 Harrington Street, Sydney NSW	30/11/1989	37,606	48,000	45,000	31/03/2008	48,000
Rhodes Shopping Centre, Rhodes NSW	15/01/2007	106,214	111,500	111,500	-	-
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC	04/10/1995 (1st 50%) 02/4/2001 (2nd 50%)	90,006	115,500	92,500	31/12/2007	114,500
St George Centre, 60 Marcus Clarke Street, Canberra ACT	1/09/1989	47,010	58,023	54,000	31/03/2008	58,000
Stanhope Village, Sentry Drive, Stanhope Gardens NSW	14/11/2003	54,311	65,500	65,000	30/06/2007	65,000
The Metcentre, 60 Margaret Street, Sydney NSW (50% interest) ⁵	6/08/1998	-	-	191,000	31/12/2007	227,000
The Village Centre, Charles Hackett Drive, St Marys NSW	17/01/2003	39,440	47,000	44,500	31/12/2007	48,000
Waverley Gardens Shopping Centre, Cnr Police & Jackson Roads, Mulgrave VIC	15/11/2002	133,988	147,500	145,000	30/06/2007	145,000
Mirvac Limited and its controlled entities						
Forestry land	13/03/2004	50,375	60,715	55,330	30/06/2008	60,715
Taree Shopping Centre	1/12/2006	32,561	32,483	32,655	31/12/2007	32,500
Blue Street, North Sydney ⁴	26/06/2001	1,090	1,091	-	-	-
Total Investment Properties		2,783,160	3,436,782	3,431,177		

³ During the period 50% of this investment property was disposed of. The book value reported at 30 June 2007 is the value at 100% ownership.

⁴ Investment property previously classified as inventory.

⁵ During the period this property was transferred to owner occupied buildings

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

16. Investment properties (continued)

(a) Reconciliation of carrying amounts of investment properties

	Consolidated	
	2008	2007
	\$'000	\$'000
At fair value:		
Opening balance at 1 July	3,431,177	2,753,641
Additions	220,060	604,995
Transfer to property plant and equipment	(200,409)	-
Disposals	(348,295)	(256,295)
Properties classified as held for sale	-	(53,500)
Net gains on assets held for sale	48,578	13,988
Net gains from fair value adjustments	146,269	239,460
Net gain from foreign currency translation	(3,915)	-
Transfer from property, plant and equipment	153,079	137,614
Transfer from inventory	1,091	-
Amortisation of fit out costs, leasing costs and rent incentive	(10,853)	(8,726)
Closing balance at 30 June	3,436,782	3,431,177

(b) Valuation basis

Investment properties are revalued by external valuers on the basis of a quarter of the portfolio being valued half-yearly. The basis of valuation of investment properties is fair value being the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Properties not externally valued during the reporting period are carried at internal Directors' valuation.

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

(c) Non-current assets pledged as security

Refer to note 20 for information on non-current assets pledged as security by the parent entity or its controlled entities.

(d) Property portfolio

The Mirvac Group's property portfolio is made up as follows:

	Consolidated	
	2008	2007
	\$'000	\$'000
Investment properties per Balance Sheet	3,436,782	3,431,177
Owner-occupied buildings (including hotels) classified as property, plant and equipment	285,803	154,672
Properties classified as assets held for sale	6,274	65,997
Hotel management lots classified as property, plant and equipment	65,662	61,449
Properties under construction classified as property, plant and equipment	249,916	232,665
	4,044,437	3,945,960

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

17. Property, plant and equipment

	Office leasehold improvements	Plant and equipment	Owner- occupied hotel management lots	Owner- occupied freehold hotels
Consolidated	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2008				
Opening net book amount	527	42,842	61,450	44,698
Revaluation surplus	-	-	8,052	172
Additions	-	14,796	624	-
Transfers to or from other assets	122	6,005	(1,154)	740
Assets classified as held for sale and other disposals	-	(22,858)	(1,284)	(11,065)
Foreign exchanges	-	(323)	(611)	-
Depreciation charge	-	(9,007)	(1,415)	(1,032)
Closing net book amount	649	31,455	65,662	33,513
At 30 June 2008				
Cost or fair value	1,788	73,303	70,598	39,677
Accumulated depreciation	(1,139)	(41,848)	(4,936)	(6,164)
Net book amount	649	31,455	65,662	33,513
		Owner- occupied administration buildings	Investment property under construction	Total
Consolidated		\$'000	\$'000	\$'000
Year ended 30 June 2008				
Opening net book amount		109,974	232,664	492,155
Revaluation surplus		(760)	-	7,464
Additions		-	9,618	25,038
Transfers to or from other assets		-	64,834	70,547
Assets classified as held for sale and other disposals		-	-	(35,207)
Transfer to or from investment properties		149,435	(57,200)	92,235
Foreign exchange		-	-	(934)
Depreciation charge		(6,359)	-	(17,813)
Closing net book amount		252,290	249,916	633,485
At 30 June 2008				
Cost or fair value		259,519	249,916	694,801
Accumulated depreciation		(7,229)	-	(61,316)
Net book amount		252,290	249,916	633,485

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

17. Property, plant and equipment (continued)

	Office leasehold improvements	Plant and equipment	Owner- occupied hotel management lots	Owner- occupied freehold hotels
Consolidated	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2007				
Opening net book amount	371	21,912	28,488	95,447
Revaluation surplus	-	-	11,135	9,619
Additions	691	33,461	23,168	615
Assets classified as held for sale and other disposals	(85)	(3,832)	(426)	(58,395)
Depreciation charge	(450)	(8,699)	(915)	(2,588)
Closing net book amount	527	42,842	61,450	44,698
At 30 June 2007				
Cost or fair value	1,538	78,702	62,189	50,082
Accumulated depreciation	(1,012)	(35,859)	(739)	(5,384)
Net book amount	526	42,843	61,450	44,698
	Owner- occupied administration buildings	Leased plant & equipment	Investment property under construction	Total
Consolidated	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2007				
Opening net book amount	107,526	3	346,180	599,927
Revaluation surplus	4,781	-	-	25,535
Additions	1,091	-	24,098	83,124
Assets classified as held for sale and other disposals	(391)	(3)	-	(63,132)
Transfer to investment properties	-	-	(137,614)	(137,614)
Depreciation charge	(3,033)	-	-	(15,685)
Closing net book amount	109,974	-	232,664	492,155
At 30 June 2007				
Cost or fair value	117,306	-	232,664	542,481
Accumulated depreciation	(7,332)	-	-	(50,326)
Net book amount	109,974	-	232,664	492,155

(a) Valuations of owner-occupied buildings

Owner-occupied buildings are revalued by external valuers on the basis of a quarter of the entire Investment property portfolio (including owner occupied buildings) being valued half-yearly. The basis of valuation of owner occupied buildings is fair value being the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Owner occupied buildings not externally valued during the reporting period are carried at internal Directors' valuation. The revaluation surplus net of applicable deferred income taxes was credited to the asset revaluation reserve in shareholders' equity (note 25).

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

18. Intangible assets

	Management rights	Goodwill	Other Infinite Intangibles	Carbon sequestration rights	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2008					
Balance at 1 July 2007	67,777	212,727	9,969	1,025	291,498
Acquisition/(disposal) of subsidiary	12,177	46,747	(9,969)	3	48,958
Impairment of intangibles	(18,910)	-	-	-	(18,910)
Amortisation	(701)	-	-	-	(701)
Balance at 30 June 2008	60,343	259,474	-	1,028	320,845
2007					
Balance at 1 July 2006	55,303	168,570	-	1,025	224,898
Acquisition of subsidiary	14,180	43,566	9,969	-	67,715
Earn outs and price adjustments	-	591	-	-	591
Amortisation	(1,706)	-	-	-	(1,706)
Balance at 30 June 2007	67,777	212,727	9,969	1,025	291,498

(a) Impairment tests for goodwill

Goodwill is allocated to the Mirvac Group's cash generating units (CGU's) identified according to business segment. A segment level summary of the goodwill allocations is presented below:

	Property development	Property investment	Hotels	Funds management	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2008					
Management rights - indefinite life	9,817	2,636	-	47,221	59,674
Management rights - finite life	-	-	-	669	669
Carbon sequestration rights	-	-	-	1,028	1,028
Goodwill	120,269	39,219	6,317	93,669	259,474
Balance as at 30 June 2008	130,086	41,855	6,317	142,587	320,845
2007					
Other finite intangibles	-	-	9,969	-	9,969
Management rights - indefinite life	9,838	2,636	-	55,303	67,777
Carbon sequestration rights	-	-	-	1,025	1,025
Goodwill	116,701	39,131	6,364	50,531	212,727
Balance as at 30 June 2007	126,539	41,767	16,333	106,859	291,498

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.

Mirvac Group
Notes to the Consolidated Financial Statements
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18. Intangible assets (continued)

(b) Key assumptions used for value-in-use calculations for Goodwill and Intangibles

CGU	Growth rate ²	Discount rate
	2008	2008
Property investment	5%	10%
Property development	- ¹	18%
Hotels	5%	13%
Funds management	10%	11%

¹ No forecast growth rate as value-in use calculations based on forecast cashflows of existing projects.

² Weighted average pre-tax growth rate used to extrapolate cash flows beyond the budget period.

The above assumptions have been used for the analysis of each CGU within the business segment. The weighted average growth rates used beyond the budget period are consistent with underlying budget assumptions and are consistent with forecasts included in industry reports. The discount rates used are post-tax (except in relation to the property development CGU which uses a pre-tax discount rate) and reflect specific risks relating to the relevant segments and the countries in which they operate.

With the exception of Funds Management, management consider that for the carrying value to exceed the recoverable amount there would have to be unreasonable changes to key assumptions. Management consider the chances of these changes occurring as unlikely.

Funds Management's current recoverable amount exceeds its carrying value by circa \$30,000,000. If growth rates were to fall to 6%, or discount rates increased to 12% this could result in impairment. Funds Management's average pre-tax growth rate over the 5 year budget period exceeds the 10% growth rate used to extrapolate cash flows beyond the budget period.

(c) Management rights

During the period the carrying value of Management Rights attributable to the Funds Management division were impaired by \$18,910,000 (2007: nil). The impairment charge represents the difference between the net present value of future cash flows (recoverable amount) and the carrying value of the management rights. The lower forecast future cash flow projections are driven by a slowing in the level of transaction fees and the potential winding up of funds deemed to be non-core, non-scaleable and non-sustainable.

(e) Other indefinite life intangibles

Other indefinite life intangibles consist of gaming licences and liquor licences. These licences were disposed of during the period.

(f) Indefinite useful life of management rights

Management rights are primarily held in relation to funds established or rights established by entities acquired by the Mirvac Group. These funds are considered to be open-ended and therefore have no expiry. The Mirvac Group also holds strategic stakes in these funds in order to protect its interests.

(g) Indefinite useful life of carbon sequestration rights

Carbon sequestration rights are held in relation to carbon sequestered from freehold land.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

19. Payables

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current				
Trade creditors	114,935	91,847	128	95
Employee entitlements- annual leave	18,766	16,537	-	-
Employee entitlements- oncost	2,993	4,383	-	-
Unearned Income	10,719	10,206	-	-
Accruals	85,828	81,400	-	-
Other creditors	92,148	77,580	1,831	2,668
Amounts due to related entities	-	26	799,223	841,945
Amounts due to subsidiaries	-	-	1,178,838	773,943
	325,389	281,979	1,980,020	1,618,651
Non-current				
Amounts due to related entities	11	-	-	-
Other accrual – deferred land payment	11,374	88,126	-	-
Other creditors	5,000	5,000	-	-
	16,385	93,126	-	-

20. Borrowings

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current				
Unsecured				
Unsecured bank loans	-	-	-	10,341
Secured				
Commercial notes	138,000	-	-	-
Lease liability	-	33	-	-
	138,000	33	-	10,341
Non-current				
Unsecured				
Unsecured bank loans	1,228,236	1,398,127	-	-
Domestic medium term notes	500,000	500,000	-	-
Foreign medium term notes	399,570	451,852	-	-
Secured				
Other bank borrowings	74,055	66,746	-	-
Commercial notes	-	138,000	-	-
Deferred borrowing costs	(1,963)	(1,883)	-	-
	2,199,898	2,552,842	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
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20. Borrowings (continued)

Unsecured bank loans

The Mirvac Group has an unsecured revolving syndicated loan facility totalling \$2,225 million (2007: \$2,225 million), of which \$1,112.5 million, undrawn at 30 June 2008 (2007: \$1,112.5 million) matures in June 2009 and \$1,112.5 million (2007: \$1,112.5) matures in June 2011.

During the financial year, Mirvac signed \$200m of bilateral facilities of which \$150 million expires in March 2011 and \$50 million in June 2011. Subject to the compliance with the terms, the bank loan facilities may be drawn at any time.

Commercial mortgage backed securities (CMBS)

The Mirvac Group has one issue of commercial notes outstanding under its Commercial Mortgage Backed Securities (CMBS) program totalling \$138 million which matures on 22 October 2008 (2007: \$138 million). Interest is payable semi-annually in arrears in accordance with the terms of the notes. At expiry, the CMBS will be repaid from existing undrawn facilities.

Domestic medium term notes

The Mirvac Group 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.

Foreign medium term notes

The Mirvac Group completed a note issue in the US Private Placement market in November 2006. The issue is made up of US Dollar 275 million maturing in November 2016 and US Dollar 100 million maturing in November 2018. An additional AUD 10 million maturing in November 2016 was also issued in conjunction with this placement. Interest is payable semi-annually in arrears for all notes. The notes were issued with fixed and floating rate coupons payable in USD and swapped back to AUD floating rate coupons through cross currency principal and interest rate swaps.

Other bank borrowings

Controlled entities have secured bank facilities totalling \$77 million (2007: \$77 million) maturing in February 2010 and June 2010.

Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

(b) Assets pledged as security

The CMBS is secured by a first ranking real property mortgages and a fixed and floating charge over specific investment properties of the Mirvac Group. Controlled entities have debt facilities 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:

Mirvac Group
Notes to the Consolidated Financial Statements
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20. Borrowings (continued)

	Note	Consolidated		Parent entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
First ranking real property mortgage					
Investment properties	16	478,265	435,350	-	-
Development inventory		44,875	58,898	-	-
Total assets pledged as security		523,140	494,248	-	-

(c) Financing arrangements

	Consolidated		Parent entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total facilities				
Domestic medium term notes	500,000	500,000	-	-
Commercial mortgage backed securities (CMBS)	138,000	138,000	-	-
Secured other bank borrowings	77,000	77,000	-	-
Foreign medium term notes	399,570	451,852	-	-
Unsecured bank loans	2,425,000	2,225,000	-	-
	3,539,570	3,391,852	-	-
Used at balance date				
Domestic medium term notes	500,000	500,000	-	-
Commercial mortgage backed securities (CMBS)	138,000	138,000	-	-
Secured other bank borrowings	74,055	66,746	-	-
Foreign medium term notes	399,570	451,852	-	-
Unsecured bank loans	1,228,236	1,398,127	-	-
	2,339,861	2,554,725	-	-
Unused at balance date				
Domestic medium term notes	-	-	-	-
Commercial mortgage backed securities (CMBS)	-	-	-	-
Secured other bank borrowings	2,945	10,254	-	-
Foreign medium term notes	-	-	-	-
Unsecured bank loans	1,196,764	826,873	-	-
	1,199,709	837,127	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

20. Borrowings (continued)

(d) Fair value

	Carrying amount		Fair value	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
On Balance Sheet				
Non traded financial liabilities:				
Domestic medium term notes	500,000	500,000	500,000	500,000
Commercial mortgage backed securities (CMBS)	138,000	138,000	138,000	138,000
Secured bank loans	74,055	66,746	74,055	66,746
Foreign medium term notes	399,570	451,852	399,570	451,852
Unsecured bank loans	1,228,236	1,398,127	1,228,236	1,398,127
Lease liabilities	-	33	-	33
	2,339,861	2,554,758	2,339,861	2,554,758

The classes above 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.

(ii) Off-Balance Sheet

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 31. 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 Mirvac Group as consideration for the assumption of those contingencies by another party.

21. Provisions

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current				
Employee benefits - long service leave	4,814	5,804	-	-
Dividends/distributions payable	90,819	81,488	-	16,184
	95,633	87,292	-	16,184
Non-current				
Deferred commitment	15,878	-	-	-
Employee benefits - Long service leave	7,449	5,381	-	-
	23,327	5,381	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
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21. Provisions (continued)

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Consolidated	Parent entity
Dividend/ distributions payable	\$'000	\$'000
Carrying amount at beginning of year	81,488	16,184
Interim and final dividends/distributions	349,161	-
Payments made during the year (including issue of securities under Mirvac Distribution Reinvestment Plan)	(339,830)	(16,184)
Carrying amount at end of year	90,819	-
Deferred commitment		
Carrying amount at beginning of year	-	-
Recognition of deferred commitment	15,878	-
Carrying amount at end of year	15,878	-

Deferred commitment

JF Infrastructure, a 50% joint venture with Leighton Holdings, has committed to acquiring a further 75 million units in Rivercity Motorway Group at a price of \$1.055 per unit. This is forecast to be payable in July 2011. This commitment is recognised in the books of the joint venture as a derivative financial instrument. Based on the Mirvac Group's past practice of funding obligations of the joint venture, the Mirvac Group has recognised a constructive obligation for its 50% share of the net derivative value.

22. Other liabilities

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current				
Monies held in trust	33,882	30,419	-	-

23. Derivative financial liabilities

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cross currency derivatives – fair value	110,632	85,855	-	-

(a) Instruments used by the Mirvac Group

Refer to note 36 for information on instruments used by the Mirvac Group.

(b) Interest rate risk exposures

Refer to note 36 for the Mirvac Group's exposure to interest rate risk on cross currency swaps.

(c) Foreign currency risk exposures

Refer to note 36 for the Mirvac Group's exposure to foreign currency risk on cross currency swaps.

Mirvac Group
Notes to the Consolidated Financial Statements
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24. Contributed equity

(a) Paid up capital

Consolidated	2008 Securities	2007 Securities	2008 \$'000	2007 \$'000
Mirvac Limited – ordinary shares issued	1,084,371,184	995,918,784	917,394	835,379
Mirvac Property Trust – ordinary units issued	1,084,371,184	995,918,784	2,854,065	2,486,804
Total contributed equity			3,771,459	3,322,183

(b) Movements in paid up capital of the Mirvac Group for the 2008 and 2007 years were as follows:

Consolidated	Issue date	Issue price	Note	Consolidated Number of securities		Parent entity Number of securities	
				000's	\$'000's	000's	\$'000's
Opening balance at 30 June 2007				995,919	3,322,183	995,919	835,379
Distribution reinvestment plan issues	27/07/2007	\$5.50	(d)	7,285	40,067	7,285	8,302
Distribution reinvestment plan issues	26/10/2007	\$5.36	(d)	5,381	28,833	5,381	5,135
Distribution reinvestment plan issues	25/01/2008	\$5.95	(d)	6,407	38,101	6,407	6,786
Private security placement	01/02/2008	\$5.20	(f)	57,692	300,000	57,692	53,429
Distribution reinvestment plan issues	24/04/2008	\$3.81	(d)	9,348	35,626	9,348	6,345
Less: Transaction costs arising on share issue				-	(1,540)	-	(307)
EIS securities converted/sold/forfeited				2,339	8,189	2,340	2,325
Balance at 30 June 2008				1,084,371	3,771,459	1,084,372	917,394
Opening balance at 30 June 2006				870,038	2,728,575	870,038	710,593
Distribution reinvestment plan issues	28/07/2006	\$4.30	(d)	7,693	33,047	7,693	6,847
Distribution reinvestment plan issues	27/10/2006	\$4.59	(d)	7,846	36,037	7,846	7,467
Equity raising	31/10/2006	\$4.80	(g)	78,125	375,000	78,125	77,700
Security purchase plan	18/12/2006	\$4.80	(e)	9,509	45,672	9,509	9,463
Escrow profit shares	22/12/2006	\$4.37		2,605	11,373	2,605	2,356
Distribution reinvestment plan issues	25/01/2007	\$5.25	(d)	7,530	39,559	7,530	8,197
Distribution reinvestment plan issues	27/04/2007	\$5.21	(d)	6,852	35,725	6,852	7,402
Less: Transaction costs arising on share issue				-	(3,954)	-	(1,162)
EIS securities converted/sold/forfeited				5,721	21,149	5,721	6,516
Balance at 30 June 2007				995,919	3,322,183	995,919	835,379

Mirvac Group
Notes to the Consolidated Financial Statements
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24. Contributed equity (continued)

Ordinary securities

All ordinary securities are fully paid at 30 June 2008. Ordinary securities entitle the holder to participate in dividends/distributions and the proceeds on winding up of the Mirvac Group in proportion to the number of and amount paid on the securities held. On a show of hands every holder of ordinary securities present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each security is entitled to one vote.

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

Current LTI plan

As at 30 June 2008, 2,910,520 performance rights and 4,246,500 options were issued to participants under the current LTI plan. No performance rights or options vested during the year to 30 June 2008.

Employee exemption plan

As at 30 June 2008, 664,588 (2007: 302,968) 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 (2007: 3,719,135 ordinary stapled securities). The total of stapled securities issued to employees under the superseded LTI and EIS at 30 June 2008 is 16,605,128 (2007: 18,583,435). The market price per ordinary stapled security at 30 June 2008 was \$2.96 (2007: \$5.70). 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 the Mirvac Group.

(d) Distribution reinvestment plan

Under the distribution reinvestment plan, holders of ordinary securities may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary securities rather than being paid in cash. Securities issued under the plan were issued at a 2% discount to the market price.

(e) Security placement with institutions

Securities eligible for issue under the distribution reinvestment plan, and not taken up by securityholders, for the December 2005 and March 2006 quarter distributions, were placed with JP Morgan Australia Limited respectively, under underwriting agreements. The placement securities were issued at the same price as the distribution reinvestment plan issue.

(f) Capital placement

During the period Mirvac Group confirmed a strategic partnership with Nakheel via a \$300 million private placement. The placement was conducted at a fixed price of \$5.20.

In October 2006 the Mirvac Group undertook an equity raising of \$375 million through an institutional placement. Mirvac also offered its retail securityholders the opportunity to acquire additional securities at the same price as the institutional placement through a security purchase plan. The funds raised from this plan, of approximately \$45.6 million, were also applied toward acquisition and development opportunities within the Mirvac Group, after initially retiring part of the Mirvac Group's debt.

Mirvac Group
Notes to the Consolidated Financial Statements
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24. Contributed equity (continued)

(g) Reconciliation of securities issued on ASX

Under AIFRS, securities issued under the Mirvac Employee Long-term incentive schemes 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 the Mirvac Group.

Total ordinary securities issued as detailed above is reconciled to securities issued on the Australian Stock Exchange (ASX) as follows:

	2008 Number	2007 Number
Total ordinary securities issued	1,084,371,184	995,918,784
Securities issued under LTI and EIS	16,605,128	18,583,435
Total securities issued on ASX	1,100,976,312	1,014,502,219

(h) Capital risk management

Refer to note 36 for the Mirvac Group's capital risk management.

25. Reserves

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
a) Reserves				
Asset revaluation reserve	118,755	66,770	-	-
Capital reserve	1,197	1,197	-	-
Currency fluctuation reserve	(2,932)	(573)	-	-
Share based payments reserve	16,796	9,699	16,796	9,699
	133,816	77,093	16,796	9,699

b) Movements in reserves:

Asset revaluation reserve

Opening balance	66,770	44,517	-	-
Increments on revaluation of owner-occupied properties	54,626	25,543	-	-
Deferred tax (note 6)	(2,641)	(3,290)	-	-
Closing balance	118,755	66,770	-	-

Capital reserve

Opening balance	1,197	1,197	-	-
Closing balance	1,197	1,197	-	-

Currency fluctuation reserve

Opening balance	(573)	(501)	-	-
Decrease in reserve due to translation of foreign controlled entity	(2,359)	(72)	-	-
Closing balance	(2,932)	(573)	-	-

Share based payments reserve

Opening balance	9,699	8,851	9,699	8,851
Expense relating to security based payments	7,097	848	7,097	848
Closing balance	16,796	9,699	16,796	9,699

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

25. Reserves (continued)

(c) Nature and purpose of reserves

(i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of owner-occupied assets.

(ii) Capital reserve

The capital reserve is used to record the net revaluation increment or decrement on disposal of investment properties. The balance of the reserve may be transferred to retained earnings and used to satisfy distributions to securityholders.

(iii) Currency fluctuation reserve

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

(iv) Share based payments reserve

The security based payments reserve is used to recognise the fair value of securities issued under the Mirvac Group LTI schemes.

26. Retained earnings

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Retained earnings at the beginning of the year	611,218	366,678	78,196	54,219
Movement in equity based compensation	1,142	751	1,142	751
Net profit attributable to the stapled securityholders	171,802	556,056	959	85,760
Dividends/distributions provided for or paid	(348,897)	(312,267)	-	(62,534)
Retained earnings at the end of the year	435,265	611,218	80,297	78,196

27. Minority interest

	Consolidated	
	2008	2007
	\$'000	\$'000
Interest in:		
Share capital	61,707	61,593
Retained earnings	7,920	8,323
	69,627	69,916

Mirvac Group
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28. Dividends/Distributions

	2008	2007
Ordinary stapled securities	\$'000	\$'000
Quarterly ordinary distributions paid as follows:		-
7.975 cents per fully paid stapled security paid on 27 October 2006 (1.65 cents per stapled security franked at 30%)	-	71,641
8.225 cents per fully paid stapled security paid on 26 October 2007 (Unfranked distribution)	84,042	-
7.975 cents per fully paid stapled security paid on 25 January 2007 (1.65 cents per stapled security franked at 30%)	-	79,705
8.225 cents per fully paid stapled security paid on 25 January 2008 (Unfranked distribution)	84,514	-
7.975 cents per fully paid stapled security paid on 27 April 2007 (1.595 cents per stapled security franked at 30%)	-	80,366
8.225 cents per fully paid stapled security paid on 24 April 2008 (Unfranked distribution)	89,786	-
7.975 cents per fully paid stapled security paid on 27 July 2007 (1.595 cents per stapled security franked at 30%)	-	80,907
8.225 cents per fully paid stapled security paid on 25 July 2008 (Unfranked distribution)	90,555	-
Total dividend/distribution 32.9 cents per fully paid stapled security (2007: 31.9 cents per stapled security)	348,897	312,619

Distribution Reinvestment Plan (DRP)

Dividends/distributions actually paid/payable or satisfied by issue of securities under the group distribution/dividend reinvestment plan were as follows:

	2008	2007
	\$'000	\$'000
Paid in cash	196,626	156,364
Satisfied by the issue of securities	142,623	144,371
	339,249	300,735

Franking credits available for subsequent financial years based on a tax rate of 30% total \$48,934,000 (2007:\$44,727,005 on a tax rate of 30%).

Mirvac Group
Notes to the Consolidated Financial Statements
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29. 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 or net market value. Information relating to associates is set out below.

Name	Principal activities	Ownership		Consolidated		Parent entity	
		2008	2007	2008	2007	2008	2007
		%	%	\$'000	\$'000	\$'000	\$'000
177 Salmon Street Trust	Property development	20%	20%	-	1,026	-	-
Archbold Road Trust	Property development	20%	20%	30	30	-	-
Australian Hotel Trust	Hotel investment	-	20%	-	3,959	-	-
Chantrey City Regeneration Fund ²	Property development	20%	80%	5,104	-	-	-
Freespirit Resorts Pty Limited	Tourist park management	25%	25%	-	9	-	-
Mirvac Industrial Fund ¹	Property investment	-	15%	-	4,109	-	-
Mirvac Real Estate Investment Trust	Listed property investment trust	23%	20%	130,966	171,546	-	-
Mirvac Wholesale Hotel Fund ²	Hotel investment	45%	49%	122,248	-	-	-
Mirvac Industrial Trust ¹	Listed property investment trust	14%	9%	21,602	37,387	-	-
New Forests Pty Limited	Forestry and environmental asset manager	20%	20%	478	437	-	-
BAC Devco Pty Limited	Property development	33%	33%	191	191	-	-
Mindarie Keys Joint Venture	Property development	15%	15%	2,019	-	-	-
Panorama Joint Venture	Property development	17%	17%	3	3	-	-
Universal Portfolio Services Pty Limited	Property development	10%	10%	-	-	-	-
Tuckerbox Pty Ltd ¹	Hotel investment	1%	1%	1,494	1,494	-	-
Diggers Rest Pty Ltd	Property development	25%	-	45	-	-	-
				284,180	220,191	-	-

¹ The Mirvac Group equity accounts for this investment 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 (a 100% owned subsidiary).

² Entities transferred in from joint venture. Refer to Note 30 for comparative information for last year.

All associates are incorporated in Australia with the exception of the Chantrey City Regeneration Fund which is incorporate in the United Kingdom.

Mirvac Group
Notes to the Consolidated Financial Statements
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29. Investments in associates (continued)

Associates financial summary

	Profit (100%) \$'000	Mirvac share of net profit/(loss) \$'000	Total assets (100%) \$'000	Total liabilities (100%) \$'000	Net assets (100%) \$'000	Mirvac carrying value of net assets \$'000
2008						
177 Salmon Street Trust	55	11	10	511	(501)	-
Archbold Road Trust	-	-	77	14	63	30
Chantrey City Regeneration Fund	(951)	(212)	78,426	46,790	31,636	5,104
Freespirit Resorts Pty Limited	131	72	3,084	3,785	(700)	-
Mirvac Industrial Fund	-	26	-	-	-	-
Mirvac Real Estate Investment Trust ¹	6,761	1,608	1,479,995	676,720	803,275	130,966
Mirvac Wholesale Hotel Fund ²	9,697	4,492	537,373	209,880	327,493	122,248
Mirvac Industrial Trust ³	(12,884)	(1,334)	716,020	449,090	266,930	21,602
New Forests Pty Limited	(733)	(147)	4,637	1,516	3,121	478
Spring Farm	-	(1,338)	-	-	-	-
BAC Devco Pty Limited	2,708	-	119,743	116,625	3,118	191
Mindarie Keys Joint Venture	21,064	2,480	23,456	10,654	12,802	2,019
Panorama Joint Venture	-	-	-	-	-	3
Universal Portfolio Services Pty Limited	1,134	1,660	1,409	200	1,209	-
Tuckerbox Pty Limited	19,013	190	381,762	178,740	203,022	1,494
Diggers Rest Pty Limited	-	-	180	-	180	45
	45,995	7,508	3,346,172	1,694,525	1,651,648	284,180

¹ The Mirvac Group has impaired the carrying amount of it's investment by \$50,813,000. Refer to Note 29 (c) for the basis of valuing the carrying value of the investment.

² Mirvac Wholesale Hotel Fund has previously revalued its assets and resulted in a revaluation surplus of \$52 million that was applied to the Fund's asset revaluation reserve. The Mirvac Group did not account for this surplus in its carrying amount of the investment.

³ The Mirvac Group has impaired the carrying amount of it's investment by \$20,297,000. Refer to Note 29 (c) for the basis of valuing the carrying value of the investment.

The carrying amounts reported by the Group have been adjusted for unrealised profit from transactions with the Group. The total amount adjusted is \$4,919,000.

Mirvac Group
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29. Investments in associates (continued)

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Movements in carrying amounts				
Carrying amount at the beginning of the year	220,191	218,371	-	-
Transfers from joint ventures	123,072	122	-	-
Unrealised profit adjustments	2,655	(1,819)	-	-
New investment during the reporting period	33,618	29,706	-	-
Equity sold	(6,544)	-	-	-
Distributions received	(21,689)	(53,664)	-	-
Repayment of capital contributions	(2,398)	-	-	-
Share of profit from ordinary operating activities	7,508	27,475	-	-
Impairment of investment	(71,110)	-	-	-
Other	(1,123)	-	-	-
Carrying amount at end of the financial year	284,180	220,191	-	-
Associate entities – Mirvac Group's aggregate share of entities' assets and liabilities				
Current assets	58,479	53,491	-	-
Non-current assets	688,419	377,805	-	-
Total assets	746,898	431,296	-	-
Current liabilities	180,567	27,826	-	-
Non-current liabilities	185,001	174,867	-	-
Total liabilities	365,568	202,693	-	-
Net assets	381,330	228,603	-	-
Mirvac Group's aggregate share of entities' revenues, expenses and results				
Revenues	68,993	46,796	-	-
Expenses	(59,096)	(19,299)	-	-
Profit before income tax	9,897	27,497	-	-
Share of associates expenditure commitments				
Capital commitments	51,230	6,700	-	-
Market value of listed investments in associates:				
Mirvac Real Estate Investment Trust	89,502	169,480	-	-
Mirvac Industrial Trust	12,178	38,068	-	-
Australian Hotel Trust	-	3,539	-	-

Mirvac Group
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29. Investments in associates (continued)

(b) Investment in associates accounted for at fair value:

Name	Principal activities	Ownership		Consolidated		Parent entity	
		2008	2007	2008	2007	2008	2007
		%	%	\$'000	\$'000	\$'000	\$'000
James Fielding Infrastructure Yield Fund	Infrastructure investment	22%	22%	19,262	17,770	-	-

(c) Impairment of investment

The Mirvac Group currently holds an investment in the listed entities Mirvac Real Estate Investment Trust and Mirvac Industrial Trust of which it also acts as Responsible Entity. 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.

In valuing Mirvac Real Estate Investment Trust, a post-tax discount rate of 9% was applied to future estimated distributions, which resulted in an impairment expense of \$50,813,000. In valuing Mirvac Industrial Trust, a post-tax discount rate of 13% was applied to future estimated distributions, which resulted in an impairment expense of \$20,297,000.

30. Investments in joint ventures

Joint venture entities include corporations, partnerships and other entities and are equity accounted and included in interest in Joint ventures – refer note 13.

Name	Principal activities	Ownership		Consolidated		Parent entity	
		2008	2007	2008	2007	2008	2007
		%	%	\$'000	\$'000	\$'000	\$'000
197 Salmon Street Trust	Property investment	50%	50%	55,476	55,187	-	-
Australian Centre for Life Long Learning	Property development	50%	50%	8,714	21,914	-	-
Bankstown Airport Development Pty Limited	Property development	50%	50%	4	3	-	-
Bargara Lifestyle Development Pty Limited	Property development	50%	50%	574	574	-	-
BL Developments Pty Limited	Property development	50%	50%	41,947	37,354	-	-
Breakwater Joint Venture	Property development	0%	50%	-	-	-	-
Chantrey City Regeneration Fund ²	Property development	20%	80%	-	10,918	-	-
Chantrey Limited ³	Property investment	50%	50%	4,963	6,133	-	-
City West Property Investments (No.1) Trust	Property development	50%	-	8,395	-	-	-
City West Property Investments (No.2) Trust	Property development	50%	-	8,395	-	-	-
City West Property Investments (No.3) Trust	Property development	50%	-	8,395	-	-	-
City West Property Investments (No.4) Trust	Property development	50%	-	8,395	-	-	-
City West Property Investments (No.5) Trust	Property development	50%	-	8,395	-	-	-
City West Property Investments (No.6) Trust	Property development	50%	-	8,395	-	-	-
CN Collins	Property development	50%	-	15,000	-	-	-

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30. Investments in joint ventures (continued)

Name	Principal activities	Ownership		Consolidated		Parent entity	
		2008	2007	2008	2007	2008	2007
		%	%	\$'000	\$'000	\$'000	\$'000
Domaine Investment Trust	Funds management	50%	50%	633	357	-	-
Domaine Property Funds Limited ¹	Funds management	100%	50%	-	15,757	-	-
Prosaine Management Pty Limited	Funds management	50%	-	393	-	-	-
Ephraim Island Joint Venture	Property development	50%	50%	20,036	31,763	-	-
High Sky Pty Limited	Property development	33%	33%	-	22	-	-
HPAL Freehold Pty Limited	Property development	50%	50%	416	416	-	-
Infocus Infrastructure Management Pty Limited	Facility management	50%	50%	1,672	691	-	-
J F Infrastructure Pty Limited	Funds management	50%	50%	-	1,551	-	-
Lifestyle Villages Management Pty Limited	Property development	50%	50%	100	100	-	-
Lifestyle Villages Trust	Property development	50%	50%	2,054	2,054	-	-
Mirvac Aust Super Pty Limited	Property investment/development	50%	50%	23,484	18,149	-	-
Mirvac Lend Lease Village Consortium/Newington Olympic Village	Property development	50%	50%	7,823	9,892	-	-
Mirvac Pacific Pty Limited	Property development	50%	50%	21,462	28,303	-	-
Mirvac Wholesale Hotel Fund ²	Hotel investment	45%	49%	-	141,936	-	-
Mirvac Wholesale Residential Development Partnership Trust	Property development	20%	20%	11,065	6,218	-	-
MVIC Finance 2 Pty Limited	Property development	50%	50%	37	37	-	-
New Zealand Sustainable Forestry Investors	Property investment	33%	33%	15,804	15,678	-	-
Old Wallgrove Road Trust	Property investment	50%	50%	2,228	7,830	-	-
Phoenix Estates Pty Limited	Property development	50%	50%	-	149	-	-
Property Funds Australia Limited ¹	Funds management	100%	50%	-	7,192	-	-
Quadrant Real Estate Advisors LLC	Funds management	50%	50%	1,874	-	-	-
Rockbank	Property development	50%	50%	14,100	14,378	-	-
Swanbourne Joint Venture	Property development	50%	50%	15,773	16,976	-	-
Walsh Bay Partnership	Property development	50%	50%	-	221	-	-
				316,002	451,753	-	-

¹ The Mirvac Group acquired the remaining shares of these entities during the period and they are now controlled entities of the group.

² Entities transferred to investments in associates. Refer to Note 29 for details.

³ The Mirvac Group acquired the remaining shares of this entity on 1 July 2008.

All joint venture entities are incorporated in Australia with the exception of Quadrant Real Estate Advisors, LLC which is incorporated in the United States and Chantrey Limited which is incorporated in the United Kingdom.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

30. Investments in joint ventures (continued)

	Profit (100%) \$'000	Mirvac share of net profit/(loss) \$'000	Total assets (100%) \$'000	Total liabilities (100%) \$'000	Net assets (100%) \$'000	Mirvac carrying value of net assets \$'000
2008						
197 Salmon Street Trust	7,845	3,923	115,710	2,610	113,100	55,476
Australian Centre for Life Long Learning	(4,956)	(2,478)	85,675	94,858	(9,183)	8,714
Bankstown Airport Development Pty Limited	2	1	14	7	7	4
Bargara Lifestyle Development Pty Limited	82	-	8,823	10,265	(1,442)	574
BL Developments Pty Limited	13,219	7,034	147,542	55,190	92,352	41,947
Chantrey Limited	(886)	(417)	2,342	1,576	766	4,963
City West Property Investments (No 1) Trust	27	-	16,832	7	16,825	8,395
City West Property Investments (No 2) Trust	27	-	16,832	7	16,825	8,395
City West Property Investments (No 3) Trust	27	-	16,832	7	16,825	8,395
City West Property Investments (No 4) Trust	27	-	16,832	7	16,825	8,395
City West Property Investments (No 5) Trust	27	-	16,832	7	16,825	8,395
City West Property Investments (No 6) Trust	27	-	16,832	7	16,825	8,395
CN Collins	-	-	30,000	-	30,000	15,000
Domaine Investment Trust	551	276	6,247	5,603	644	633
Domaine Property Funds Limited	-	(110)	-	-	-	-
Prosaine Management Pty Limited	784	295	730	500	230	393
Ephraim Island Joint Venture	(195)	(97)	111,013	72,013	39,000	20,036
High Sky Pty Limited	-	(15)	-	-	-	-
HPAL Freehold Pty Limited	3,253	-	46,307	42,878	3,429	416
Infocus Infrastructure Management Pty Limited	1,561	781	4,532	1,805	2,727	1,672
JF Infrastructure Pty Limited ¹	(171,581)	(85,791)	10,577	178,678	(168,101)	-
Lifestyle Villages Management Pty Limited	-	-	-	-	-	100
Lifestyle Villages Trust	-	-	8,080	5,985	2,095	2,054
Mirvac Aust Super Pty Limited	1,137	568	76,794	29,826	46,968	23,484

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

30. Investments in joint ventures (continued)

	Profit (100%) \$'000	Mirvac share of net profit/(loss) \$'000	Total assets (100%) \$'000	Total liabilities (100%) \$'000	Net assets (100%) \$'000	Mirvac carrying value of net assets \$'000
Mirvac Lend Lease Village Consortium/Newington Olympic Village	12,041	3,354	44,769	28,920	15,849	7,823
Mirvac Pacific Pty Limited	(75)	(38)	115,915	77,990	37,925	21,462
Mirvac Wholesale Residential Development Partnership Trust	530	106	381,594	190,003	191,591	11,065
MVIC Finance 2 Pty Limited	4	-	93	12	82	37
New Zealand Sustainable Forestry Investors	2,035	678	71,734	26,276	45,458	15,804
Old Wallgrove Road Trust ²	765	383	9,266	65	9,201	2,228
Phoenix Estates Pty Limited	-	(149)	-	-	-	-
Property Funds Australia Limited	-	568	-	-	-	-
Quadrant Real Estate Advisors LLC	(2,195)	(1,309)	8,590	11,480	(2,891)	1,874
Rockbank	(556)	(278)	28,505	311	28,194	14,100
Swanbourne Joint Venture	37,761	15,943	7,424	-	7,424	15,773
Walsh Bay Partnership	(1,084)	(747)	542	4,287	(3,745)	-
Mirvac Aqua Pty Limited	(314)	(195)	580	5,444	(4,864)	-
	(100,110)	(57,714)	1,424,390	846,624	577,766	316,002

The carrying amounts reported by Mirvac Group have been adjusted for unrealised profit from transactions with the Group. The total amount adjusted is \$33,444,000.

- ¹ The Mirvac Group's share of loss in this investment is \$85,791,000. This has resulted in the shortfall of \$84,241,000. the Mirvac Group has offset this amount with its loan to the joint venture.
- ² The Mirvac Group has impaired the carrying amount of it's investment by \$5,000,000. Refer to Note 30 (a) for details of impairment.

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Movement in carrying amounts				
Carrying amount at the beginning of the financial year	451,753	209,206	-	-
Transfers to associates	(123,072)	-	-	-
New investment during the reporting period	152,466	339,070	-	-
Excess loss over equity invested written off against loans	66,534	-	-	-
Equity sold	(21,305)	-	-	-
Distributions received	(56,912)	(58,006)	-	-
Joint venture partners (contributions)/distributions	5,777	(48,500)	-	-
Unrealised profit/(loss)	(17,322)	(15,575)	-	-
Share of profit/(loss) from ordinary operating activities	(57,716)	25,558	-	-
Transfer to investment in controlled entities	(71,082)	-	-	-
Provision for deferred settlements recognised during the period	15,879	-	-	-
Impairment of investment	(5,000)	-	-	-
Reclassified to loans to related entities	(21,325)	-	-	-
Other	(2,673)	-	-	-
Carrying amount at the end of the financial year	316,002	451,753	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

30. Investments in joint ventures (continued)

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Joint venture entities – Mirvac Group's aggregate share of entities' assets and liabilities				
Current assets	147,435	182,857	-	-
Non-current assets	438,085	303,949	-	-
Total assets	585,520	486,806	-	-
Current liabilities	145,491	109,356	-	-
Non-current liabilities	216,353	129,852	-	-
Total liabilities	361,844	239,208	-	-
Net assets	223,676	247,598	-	-
Mirvac Group's aggregate share of entities' revenues, expenses and results				
Revenues	188,574	127,569	-	-
Expenses	(244,538)	(102,011)	-	-
Profit before income tax	(55,964)	25,558	-	-
Share of joint venture expenditure commitments				
Capital commitments	14,300	845	-	-

(a) Impairment of investment

Investments 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. In valuing Old Wallgrove Road Trust a review of the carrying value of the investment to the fair value less costs to sell of the assets of the entity resulted in an impairment expense of \$5,000,000.

31. Contingent liabilities

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Bank guarantees and performance bonds issued by external parties in respect of certain performance obligations granted in the normal course of business	112,856	81,161	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

31. Contingent liabilities (continued)

Performance guarantees

The Mirvac Group has also provided performance guarantees which are indeterminable in amount in the course of normal business.

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

Contingent commitments

The Mirvac Group has entered into an agreement in relation to acquiring the remaining interest in a joint venture. The option under the agreement is exercisable on or after May 2009. The sale price is calculated on a percentage of 'funds under management' at settlement date. No amount has been recognised on the balance sheet as at 30 June 2008 as the option price cannot presently be reliably estimated. It is expected that the amount payable will be less than \$7 million.

32. Commitments

(a) Capital commitments

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Investment properties				
Not later than one year	102,617	88,923	-	-
Later than one year but not later than 5 years	13,215	150,634	-	-
Later than 5 years	-	-	-	-
	115,832	239,557	-	-
Operating leases				
Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:				
Not later than one year	5,898	4,067	-	-
Later than one year but not later than 5 years	24,224	11,362	-	-
Later than 5 years	4,814	7,050	-	-
	34,936	22,479	-	-
Finance leases				
Commitments in relation to finance leases are payable as follows:				
Not later than one year	-	33	-	-
Later than one year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Minimum lease payments	-	33	-	-
Less: Future finance charges	-	-	-	-
Representing lease liabilities	-	-	-	-
Current (note 20)	-	33	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

33. Key Management Personnel

(a) Directors

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

Chairman – Non-Executive Director

J A C MacKenzie

Executive Directors

G J Paramor, Managing Director (retired 26 August 2008)

N R Collishaw (appointed Managing Director 26 August 2008)

A G Fini

Non-executive Directors

P J Biancardi

P J O Hawkins

P Morris

R W Turner

(b) Other Key Management Personnel

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

Name	Position	Employer
E I Campbell	Chief Executive Western Australia	Mirvac Projects Pty Limited
J Carfi	Chief Executive New South Wales (appointed 21 April 2008)	Mirvac Projects Pty Limited
G J Collins	Chief Executive Victoria	Mirvac Projects Pty Limited
B Draffen	Chief Executive Development (appointed 21 April 2008 formerly Chief Executive New South Wales)	Mirvac Projects Pty Limited
C R Freeman	Chairman, Mirvac UAE, UK and QLD Development (appointed 21 April 2008 formerly Chief Executive Queensland)	Mirvac Projects Pty Limited
A Harrington	Joint Chief Executive Funds Management	Mirvac Projects Pty Limited
G B Hodgetts	Joint Chief Executive Funds Management	Mirvac Projects Pty Limited
J M Mitchell	Chief Financial Officer	Mirvac Projects Pty Limited
T J Regan	Chief Operating Officer	Mirvac Projects Pty Limited
A J Turner	Chief Executive Hotels	Mirvac Projects Pty Limited
M J Wallace	Chief Executive Queensland (appointed 21 April 2008)	Mirvac Projects Pty Limited

(c) Key Management Personnel compensation

The Mirvac Group has applied the exemption under Corporation Amendments Regulation 2006 which exempts listed companies from providing remuneration disclosures in relation to their Key Management Personnel in their annual financial reports by Accounting Standard AASB 124 Related Party Disclosures. These remuneration disclosures are provided on pages 13 to 27 of the Directors' Report.

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Short-term employment benefits	12,208	10,797	1,228	699
Post-employment benefits	583	865	177	475
Share-based payments	2,807	590	-	590
Termination benefits	-	1,267	-	-
Other long term benefits	151	90	-	-
Total	15,749	13,609	1,405	1,764

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

33. Key Management Personnel (continued)

(d) Equity instrument disclosures relating to Key Management Personnel

(i) Security holdings

The number of ordinary securities in the Mirvac Group held during the financial year by each Director and other Key Management Personnel, including their personally-related parties, are set out below:

2008	Balance at start of the year	Securities issued under EEP	Other changes	Balance at end of the year
Directors				
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	55,886	-	92	55,978
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
Other Key Management Personnel				
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

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

33. Key Management Personnel (continued)

2007	Balance at start of the year	Securities issued under EIS/LTI/EEP	Other changes	Balance at end of the year
Directors				
P J Biancardi	7,000	-	1,041	8,041
N R Collishaw	1,371,749	77,306	2,082	1,451,137
A G Fini	6,105,675	77,306	2,597,065	8,780,046
P J O Hawkins	9,000	-	9,684	18,684
J A C MacKenzie	53,751	-	2,115	55,866
P Morris	-	-	42,841	42,841
G J Paramor	5,414,938	339,495	1,041	5,755,474
R W Turner	65,224	-	2,864	68,088
Other Key Management Personnel				
G J Collins	118,925	43,376	1,194	163,495
E I Campbell	53,285	31,037	1,041	85,363
B Draffen	78,523	58,027	-	136,550
C R Freeman	252,372	67,667	-	320,039
A Harrington	857,816	48,388	(298,518)	607,686
G B Hodgetts	46,383	48,196	1,056	95,635
R P Lynch (resigned 9 August 2006)	708,546	-	(708,546)	-
T J Regan	733,116	58,027	(158,518)	632,625
A J Turner	633,692	48,388	(41,959)	640,121

(ii) Options

Details of options as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options are provided on pages 13 to 27 of the Directors' Report.

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

2008	Balance at start of the year	Options issued under LTI	Balance at end of the year	Unvested
Directors				
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
Other key personnel				
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
M J Wallace	-	-	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

33. Key Management Personnel (continued)

(iii) Performance rights

Details of performance rights as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options are provided on pages 13 to 27 of the Directors' Report.

The number of performance rights in the Mirvac Group 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	Balance at end of the year
2008			
Directors			
N R Collishaw	-	116,360	116,360
A G Fini	-	116,360	116,360
G J Paramor	-	327,270	327,270
Other key personnel			
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

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

33. Key Management Personnel (continued)

(e) Loans to Directors and Key Management Personnel

Details of loans made to Directors of Mirvac and other Key Management Personnel (including loans granted under LTI and EIS), including their personally-related parties, are set out below.

(i) Aggregates for Directors and Key Management Personnel

	Balance at the start of the year \$	Interest not charged (e) \$	Balance at the end of the year \$	Number in Mirvac Group at end of the year Number
2008	20,289,822	180,817	20,149,564	14
2007	18,346,678	307,303	20,289,822	13

(ii) Individuals with loans above \$100,000 during the financial year

2008	Note	Balance at the start of the year \$	Interest not charged (e) \$	Balance at the end of the year \$	Highest indebtedness during the year (f) \$
Directors					
G J Paramor	(a)	2,396,128	-	2,282,472	2,396,128
	(c)	2,768,500	-	2,768,500	2,768,500
N R Collishaw	(a)	1,080,308	-	1,001,459	1,080,308
	(c)	1,004,500	-	1,004,500	1,004,500
A G Fini	(a)	1,108,618	-	1,046,608	1,108,618
	(b)	800,000	92,150	680,000	800,000
Other Key Management Personnel					
E I Campbell	(a)	346,205	-	329,200	346,205
	(b)	-	9,059	80,000	140,000
J Carfi	(a)	356,743	-	336,743	356,743
	(b)	180,000	19,834	140,000	260,000
G J Collins	(a)	495,145	-	463,042	495,145
	(b)	-	8,911	80,000	140,000
B Draffen	(a)	585,491	-	555,217	585,491
	(b)	500,000	67,758	500,000	500,000
C R Freeman	(a)	1,189,401	-	1,118,430	1,189,401
	(b)	600,000	67,721	480,000	600,000
A Harrington	(a)	698,573	-	661,766	698,573
	(c)	1,641,164	-	1,641,164	1,641,164
G B Hodgetts	(a)	434,782	-	413,784	434,782
J M Mitchell	(a)	473,015	-	456,328	473,015
T J Regan	(a)	811,640	-	768,934	811,640
	(c)	1,764,000	-	1,764,000	1,764,000
A J Turner	(a)	1,200,325	-	730,092	1,200,325
	(b)	480,000	56,916	420,000	480,000
M J Wallace	(a)	370,042	-	347,329	370,042
	(b)	140,000	15,631	80,000	220,000

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

33. Key Management Personnel (continued)

2007	Note	Balance at the start of the year \$	Interest not charged (e) \$	Balance at the end of the year \$	Highest indebtedness during the year (f) \$
Directors					
G J Paramor	(a)	703,265	-	2,396,128	2,463,265
	(c)	2,768,500	-	2,768,500	2,768,500
N R Collishaw	(a)	754,083	-	1,080,308	1,154,083
	(c)	1,004,500	-	1,004,500	1,004,500
A G Fini	(a)	760,531	-	1,108,618	1,160,531
	(b)	800,000	97,197	800,000	800,000
Other Key Management Personnel					
E I Campbell	(a)	201,028	-	346,205	361,028
	(b)	180,000	3,714	-	180,000
G J Collins	(a)	296,650	-	495,145	521,650
	(b)	180,000	3,714	-	180,000
B Draffen	(a)	308,677	-	585,491	608,677
	(b)	-	20,804	500,000	500,000
C R Freeman	(a)	901,038	-	1,189,401	1,251,038
	(b)	720,000	75,375	600,000	720,000
A Harrington	(a)	482,482	-	698,573	732,482
	(c)	2,836,400	-	1,641,164	2,836,400
G B Hodgetts	(a)	200,000	-	434,782	450,000
R P Lynch (resigned 9 August 2006)	(b)	200,000	4,127	-	200,000
M V O'Brien (resigned 6 July 2006)	(b)	225,000	20,522	-	225,000
T J Regan	(a)	546,886	-	811,640	846,886
	(c)	2,395,400	-	1,764,000	2,395,400
A J Turner	(a)	1,050,350	-	1,200,325	1,300,350
	(b)	540,000	59,556	480,000	540,000

- a) Securities purchased under the LTI, EIS and former JFG EIS are by interest-free employee loans. The loans are non-recourse in the event of disposal. The stapled securities issued are held as security until the loans are repaid.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

33. Key Management Personnel (continued)

- b) Loans made under the Employee Loan Scheme are interest-free employee loans, repayable over periods from 6 to 10 years, and repayable in full upon the member ceasing to be an employee. The loans are secured by mortgage over the property or securities purchased. Loans issued under the Employee Loan Scheme are subject to a periodic forgiveness schedule and may also be subject to terms set out in the service agreements noted above.
- c) Securities issued under the former JFG EIS and converted to Mirvac securities are interest bearing employee loans. The loans are non-recourse in the event of disposal. The stapled securities issued are held as security until the loans are repaid.
- d) Interest not charged excludes loans issued under LTI and EIS.
- e) Loan repayments are made partly from distributions and from sales of underlying securities.

Other than loans forgiven to specified executives as disclosed in the Remuneration Report, no write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to Directors or specified executives.

(f) Other transactions with Directors and Key Management Personnel

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 A C MacKenzie was formerly a consultant to the accounting firm Deloitte Touche Tohmatsu ("Deloitte") until February 2008. Mr MacKenzie received no fees for this position and this position was not dependent on introducing, and did not require Mr MacKenzie to introduce, new clients to Deloitte. Mr MacKenzie did not share in any profits of the firm. Mirvac has enjoyed a long standing relationship with Deloitte dating back a number of years before Mr MacKenzie joined the Mirvac Board in January 2005. The relationship between Mirvac and Deloitte has continued independently of Mr MacKenzie's role as a Board member of Mirvac, with Deloitte retained to provide specialist, non auditing services to the Mirvac Group. For the year ending 30 June 2008 Mirvac paid fees of \$279,524 to Deloitte.

Mr A G Fini is a Director of Fini Mirvac Group Management Pty Limited, the landlord at Mirvac Fini's head offices at Hay Street, Perth. Total rent paid for the financial year was \$408,273.

Mr A G Fini leases an investment property to Mirvac as a display home at Hollywood Terraces. Total rent paid for the financial year was \$3,557.

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 N.R 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. GG Espresso Pty Limited was appointed to provide this service following a tender process in which Mr Collishaw took no part due to his interest in the matter.

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

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34. Employee benefits

(a) Employee benefit and related on-cost liabilities

	Consolidated	
	2008	2007
	\$'000	\$'000
Provision for employee benefits		
Accruals	18,766	16,537
Current	4,814	5,804
Non-current	7,449	5,381
Aggregate employee benefit and related on-cost liabilities	31,029	27,722

The aggregate employee benefit and related on-cost liability includes amounts for annual leave and long service leave. The amount for long service leave that is expected to be settled more than twelve months from the reporting date is measured at its present value.

(b) Superannuation committee

Mirvac Limited and its controlled entities participate in a voluntary accumulation plan. The plan provides lump sum benefits on retirement, disability or death for employees who are invited by their employer to join the plan.

Employees are not required to make contributions but may contribute voluntarily. The employers contribute such amounts as are agreed with the employees concerned. These contributions are legally enforceable. There are sufficient funds available to meet any benefits that would have vested under the plan in the event of termination of the plan or the voluntary or compulsory termination of the employment of any employee.

(c) Employee security/unit issues

The total of all securities issued under all employee security schemes is limited to 5% of the issued securities of the stapled group in any five year period.

(d) Long-term Incentive (LTI) Plans

- **Employee exemption plan (EEP)**

The Mirvac Group has in operation a general employee exemption plan whereby offers are made to eligible Australian based employees (but not to Non-Executive Directors) to acquire Mirvac Group stapled securities to a value of \$1,000 per annum tax free. Securities acquired under this plan must be held for a minimum of three years (or earlier cessation of employment with the Group) during which time the securities are subject to a restriction on disposal but otherwise holders enjoy the same rights and benefits as other holders of Mirvac Group's stapled securities. As at 30 June 2008, 664,588 stapled securities have been issued to employees under this general employee exemption plan. No securities have subsequently been issued in the period from 30 June 2008 to the date of this Report.

- **Current LTI plan**

The Mirvac Group's current long-term incentive scheme was introduced in 2007 following approval by securityholders at the 2007 Annual General and General Meetings. This plan applies to the Managing Director, Executive Directors, Senior Executives and other executive employees only.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

34. Employee benefits (continued)

Under this plan participants are offered performance rights over Mirvac Group's stapled securities which can only be exercised if certain performance conditions are achieved over a three year period. For the Managing Director, Executive Directors and Senior Executives a portion of this award also comprises options over Mirvac Group's stapled securities. Grants of options will be limited to these employees only as they have the greatest capacity to drive the growth of Mirvac.

Two performance conditions apply to the grants made in the current financial year; being measured based on: Relative Total Securityholder Return (TSR); and Absolute, Compound Earnings per Security (EPS) growth. The satisfaction of each condition is given an equal weighting in terms of the total number of performance rights (and options for the Senior Executive group) that may vest. Entitlements to the performance rights and to exercise the options will only arise if thresholds are achieved:

As at 30 June 2008, 2,910,520 performance rights and 4,246,500 options were issued to participants under the plan. No performance rights or options vested during the year to 30 June 2008.

- **Superseded plans**

Two previous long-term incentive plans were closed with the introduction of the current plan. Subject to the conditions for disposal of securities issued under the superseded Long-term Incentive and Employee Incentive Scheme, loans are non-recourse in the event of disposal.

- **Employee Incentive Scheme**

Until 2006, Mirvac Group's long-term variable remuneration for employees was its Employee Incentive Scheme (EIS). The EIS, which was open to all permanent employees, was designed to widely share the benefits of the Group's performance through the provision of loans to purchase Mirvac Group's stapled securities. Allocations were made annually, were unrestricted and fully vested on allotment. The loans were repayable via distributions received on the securities or upon their sale.

The EIS scheme was closed to new participants in 2006 as it was no longer considered to be consistent with market practice but existing arrangements remain in place until all current loans are repaid.

- **Long-term incentive Plan**

A revised long-term incentive plan (LTI plan) was introduced in 2006 and approved by members at the Group's 2006 Annual General Meeting. Participation in the plan was open to the Managing Director, Executive Directors, other Executives and eligible employees. Under this plan, participants were offered a loan, calculated as a percentage of a participant's fixed remuneration component, which has been applied to fund the acquisition of Mirvac Group's stapled securities at market value.

The term of the loan is eight years. Any loan balance outstanding at the end of the eighth year must be repaid at that time. The loan is also being reduced by applying the after tax amounts of any distributions paid by Mirvac Group to the outstanding principal. The loans are interest free and non-recourse over their term. However the loan to the Managing Director has been provided on a full recourse basis.

Two performance conditions have been imposed before the securities acquired under the plan vest with the participant; being a measure based on: Relative Total Security Holder Return (TSR); and Absolute Earnings Per Share (EPS) growth

The satisfaction of each condition is given an equal weighting in terms of the total number of securities that may vest (i.e 50% of the total securities held by a participant is subject to each performance condition).

Mirvac Group
Notes to the Consolidated Financial Statements
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34. Employee benefits (continued)

(e) Share based payment expense

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current long-term incentive plan	3,545	-	-	-
Superseded long-term incentive plan	1,567	848	-	848
Employee exemption plan	2,003	1,564	-	1,564
Superseded employee incentive scheme	12	(72)	-	(72)
Total	7,127	2,340	-	2,340

(f) Fair value of security based payment

- Employee Exemption Plan: The nature of the securities allotted under this plan is in substance similar to an option, because loans are non-recourse. The assessed fair value is expensed to the Income Statement as the securities vest immediately.
- LTI Plans: Fair value at grant date have been independently determined using an option pricing model that takes into account the exercise price, the term of securities, the current price of the underlying securities, the expected volatility of the security price, the expected dividend yield and the risk-free interest rate for the term of the security. The fair value of the share based payments is calculated using the binomial option pricing model.

Assumptions used for the fair value of security based payments are as follows:

i) Share based payment inputs for the current LTI plan :

	Performance options	Performance rights
Grant date	19/11/2007	19/11/2007
Spot price at grant date (\$)	5.79	5.79
Expected life (years)	3.8	2.6
Expected volatility of security price (annualised %)	22	22
Expected dividend yield (%)	5.5	5.5
Risk-free interest rate (%)	6.4	6.5
Vesting period (years)	3	3

ii) Share based payment inputs for the superseded LTI plan and the EEP issues during the period:

	LTI	Employee exemption plan	Employee exemption plan
Grant date	14/12/2006	14/12/2006	11/10/2007
Spot price at grant date (\$)	5.34	5.34	5.70
Expected life (years)	8	n/a	n/a
Expected volatility of security price (annualised %)	16.6	n/a	n/a
Expected dividend yield (%)	6.5	n/a	n/a
Risk-free interest rate (%)	6	n/a	n/a
Vesting period (years)	2.5	n/a	n/a

Mirvac Group
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34. Employee benefits (continued)

(g) Mirvac Executive Share and Option Plan (MESOP)

The plan was adopted by a special resolution at the annual general meeting of the members of Mirvac Limited on 6 November 1996. The MESOP is limited to executives of Mirvac Limited approved by the Board. Participating executives do not receive benefits unless targets are achieved. Funds for the acquisition of fully paid ordinary securities under the MESOP Scheme are limited to the lesser of:

- i) 5% of the Mirvac Group annual pre-tax aggregated net profit, or
- ii) \$2,000,000

No securities were acquired during the year ended 30 June 2008 (2007: nil). At 30 June 2008 the number of acquired securities outstanding under the MESOP was 25,508 (2007: 48,539).

(h) Employee Loan Scheme

The Employee Loan Scheme was approved by a special resolution of the members of Mirvac Limited on 26 August 1987. Under the terms of the loans scheme, loans are only made to eligible employees (including executive Directors), under terms and conditions at the discretion of the Directors of Mirvac Limited. Eligibility under the loan scheme is at the discretion of the Directors of Mirvac Limited.

The total of all loans issued under the loan scheme shall not exceed 2.5% of the total issued share capital and reserves of Mirvac Limited and its controlled entities. Loans are immediately repayable upon the member ceasing to be an employee.

At 30 June 2008 loans totalling \$4,003,000 (2007: \$5,656,000) were offered to employees, \$4,003,000 (2007: \$5,506,000) of which were drawn down at 30 June 2008. These loans have a periodic forgiveness schedule.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

35. Related parties

(a) Subsidiaries

Interests in subsidiaries are set out in note 15.

(b) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 33.

(c) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Transactions with Parent				
Dividend income received from subsidiaries	-	-	-	108,011
Interest paid to Mirvac Property Trust	-	-	12,553	12,916
Amounts due from subsidiaries	-	-	2,603,061	2,199,761
Transactions with associates and joint ventures				
Project development fees	16,370	5,532	-	-
Management and service fees	50,341	3,412	-	-
Construction billings	154,015	10,043	-	-
Sale of assets to funds	100,395	177,919	-	-
Commissions	6,181	2,189	-	-
Rentals	-	231	-	-
Responsible entity fees	34,999	16,022	-	-

(d) 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:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current receivables				
Associates and joint ventures	66,934	211,259	-	-
Non-current receivables				
Associates and joint ventures	110,767	56,613	-	-

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.

Mirvac Group
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35. Related parties (continued)

(e) Terms and conditions

Transactions relating to dividends are on the same terms and conditions that applied to other shareholders.

The terms of the tax funding agreement are set out note 6 (d).

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.

36. Financial risk management

The Mirvac Group'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 Mirvac Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Mirvac Group. The Mirvac Group 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 Group 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 Group Treasury identifies, evaluates, reports and manages financial risks in close co-operation with the Mirvac Group's operating units in accordance with board policy.

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

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	29,273	25,294	8,038	-
Receivables	492,701	542,046	2,607,508	2,208,319
Other financial assets at fair value through profit or loss	19,262	17,770	-	-
Derivative financial assets	95,127	69,861	-	-
	636,363	654,971	2,615,546	2,208,319
Financial liabilities				
Payables	341,774	375,105	1,980,020	1,618,651
Borrowings	2,337,898	2,552,875	-	10,341
Derivative financial liabilities	110,632	85,855	-	-
	2,790,304	3,013,835	1,980,020	1,628,992

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.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

36. Financial risk management (continued)

(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.

(i) Foreign exchange 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 Mirvac Group which are denominated in currencies other than Australian dollars. Mirvac Group foreign exchange risks arise mainly from:

- Borrowings denominated in currencies other than AUD which are predominately USD and GBP
- Investments in offshore operations which are located in the United States, United Kingdom and New Zealand.
- Receipts and payments which are denominated in other currencies.
- Foreign exchange risk on derivatives

The Mirvac Group 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

The Mirvac Group manages its foreign currency borrowings with cross currency swaps which swap the obligations to pay fixed or floating US Dollar principal and interest payments to floating Australian dollars interest payments. Cross currency swaps in place cover 100% of the US Dollar denominated note principal outstanding. These swaps have the same maturity profiles as the underlying note obligations. This removes exposure to interest rates in the US market while creating floating exposures in the domestic market that have been managed to meet the Mirvac Group's target interest rate profile. The foreign currency exchange rate has been fixed for all swaps to AUD/USD 0.76.

At 30 June 2008 the notional amounts and periods of expiry of the cross currency swap contracts are:

	2008 \$'000	2007 \$'000
Greater than 5 years	502,950	502,950

All swaps require settlement on a quarterly basis.

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.

Sensitivity Analysis

Cross currency swaps are in place to manage the foreign exchange exposure on the US Dollar debt. These swaps have the same notional principals and maturity profiles as the underlying note obligations. Based upon current exposures, there is no material foreign exchange sensitivity in the Mirvac Group.

Mirvac Group
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36. Financial risk management (continued)

(ii) Interest rate risk

The Mirvac Group's interest rate risk arises from long-term borrowings, cash, receivables and derivatives.

Borrowings

Borrowings issued at variable rates expose the Mirvac Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Mirvac Group to fair value interest rate risk. The Mirvac Group'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 parent entity has no exposure to interest rates.

The Mirvac Group 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 Mirvac Group 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 Mirvac Group's net exposure to interest rate risk by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as the Mirvac Group intends to hold fixed rate liabilities to maturity.

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	Total \$'000
2008								
Unsecured bank loans	1,228,236	-	-	-	-	-	-	1,228,236
Commercial notes	-	138,000	-	-	-	-	-	138,000
Domestic medium term notes	500,000	-	-	-	-	-	-	500,000
Foreign medium term notes	389,570	-	-	-	-	-	10,000	399,570
Secured bank loans	74,055	-	-	-	-	-	-	74,055
Interest rate swaps	(1,807,000)	282,000	175,000	450,000	200,000	-	700,000	-
Total	384,861	420,000	175,000	450,000	200,000	-	710,000	2,339,861

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Notes to the Consolidated Financial Statements
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36. Financial risk management (continued)

(ii) Interest rate risk (continued)

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	Total \$'000
2007								
Unsecured bank loans	1,398,127	-	-	-	-	-	-	1,398,127
Commercial notes	-	-	138,000	-	-	-	-	138,000
Domestic medium term notes	500,000	-	-	-	-	-	-	500,000
Foreign medium term notes	441,852	-	-	-	-	-	10,000	451,852
Secured bank loans	66,746	-	-	-	-	-	-	66,746
Interest rate swaps	(1,907,000)	200,000	282,000	175,000	450,000	200,000	600,000	-
Lease liabilities	-	33	-	-	-	-	-	33
Total	499,725	200,033	420,000	175,000	450,000	200,000	610,000	2,554,758

Derivative instruments used by the Mirvac Group

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

Mirvac Group 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 79.7% (2007: 79.6%) of the loan principal outstanding. The fixed interest rates range between 5.57% and 6.30% (2007: 5.50% and 6.12%).

At 30 June 2008, the notional principal amounts, interest rates and periods of expiry of the interest rate swap contracts are as follows:

	2008		2007	
	Interest Rates	\$'000	Interest Rates	\$'000
Less than 1 year	5.50% - 6.00%	282,000	5.50% - 6.00%	200,000
1 – 2 years	5.65% - 5.99%	175,000	5.50% - 6.00%	282,000
2 – 3 years	5.23% - 5.95%	450,000	5.65% - 5.99%	175,000
3 – 4 years	5.57% - 5.58%	200,000	5.23% - 5.95%	450,000
4 – 5 years	-	-	5.57% - 5.58%	200,000
Greater than 5 years	5.67% - 6.30%	700,000	5.67% - 6.10%	600,000
		1,807,000		1,907,000

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.

Mirvac Group
Notes to the Consolidated Financial Statements
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36. Financial risk management (continued)

(ii) Interest rate risk (continued)

Cash

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

Receivables

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

	Floating interest rate	Fixed interest maturing in:				Non interest bearing	Total
		1 year or less	Over 1 to 2 years	Over 4 to 5 years			
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Trade receivables	-	-	-	-	95,913	95,913	
Related party receivables	-	2,916	2,920	12,729	167,915	186,480	
Loans to Directors and employees	-	-	-	-	4,003	4,003	
Amounts owing on sale of development property	-	-	-	-	13,500	13,500	
Other receivables	56,148	29,350	-	-	107,307	192,805	
	56,148	32,266	2,920	12,729	388,638	492,701	

	Floating interest rate	Fixed interest maturing in:			Non interest bearing	Total
		1 year or less	Over 1 to 2 years	Over 4 to 5 years		
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	-	-	-	92,035	92,035
Related party receivables	-	-	42,408	-	231,860	274,268
Loans to Directors and employees	-	-	-	-	5,506	5,506
Amounts owing on sale of development property	-	-	-	-	13,757	13,757
Other receivables	24,215	22,838	11,821	-	97,606	156,480
	24,215	22,838	54,229	-	440,764	542,046

Mirvac Group
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36. Financial risk management (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

The Mirvac Group'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 Group's result of a 100 basis point increase in interest rates would be an decrease in profit of \$234,000 (2007: increase of 3,392,000). The impact on the Mirvac Group's result of a 100 basis point decrease in interest rates would be a decrease in profit of \$2,190,000 (2007: decrease of 5,869,000)

The interest rate sensitivities vary on an increase/decrease 100 basis point movement in interest rates due to the interest rate optionality of a small number of derivatives.

(iii) Price risk

The Group is exposed to equity price risk arising from an equity investment. The equity investment is held for the purpose of selling in the near term.

As this investment is not listed, the fund manager provides a unit price each 6 months. At reporting date, if the unit price had been 5% higher or lower, the effect on net profit for the year would have been \$963,000 (2007: \$889,000). This investment represents less than 1% of the Mirvac Group's net assets and therefore represents minimal risk to the group.

(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 Mirvac Group 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 on page 126.

To help manage this risk we have a policy for establishing credit limits for the entities we deal with which is based the size or previous trading experience of the entity. Based upon the size or previous trading experience, we may require collateral, such as bank guarantees in relation to the investment property, leases or deposits taken on residential sales. We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 31.

The credit risk arising from derivatives transactions and cash held in financial institutions exposes the Mirvac Group if the contracting entity is unable complete its obligations under the contracts. The Mirvac Group'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 Mirvac Group'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.

Mirvac Group
Notes to the Consolidated Financial Statements
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36. Financial risk management (continued)

(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 the Mirvac Group's Dividend Reinvestment Plan. The Mirvac Group prepares and updates regular forecasts of the Mirvac 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 parent entity's financial liabilities are largely inter-company loan balances with entities within the Mirvac Group, as such these balances do not pose any liquidity risk to Mirvac.

The main liquidity risk is the ability to refinance current borrowings Mirvac has \$138 million of current liabilities which expire in October 2008. The Group has undrawn facilities of \$1.1 billion which will be used to refinance the current liabilities. It is expected that these facilities will be renewed but at a potentially higher margin. The \$1.1 billion facility matures in June 2009 and discussions are underway to renew these facilities for another term.

(d) Capital risk management

Mirvac Group'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 Group consists of debt and equity. The mix of debt and equity is measured by reference to the Groups gearing ratio not to exceed 40%. At 30 June 2008 the gearing ratio (net debt to total assets) was 30.9 per cent. In order to maintain or adjust the capital structure, we may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Mirvac Group 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 the Mirvac Group's capital structure and future capital requirements, taking into account future capital requirements and market conditions.

Australian Financial Services Licence (AFSL) ratio and Queensland Building licences ratios have been complied with as at 30 June 2008. The Mirvac Group has complied with Borrowing covenant ratios as at 30 June 2008.

The gearing ratios were as follows:

	Consolidated	
	2008	2007
	\$'000	\$'000
Net interest bearing debt less cash ¹	2,421,955	2,588,629
Total assets less cash	7,463,502	7,327,328
Gearing ratio	32.5%	35.3%

¹ US denominated borrowings translated at cross currency instrument rate

Mirvac Group
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36. Financial risk management (continued)

The Mirvac Group's maturity of net and gross settled derivative financial instruments are provided in the following table. No derivatives are held by the parent. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Maturing in: 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						Total
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-interest bearing							
Payables	325,389	16,385	-	-	-	-	341,774
Interest bearing							
Unsecured bank loans	93,346	1,315,188	-	-	-	-	1,408,534
Commercial notes	132,496	-	-	-	-	-	132,496
Medium term notes	38,000	330,442	202,624	-	-	-	571,066
Foreign medium term notes	22,172	22,548	22,782	22,949	23,047	872,778	986,276
Secured bank loans	5,628	77,386	-	-	-	-	83,014
Derivatives							
Net settled (interest rate swaps)	3,590	1,538	(2,246)	-	-	-	2,882
Gross settled (cross currency swaps)							
Outflow	45,964	43,131	43,003	43,613	41,420	1,009,242	1,226,373
(Inflow)	(22,172)	(22,548)	(22,782)	(22,949)	(23,047)	(872,778)	(986,276)
Total	644,413	1,784,070	243,381	43,613	41,420	1,009,242	3,766,139

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

36. Financial risk management (continued)

	Maturing in: 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						
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	Total \$'000
Non-interest bearing							
Payables	281,979	93,126	-	-	-	-	375,105
Interest bearing							
Unsecured bank loans	90,179	1,034,118	477,037	-	-	-	1,601,334
Commercial notes	8,004	140,500	-	-	-	-	148,504
Medium term notes	32,250	32,250	325,835	202,227	-	-	592,562
Foreign medium term notes	53,022	26,690	26,504	26,536	26,632	991,245	1,150,629
Secured bank loans	4,305	4,305	69,294	-	-	-	77,904
Lease liabilities	35	-	-	-	-	-	35
Derivatives							
Net settled (interest rate swaps)	823	1,460	(1,030)	(1,551)	-	-	(298)
Gross settled (cross currency swaps)							
Outflow	78,712	40,327	38,994	39,353	38,535	989,015	1,224,936
(Inflow)	(53,022)	(26,690)	(26,504)	(26,536)	(26,632)	(991,245)	(1,150,629)
Total	496,287	1,346,086	910,130	240,029	38,535	989,015	4,020,082

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

37. Remuneration of auditors

PricewaterhouseCoopers (PwC) earned the following remuneration from the Mirvac Group during the year:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Assurance services				
Audit services				
Audit and review of financial reports				
Australian firm	1,490,000	1,168,000	-	-
Total remuneration for audit services	1,490,000	1,168,000	-	-
Other assurance and advisory services				
Australian firm				
Compliance services and regulatory returns	469,000	373,000	-	-
Financial due diligence and transactions	826,000	516,000	-	-
	1,295,000	889,000	-	-
Related practices				
Financial due diligence and transactions	598,000	-	-	-
	598,000	-	-	-
Total remuneration for other assurance services	1,893,000	889,000	-	-
Total remuneration for assurance services	3,383,000	2,057,000	-	-
(b) Taxation services				
Tax compliance services				
Australian firm	1,141,000	1,579,837	-	-
Related practices of PwC Australia	398,000	-	-	-
Total remuneration for taxation services	1,539,000	1,579,837	-	-

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

38. Note to the cash flow statement

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
a) Reconciliation of cash				
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				
Cash on hand	288	411	-	-
Cash at bank	28,865	24,746	8,038	-
Deposits at call	120	137	-	-
Cash assets	29,273	25,294	8,038	-
b) Reconciliation of net cash inflows/(outflows) from operating activities to profit after tax				
Profit after tax	175,394	567,431	959	85,760
Revaluation of investment properties	(146,270)	(239,460)	-	-
Depreciation and amortisation	27,728	25,847	-	-
Provision for loss on inventory	219,871	12,258	-	-
(Profit)/loss on sale of non-current assets	(107,982)	(51,959)0	-	-
Share based payments expense	7,127	848	-	848
Unrealised (gain) on held for sale assets	-	(13,988)	-	-
Unrealised gain on financial instruments	(333)	22,402	-	12,434
Unrealised gain on foreign exchange	5,120	(49,263)	-	-
Impairment expense	95,020	-	-	-
Share of profits of associates and joint ventures not received as distributions	50,208	(53,032)	-	-
Dividends from Joint venture partnerships	77,897	69,789	-	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity:				
(Decrease)/increase in income taxes payable	(23,312)	(18,156)	(12,230)	(17,826)
Increase/(decrease) in tax effected balances	(11,635)	(25,104)	(647)	(3,999)
(Increase)/decrease in receivables	82,948	(280,559)	19,336	(39,913)
Increase in inventories	(276,144)	(154,714)	-	-
(Increase)/decrease in other assets/liabilities	10,528	(8,119)	4,135	628
(Increase)/decrease in financial assets	(1,648)	31,130	(6,493)	-
(Decrease)/increase in creditors	(64,676)	136,197	(43,526)	74,392
Increase/(decrease) in provisions for employee entitlements	1,079	14,977	-	(10,782)
Net cash inflows/(outflows) from operating activities	120,920	(13,475)	(38,466)	101,542

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

39. Acquisition of businesses

The Mirvac Group, acquired Controlling interests in the following companies during the year ended 30 June 2008.

Domaine Property Funds Limited

Mirvac Funds management acquired the remaining 50% interest in Domaine Property Funds Limited for consideration of \$40,726,000 on 10 September 2007.

	100% carrying value at acquisition \$'000	Mirvac share of carrying value at acquisition \$'000	50% Recognised on acquisition at fair value \$'000	100% Recognised on consolidation at fair value \$'000
Property, plant and equipment	101	51	51	101
Cash and cash equivalents	5,049	2,525	2,525	5,049
Accounts receivables	13,501	6,751	6,751	13,501
Management contracts	-	-	7,255	7,255
Investments accounted for using the equity method	454	227	227	454
Other assets	12,674	6,337	6,337	774
Total assets	31,779	15,891	23,146	27,134
Accounts payable	2,152	1,076	1,076	2,152
Provisions	1,245	623	623	1,245
Borrowings	1,520	760	760	1,520
Other liabilities	12,223	6,111	6,111	804
Total liabilities	17,140	8,570	8,570	5,721
Fair value of identifiable net assets			14,576	(21,413)
Goodwill			28,150	34,959
			42,726	13,546

Cash outflow on acquisition is as follows:

	\$'000
Cash paid	40,726
Cash acquired on acquisition	(5,049)
Net cash outflow	35,677

From the date of acquisition Domaine Property Funds Limited has contributed a loss of \$265,655 to the net profit before tax of the Group.

If the acquisition had taken place at the beginning of the financial year, the net profit before tax for the Group would have decreased by \$111,000 and revenue from continuing operations would have increased by \$999,450.

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

39. Acquisition of businesses (continued)

Property Fund Australia Limited

Mirvac Funds management acquired the remaining 50% interest in Property Funds Australia Limited for consideration of \$18,355 000 on 10 October 2007.

	100% carrying value at acquisition \$'000	Mirvac share of carrying value at acquisition \$'000	50% Recognised on acquisition at fair value \$'000	100% Recognised on consolidation at fair value \$'000
Property, plant and equipment	62	31	31	62
Deferred income tax asset	325	163	163	325
Cash and cash equivalents	7,670	3,835	3,835	7,670
Accounts receivables	1,011	506	506	1,011
Management contracts	-	-	3,896	3,896
Other assets	350	175	175	350
Total assets	9,418	4,710	8,606	13,314
Accounts payable	675	337	337	675
Provisions	1,657	829	829	1,657
Other liabilities	1,062	531	531	1,062
Deferred income tax liability	19	10	10	19
Total liabilities	3,413	1,707	1,707	3,413
Fair value of identifiable net assets			6,899	9,901
Goodwill			13,762	16,230
			20,661	26,131

Cash outflow on acquisition is as follows:

	\$'000
Cash paid	18,355
Cash acquired on acquisition	(7,670)
Net cash outflow	10,685

From the date of acquisition Property Funds Australia Limited have contributed \$1,295,083 to the net profit before tax of the Group.

If the combination had taken place at the beginning of the financial year, the net profit before tax for the Group would have increased by \$395,389 and revenue from continuing operations would have increased by \$4,173,122

Mirvac Group
Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2008

40. Events occurring after reporting date

Acquisition of Chantrey Limited

On 1 July 2008 Mirvac UK Limited, a wholly owned subsidiary, acquired the remaining 50% interest in Chantrey Limited for a cash consideration of \$548,000. Under the terms of the acquisition a final payment will be made in June 2010. The consideration payable will be calculated using a formula combining average funds under management and earnings before interest and tax (EBIT) as at that time.

The financial effect of the above transaction has not been brought to account at 30 June 2008. The operating results and assets and liabilities of the company will be consolidated from 1 July 2008.

Retirement and appointment of the Mirvac Group's Managing Director

On 27 July 2008, the Chairman of Mirvac Group, James MacKenzie, announced that the Board appointed Nick Collishaw, Mirvac's Executive Director, to take over the role of Managing Director on the retirement of Greg Paramor. Mr Paramor will leave Mirvac after delivering the Company's Annual Results on 26 August 2008.

Other events

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

Mirvac Group
Directors' declaration

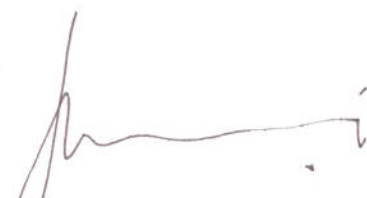
For the Year Ended 30 June 2008

In the Directors' opinion:

- (a) the financial statements and the notes set out on pages 49 to 139 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 company's and consolidated entity's financial position as at 30 June 2008 and of there performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (c) the remuneration disclosures set out on pages 13 to 27 of the Directors' report comply with Accounting Standards AASB 124 Related Party Disclosures and the *Corporations Regulations 2001*; and
- (d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 15 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 15.

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.



G.J. Paramor
Director

Sydney
26 August 2008

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Independent auditor's report
to the shareholders of Mirvac Limited

Report on the financial report

We have audited the accompanying financial report of Mirvac Limited (the Company), which comprises the balance sheet as at 30 June 2008, 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 Limited and the Mirvac Group (the consolidated entity). The consolidated entity comprises both the company and the entities it controlled at the year's end, including Mirvac Funds Limited as responsible entity for Mirvac Property 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 the company 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.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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 Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 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 complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

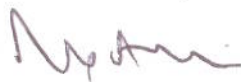
We have audited the Remuneration Report included in pages 13 to 27 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Mirvac Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers



R L Gavin
Partner

Sydney
26 August 2008

Mirvac Property Trust

and its controlled entities

Annual Financial Report

30 June 2008

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:

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 in 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 26 August 2008. The Directors have the power to amend and reissue the financial report.

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.au.

Mirvac Property Trust and its controlled entities

Directors' Report

30 June 2008

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 2008.

Mirvac Property Trust and its controlled entities together with Mirvac Limited and its controlled entities form the stapled entity, Mirvac 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 G J Paramor (retired 26 August 2008)
- Mr P J Biancardi
- Mr N R Collishaw
- Mr A G Fini
- 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:

	2008	2007
	\$'000	\$'000
June 2007 quarterly distribution paid on 27 July 2007 of 6.38 cents (2007: 4.65 cents)	64,725	41,410
September 2007 quarterly distribution paid on 26 October 2007 of 8.225 cents (2007: 6.38 cents)	84,042	57,313
December 2007 quarterly distribution paid on 25 January 2008 of 8.225 cents (2007: 6.38 cents)	84,514	63,807
March 2008 quarterly distribution paid on 24 April 2008 of 8.225 cents (2007: 6.38 cents)	89,786	64,293
Total distributions paid	323,067	226,823

The June 2008 quarterly distribution of 8.225 cents totalling \$90.6 million declared on 30 June 2008 was paid on 25 July 2008. Distributions paid and payable by the Trust for the year ended 30 June 2008 totalled \$348.9 million, being 32.9 cents per fully paid unit (2007: \$250.1 million – 25.52 cents per fully paid unit).

Mirvac Property Trust and its controlled entities
Directors' Report
30 June 2008

Review of operations

The net profit after tax for the consolidated entity attributable to unitholders for the year ended 30 June 2008 was \$396.0 million (2007: \$505.2 million). The operating profit (profit before specific non-cash and significant items) was \$288.1 million (2007: \$242.0 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 profit after tax and operating profit.

	2008	2007
	\$'000	\$'000
Net profit attributable to the unitholders	396,042	505,189
Specific non-cash items		
Net gains from fair value of investment properties	(181,808)	(245,805)
Net gains on fair value of derivative financial instruments	(18,572)	(38,738)
Amortisation of lease incentives	8,189	6,748
Straight line of lease revenue	(669)	-
Net losses from fair value of investment properties, derivatives and other specific non-cash items included in share of associates profits	10,560	6,261
Net (gains)/losses from fair value of investment properties, derivatives and other specific non-cash items included in minority interest	(1,757)	8,263
Significant items		
Impairment of investment in associates and joint ventures	76,110	-
Operating profit (profit before specific non-cash and significant items)	288,095	241,918

Highlights

Key financial highlights for the year ended 30 June 2008 include:

- AIFRS earnings of 38.23 cents per unit
- Operating profit of 27.81 cents per unit (profit before specific non-cash and significant items)
- Final distribution of 32.90 cents per unit
- Net increase of \$181.8 million in revaluations across the investment property portfolio
- Rise in NTA per unit to \$3.26 from \$3.13 at 30 June 2007

Mirvac Property Trust and its controlled entities
Directors' Report
30 June 2008

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:

	2008	2007
	\$'000	\$'000
Total assets	5,131,964	5,204,939

Significant changes in the state of affairs

Changes in the state of affairs of the consolidated entity are set out in the Directors Report and financial statements.

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 2008 that has significantly affected, or may significantly affect:

- (a) the consolidated entity 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 2008.

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.

Fees paid to the responsible entity or its associates

Fees paid to the Responsible Entity and its associates out of Trust property during the year were \$3,027,000 (2007: \$3,036,000). 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.

Mirvac Property Trust and its controlled entities
Directors' Report
30 June 2008

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 2008 are as follows:

Directors	Interests in units of related entities	Mirvac Property Trust Units
J A C MacKenzie		55,978
Mirvac Real Estate Investment Trust - units	93,841	
Mirvac Industrial Trust – units	122,643	
Mirvac Development Fund – Seascapes - units	300,000	
G J Paramor		5,755,654
Mirvac Domaine Land Fund – units	200,000	
Mirvac Tourist Park Portfolio – units	100,000	
Mirvac Industrial Trust – units	306,609	
Mirvac Development Fund – Meadow Springs – units	80,000	
Steel River Project – project units	500,000	
Performance Rights		327,270
Options		1,162,240
P J Biancardi		8,041
Mirvac Development Fund – Seascapes – units	25,000	
Mirvac Development Fund – Meadow Springs – units	50,000	
N R Collishaw		1,461,255
Mirvac Domaine Land Fund – units	17,500	
Mirvac Tourist Park Fund – units	10,000	
Mirvac Development Fund – Seascapes – units	25,000	
Tomago Project – project units	50,000	
Performance Rights		116,360
Options		413,240
A G Fini		8,816,781
Mirvac Development Fund – Seascapes – units	100,000	
Mirvac Development Fund – Meadow Springs – units	400,000	
Mirvac Industrial Trust – units	100,000	
Performance Rights		116,360
Options		413,240
P J O Hawkins		18,684
P Morris		42,841
R W Turner		69,241
Mirvac Development Fund – Seascapes – units	25,000	
Mirvac Development Fund – Meadow Springs – units	25,000	

Mirvac Property Trust and its controlled entities Directors' Report 30 June 2008

Directors' interests (continued)

Messrs Paramor, Collishaw and Fini participated in the long-term incentive plan and the general employee exemption plan with the approval of Mirvac Group's securityholders during the year.

For the year ended 30 June 2008, Mr Paramor received 327,270 performance rights and 1,162,240 options under the long-term incentive plan and 180 stapled securities under the general employee exemption plan.

For the year ended 30 June 2008, each of Messrs Collishaw and Fini received 116,360 performance rights and 413,240 options under the long-term incentive plan and 180 stapled securities under the general employee exemption plan.

Mirvac Group's Non-Executive Directors do not participate in any security purchase plan operated by the Mirvac Group other than the Distribution Reinvestment Plan on the same terms and conditions as are available to other Mirvac Group securityholders. However, with effect from 1 July 2008 Non-Executive Directors will be permitted to sacrifice some or all of their fees on a monthly basis to acquire Mirvac Group securities on market on a set day each month.

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 2008, options over 4,246,500 units were issued to Executives pursuant to Mirvac Group's Long Term Incentive Plan.

No units in the Trust or any of its controlled entities were issued during or since the year ended 30 June 2008 as a result of the exercise of an option over unissued securities.

Non-audit services

The consolidated entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the consolidated entity are relevant (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 33 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.
- 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 2008

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 & 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.



G J Paramor
Director

Sydney
26 August 2008

PricewaterhouseCoopers
ABN 52 780 433 757

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Auditor's Independence Declaration

As lead auditor for the Mirvac Property Trust for the year ended 30 June 2008, 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
26 August 2008

Mirvac Property Trust and its consolidated entities
Income Statements
For the Year Ended 30 June 2008

		Consolidated		Parent entity	
	Note	2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Revenue					
Rental revenue from investment properties		318,984	305,278	173,020	170,853
Interest revenue	4	69,959	70,911	85,178	92,342
Distribution revenue		1,977	1,787	217,579	97,986
Other revenue		780	875	21	16
Total revenue		391,700	378,851	475,798	361,197
Other income					
Net gain on sale of investments		-	350	-	1,639
Net gain on assets reclassified as held for sale		48,578	13,988	-	8,011
Net gain on sale of investment property		41,146	27,167	1,357	24,590
Share of net profit of associates and joint ventures accounted for using the equity method		9,830	14,865	-	-
Net gain on financial instruments	4	19,533	41,115	18,572	38,738
Net gain from fair value adjustments on investment properties		181,808	245,805	101,961	168,697
Total other income		300,895	343,290	121,890	241,675
Total revenue and other income		692,595	722,141	597,688	602,872
Amortisation expense	5	(10,853)	(8,726)	(7,031)	(6,060)
Finance costs expense	5	(114,085)	(115,813)	(113,447)	(114,613)
Investment property outgoings		(85,749)	(77,616)	(44,187)	(45,090)
Impairment of investment in associates and joint ventures	5	(76,110)	-	(24,926)	-
Other expenses		(7,367)	(5,250)	(6,511)	(3,971)
Profit before income tax		398,431	514,736	401,586	433,138
Income tax expense	6(a)	(528)	-	-	-
Profit for the year		397,903	514,736	401,586	433,138
Profit attributable to minority interest		(1,861)	(9,547)	-	-
Net profit attributable to the unitholders of the Mirvac Property Trust		396,042	505,189	401,586	433,138

Earnings per unit for net profit attributable to the unitholders of the Mirvac Property Trust

Basic earnings per security	7	38.23	53.28
Diluted earnings per security	7	37.60	52.21

The above income statements should be read in conjunction with the accompanying notes.

Mirvac Property Trust and its consolidated entities
Balance Sheets
As at 30 June 2008

		Consolidated		Parent entity	
		2008	2007	2008	2007
	Note	\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	34	8,503	16,299	2,730	12,105
Receivables	8	887,904	942,683	967,897	1,261,820
Other financial assets at fair value through profit or loss	9	25,618	24,657	-	-
Assets classified as held for sale	10	-	53,500	-	7,500
Other assets	11	6,137	4,365	3,584	2,406
Total current assets		928,162	1,041,504	974,211	1,283,831
Non-current assets					
Derivative financial instruments	13	63,826	45,254	63,826	45,254
Investments accounted for using the equity method	12	365,257	439,535	-	-
Other financial assets	14	-	-	1,799,686	1,726,435
Investment properties	15	3,628,531	3,484,876	2,018,730	1,850,333
Property, plant and equipment	16	96,240	143,822	50,802	55,629
Intangible assets	17	49,948	49,948	-	-
Total non-current assets		4,203,802	4,163,435	3,933,044	3,677,651
Total assets		5,131,964	5,204,939	4,907,255	4,961,482
Current liabilities					
Payables	18	133,231	133,469	133,154	97,762
Provisions	20	90,555	64,737	90,561	64,737
Total current liabilities		223,786	198,206	223,715	162,499
Non-current liabilities					
Borrowings	19	1,326,734	1,838,117	1,301,178	1,838,117
Deferred tax liabilities	6(b)	206	-	-	-
Total non-current liabilities		1,326,940	1,838,117	1,301,178	1,838,117
Total liabilities		1,550,726	2,036,323	1,524,893	2,000,616
Net assets		3,581,238	3,168,616	3,382,362	2,960,866
Equity					
Contributed equity	21	2,880,164	2,512,905	2,880,176	2,512,917
Reserves	22	(27)	-	1,548	-
Retained earnings	23	642,802	595,657	500,638	447,949
Total parent entity interest		3,522,939	3,108,562	3,382,362	2,960,866
Minority interest	24	58,299	60,054	-	-
Total equity		3,581,238	3,168,616	3,382,362	2,960,866

The above balance sheets should be read in conjunction with the accompanying notes.

Mirvac Property Trust and its consolidated entities
Statements of Changes in Equity
For the Year Ended 30 June 2008

Consolidated	Note	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Minority Interest \$'000	Total \$'000
Balance at 1 July 2007		2,512,905	-	595,657	60,054	3,168,616
Exchange differences on translation of foreign operations	22	-	(27)	-	-	(27)
Net income recognised directly in equity		-	(27)	-	-	(27)
Net profit	23	-	-	396,042	-	396,042
Total recognised income and expenses for the year		-	(27)	396,042	-	396,015
EIS securities converted/sold/forfeited	21(b)	5,864	-	-	-	5,864
Contributions of equity, net of transaction costs	21(b)	361,395	-	-	-	361,395
Distributions provided for or paid	23	-	-	(348,897)	-	(348,897)
Minority interest	24	-	-	-	(1,755)	(1,755)
Balance at 30 June 2008		2,880,164	(27)	642,802	58,299	3,581,238
Balance at 1 July 2006		2,044,080	-	340,606	10,018	2,394,704
Net profit	23	-	-	505,189	-	505,189
Total recognised income and expenses for the year		-	-	505,189	-	505,189
EIS securities converted/sold/forfeited	21(b)	16,200	-	-	-	16,200
Contributions of equity, net of transaction costs	21(b)	452,625	-	-	-	452,625
Distributions provided for or paid	23	-	-	(250,138)	-	(250,138)
Minority interest	24	-	-	-	50,036	50,036
Balance at 30 June 2007		2,512,905	-	595,657	60,054	3,168,616

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

Mirvac Property Trust and its consolidated entities
Statements of Changes in Equity
For the Year Ended 30 June 2008

Parent entity	Note	Issued Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 July 2007		2,512,917	-	447,949	2,960,866
Exchange differences on translation of foreign operations	22	-	1,548	-	1,548
Net income recognised directly in equity		-	1,548	-	1,548
Net profit	23	-	-	401,586	401,586
Total recognised income and expenses for the year		-	1,548	401,586	403,134
EIS securities converted/sold/forfeited	21(b)	5,864	-	-	5,864
Contributions of equity, net of transaction costs	21(b)	361,395	-	-	361,395
Distributions provided for or paid	23	-	-	(348,897)	(348,897)
Balance at 30 June 2008		2,880,176	1,548	500,638	3,382,362
Balance at 1 July 2006		2,044,092	-	264,949	2,309,041
Net profit	23	-	-	433,138	433,138
Total recognised income and expenses for the year		-	-	433,138	433,138
EIS securities converted/sold/forfeited	21(b)	16,200	-	-	16,200
Contributions of equity, net of transaction costs	21(b)	452,625	-	-	452,625
Distributions provided for or paid	23	-	-	(250,138)	(250,138)
Balance at 30 June 2007		2,512,917	-	447,949	2,960,866

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

Mirvac Property Trust and its consolidated entities
Cash Flow Statements
For the Year Ended 30 June 2008

		Consolidated		Parent entity	
	Note	2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		338,366	325,325	196,557	183,486
Payments to suppliers (inclusive of goods and services tax)		(126,975)	(122,235)	(70,347)	(51,823)
		211,391	203,090	126,210	131,663
Interest received		69,474	75,169	85,178	92,337
Distributions received		35,118	21,685	161,774	100,175
Income taxes paid		(322)	-	-	-
Borrowing costs paid		(115,051)	(117,270)	(114,413)	(116,070)
Net cash inflows from operating activities	34(b)	200,610	182,674	258,749	208,105
Cash flows from investing activities					
Payments for property, plant and equipment		(9,618)	(100,118)	(226)	(7,394)
Payments for investment properties		(217,334)	(584,470)	(68,012)	(189,976)
Proceeds from the sale of investment properties		467,170	313,200	9,049	195,850
Contributions to joint venture and associate entities		(38,715)	(176,584)	(15,140)	(174,733)
Proceeds from sale of joint venture entities		12,800	17,263	12,800	17,263
Payments for units issued in controlled entities		-	-	(95,836)	(379,036)
Payments for other financial assets		-	(885)	-	-
Loans to entities related to the responsible entity		-	(405,000)	-	(405,000)
Repayment of loans by entities related to the responsible entity		50,000	335,000	50,000	335,000
Loans to controlled entities		-	-	(1,800)	(49,073)
Repayment of loans by controlled entities		-	-	338,030	28,684
Net cash inflows/(outflows) from investing activities		264,303	(601,594)	228,865	(628,415)
Cash flows from financing activities					
Proceeds from borrowings		677,620	1,805,000	649,716	1,805,000
Repayment of borrowings		(1,185,027)	(1,615,000)	(1,185,027)	(1,615,000)
Distributions paid		(207,021)	(117,940)	(207,015)	(117,940)
Distributions paid to minority interests in controlled entities		(3,618)	(1,185)	-	-
Proceeds from issue of units		245,337	360,151	245,337	360,151
Net cash inflows/(outflows) from financing activities		(472,709)	431,026	(496,989)	432,211
Net (decrease)/increase in cash and cash equivalents		(7,796)	12,106	(9,375)	11,901
Cash and cash equivalents at the beginning of the year		16,298	4,192	12,105	204
Cash and cash equivalents at the end of the year	34(a)	8,502	16,298	2,730	12,105

The above cash flow statements should be read in conjunction with the accompanying notes.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies

The Mirvac Group – 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 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 the Mirvac Group 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 the Mirvac Group as a whole.

The two Mirvac Group 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*.

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 Australian Stock Exchange 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 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 International Financial Reporting Standards (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.

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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(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 2008 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 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 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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

(iii) Joint ventures

Joint venture entities

The interests in a 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.

(iii) Foreign controlled entities

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

- Assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of the Balance Sheet;
- 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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

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 US controlled entity is also subject to US 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.

(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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(f) Business combinations (continued)

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 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 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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(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.

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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(k) Investments and other financial assets (continued)

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

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 and 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 consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(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 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)).

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 consolidated entity 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 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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(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.

(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

Ordinary securities 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 EIS are not classified as ordinary units, until such time as the employee loans are fully repaid or they leave the Mirvac Group.

(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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(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.

(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 UIG 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 2008 reporting periods. The consolidated entity's and the parent entity's assessment of the impact of these new standards and interpretations is as follows:

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. Summary of significant accounting policies (continued)

(aa) New accounting standards and UIG interpretations (continued)

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8. AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 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 Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.
- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]. The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It 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. A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It 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.
- 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. Revised accounting standards for business combinations and consolidated financial statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009, but may applied earlier. The new rules generally apply only prospectively to transactions that occur after the application date of the standard. Their impact will therefore depend on whether the consolidated entity will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application. Key changes include; all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income; all transaction cost will be expensed; the consolidated entity will need to decide whether to continue calculating goodwill based only on the parent's share of net assets or whether to recognise goodwill also in relation to the non-controlling (minority) interest; and when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

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 (2007: \$49,948,000). There was no impairment loss recognised during the period (2007: nil). Details on the assumptions used are provided in note 17.

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

During the period the consolidated entity impaired three investments accounted for using the equity method. The investments are tested for impairment, by comparing recoverable amounts (higher of value in use and fair value less costs to sell) with the carrying amounts, whenever there is indication that the investment may be impaired.

In determining the value in use of the investment, the consolidated entity estimates the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal. Details of this impairment and the assumptions used by management in assessing the impairment are provided in notes 26 and 27.

(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 \$25,618,000 (2007: \$24,657,000) and are disclosed as financial assets at fair value through profit or loss (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 \$3,628,531,000 (2007: \$3,484,876,000).

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

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 Constitution.

Geographical segment

The combined entity operates predominantly in Australia.

4. Revenue

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Interest revenue:				
Cash and cash equivalents	1,890	1,731	1,644	1,355
Loans to entities related to the responsible entity and controlled entities	68,069	69,180	83,534	90,987
Total interest revenue	69,959	70,911	85,178	92,342
Net gain on financial instruments:				
Net gain on interest rate derivatives	18,572	38,738	18,572	38,738
Gain on revaluation of other financial instruments	961	2,377	-	-
Net gain on financial instruments	19,533	41,115	18,572	38,738

5. Expenses

Profit for the year includes the following specific expenses:

Finance costs

Interest on bank overdraft and loans	113,180	113,083	112,542	111,883
Borrowing costs amortised	905	2,730	905	2,730
Total finance costs expense	114,085	115,813	113,447	114,613

Amortisation

Landlord fit-outs	8,189	6,748	5,043	4,706
Deferred expenses	2,664	1,978	1,988	1,354
Total amortisation	10,853	8,726	7,031	6,060

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

5. Expenses (continued)

	Consolidated 2008 \$'000	2007 \$'000	Parent entity 2008 \$'000	2007 \$'000
Impairment of investment				
Impairment of investment in associates (note 26)	71,110	-	24,926	-
Impairment of investment in joint ventures (note 27)	5,000	-	-	-
Total impairment of investment in associates and joint ventures	76,110	-	24,926	-
Other charges against assets				
Bad and doubtful debts – trade debtors	320	8	420	(61)

6. Income tax

	Consolidated 2008 \$'000	2007 \$'000	Parent entity 2008 \$'000	2007 \$'000
(a) Income tax expense				
Income tax expense is attributable to:				
Increase in deferred tax liabilities (b)	206	-	-	-
US tax on foreign income	322	-	-	-
Total income tax expense	528	-	-	-

(b) Deferred tax liabilities

The balance comprise of temporary differences attributable to investment properties:

Movements				
Opening balance	-	-	-	-
Deferred tax expense	206	-	-	-
	206	-	-	-

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

7. Earnings per unit

	Consolidated 2008 Cents	2007 Cents
Earnings per unit		
Basic earnings per unit	38.23	53.28
Diluted earnings per unit ¹	37.60	52.21
Reconciliation of earnings used in calculating earnings per unit	\$'000	\$'000
Basic and diluted earnings per unit		
Net profit used in calculating earnings per unit	396,042	505,189
	Number	Number
Weighted average number of securities used as denominator	'000	'000
Weighted average number of securities used in calculating basic earnings per unit	1,036,006,036	948,120,903
Adjustment for calculation of diluted earnings per unit:		
Securities issued under EIS	17,438,211	19,542,385
Weighted average number of securities used in calculating diluted earnings per unit	1,053,444,247	967,663,288

¹ 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

	Consolidated 2008 \$'000	2007 \$'000	Parent entity 2008 \$'000	2007 \$'000
Current receivables				
Trade receivables	3,489	5,249	2,602	2,118
Provision for doubtful debts	(700)	(380)	(700)	(280)
	2,789	4,869	1,902	1,838
Loans to entities related to responsible entity	850,000	900,198	850,000	900,000
Amounts due from controlled entities	-	-	96,953	348,890
Other receivables	35,115	37,616	19,042	11,092
	887,904	942,683	967,897	1,261,820

(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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

8. Receivables (continued)

(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	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	(380)	(372)	(280)	(341)
Amounts written off during the year	166	266	106	224
Increase in allowance recognised in profit and loss	(486)	(274)	(526)	(163)
Balance at end of year	(700)	(380)	(700)	(280)

The consolidated entity has written off \$166,000 (2007: \$266,000) 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			
	2008		2007	
	Total	Bad debt	Total	Bad debt
	Receivables	Allowance	Receivables	Allowance
	\$'000	\$'000	\$'000	\$'000
Not past due	885,115	-	937,814	-
Past due 1 - 30 days	1,968	-	4,511	-
Past due 31 - 60 days	557	-	252	-
Past due 61 - 90 days	279	(15)	210	(104)
Past due 91 - 120 days	81	(81)	142	(142)
Past 120 days	604	(604)	134	(134)
Total	888,604	(700)	943,063	(380)

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

8. Receivables (continued)

(d) Credit risk (continued)

	2008		Parent entity	
	Total	Bad debt	Total	Bad debt
	Receivables	Allowance	Receivables	Allowance
	\$'000	\$'000	\$'000	\$'000
Not past due	965,995	-	1,259,982	-
Past due 1 - 30 days	1,562	-	1,516	-
Past due 31 - 60 days	338	-	216	-
Past due 61 - 90 days	182	(180)	174	(68)
Past due 91 - 120 days	24	(24)	111	(111)
Past 120 days	496	(496)	101	(101)
Total	968,597	(700)	1,262,100	(280)

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 \$39,062,000 (2007: 40,672,000). The carry 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 32 for the consolidated entity's exposure to interest rate risk.

9. Other financial assets at fair value through profit or loss

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Units in unlisted fund				
At beginning of the year	24,657	22,281	-	-
Revaluation	961	2,376	-	-
At end of the year	25,618	24,657	-	-

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.

(a) Price risk exposures

Refer to note 32 for the consolidated entity's exposure to price risk on other financial assets at fair value through profit or loss.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

10. Assets classified as held for sale

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Investment properties	-	53,500	-	7,500

11. Other assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Prepayments	6,137	4,365	3,584	2,406
	6,137	4,365	3,584	2,406

12. Investments accounted for using the equity method

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Shares in associates – accounted for using equity method (note 26)	281,911	356,813	-	-
Interests in joint ventures – accounted for using equity method (note 27)	83,346	82,722	-	-
	365,257	439,535	-	-

13. Derivative financial instruments

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Interest rate swap contracts – fair value	63,826	45,254	63,826	45,254

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

13. Derivative financial instruments (continued)

(a) Instruments used by the consolidated entity

Derivatives currently in place cover approximately 86% (2007 – 61%) of the loan principal outstanding. The fixed interest rates range between 5.65% and 6.30% (2007 – 5.65% to 6.12%). At 30 June 2008, the notional principal amounts and periods of expiry of the interest rate derivative contracts are as follows:

	2008	2008	2007	2007
	Interest rates	\$'000	Interest rates	\$'000
Less than 1 year	5.50% - 6.00%	100,000	5.50% - 6.00%	100,000
1 – 2 years	5.65% - 5.99%	175,000	5.65% - 5.99%	100,000
2 – 3 years	5.23% - 5.95%	150,000	5.65% - 5.99%	175,000
3 – 4 years	-	-	5.65% - 5.99%	150,000
4 – 5 years	-	-	-	-
Greater than 5 years	6.00% - 6.30%	700,000	6.00% - 6.12%	600,000
		1,125,000		1,125,000

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.

(b) Interest rate risk exposures

Refer to note 32 for the consolidated entity's exposure to interest rate risk on interest rate swaps.

14. Other financial assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Shares in controlled entities - at cost	-	-	1,609,155	1,513,318
Share in associates – (note 26)	-	-	167,005	194,921
Interest in joint ventures – (note 27)	-	-	23,526	18,196
	-	-	1,799,686	1,726,435

These financial assets are carried at cost.

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

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

14. Other financial assets (continued)

Units held in controlled entities of Mirvac Property Trust

Name of entity	Country of incorporation	Class of units	Equity Holding 2008 * %	Equity holding 2007 %
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	-
1900-2000 Pratt Inc.***	USA	Ordinary	100	-

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

** The Trust was acquired in July 2007

*** The Company was acquired in December 2007

Mirvac Property Trust and its consolidated entities
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15. Investment properties

	Notes	Date of acquisition	Consolidated Entity			Parent Entity			Last external valuation \$'000
			Cost & additions to 30/6/07 \$'000	Book value 30/06/2008 \$'000	Book value 30/06/2007 \$'000	Book value 30/06/2008 \$'000	Book value 30/06/2007 \$'000	Date of last external valuation	
Quay West Car Park, 111 Harrington Street, Sydney NSW		30/11/1989	37,606	48,000	45,000	48,000	45,000	31/03/2008	48,000
Orange City Centre, Summer Street, Orange NSW		05/04/1993	31,765	54,000	52,500	54,000	52,500	31/03/2008	54,000
Kawana Shoppingworld, Nicklin Way, Buddina QLD		09/12/1993 (1st 50%) 10/6/1998 (2nd 50%)	105,461	195,000	176,000	195,000	176,000	31/12/2007	195,000
Gippsland Centre, Cunninghame Street, Sale VIC		06/01/1994	34,966	52,750	55,700	52,750	55,700	30/06/2007	55,700
Como Centre, Cnr Toorak Road & Chapel Street, South Yarra VIC		18/08/1998	119,664	177,680	176,383	177,680	176,383	30/06/2007	176,383
James Ruse Business Park, 6 Boundary Road, Northmead NSW		14/07/1994	23,069	30,750	30,600	30,750	30,600	31/12/2006	30,500
40 Miller Street, North Sydney NSW		31/03/1998	66,989	100,000	95,500	100,000	95,500	31/03/2008	100,000
1 Castlereagh Street, Sydney NSW		18/12/1998	50,283	87,500	72,000	87,500	72,000	31/12/2007	87,000
271 Lane Cove Road, North Ryde NSW		05/04/2000	18,669	43,500	30,700	43,500	30,700	31/03/2008	43,500
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC		04/10/1995 (1st 50%) 02/4/2001 (2nd 50%)	90,006	115,500	92,500	-	-	31/12/2007	114,500
164 Grey Street, Southbank QLD	15(d)	29/06/2001	7,137	19,000	14,500	19,000	14,500	31/12/2007	19,000
Bay Centre, Cnr Pirrama & Edward Streets, Pyrmont NSW	15(d)	29/06/2001	57,858	111,000	88,500	111,000	88,500	31/03/2008	111,000
200 George Street, Sydney NSW		31/10/2001 15/04/2002	24,689	30,500	28,000	-	-	31/03/2008	30,500
Building 1,2,3 & 7, Riverside Quay, Southbank VIC	15(d)	01/7/2003	119,068	129,000	128,450	129,000	128,450	30/06/2007	128,450
John Oxley Centre, 339 Coronation Drive, Milton QLD	15(d)	31/05/2002	43,470	66,250	58,500	66,250	58,500	30/06/2007	58,500
Blacktown Mega Centa, Blacktown Road, Blacktown NSW	15(d)	30/06/2002	32,352	48,500	45,000	48,500	45,000	30/06/2007	45,000
1-47 Percival Road, Smithfield NSW	15(d)	22/11/2002	20,926	25,300	23,800	25,300	23,800	31/03/2008	25,300
Waverley Gardens Shopping Centre, Cnr Police & Jackson Roads, Mulgrave VIC		15/11/2002	133,988	147,500	145,000	147,500	145,000	30/06/2007	145,000
The Village Centre, Charles Hackett Drive, St Marys NSW		17/01/2003	39,440	47,000	44,500	47,000	44,500	31/12/2007	48,000
Moonee Ponds Central, Homer Street, Moonee Ponds VIC		20/05/2003	26,302	25,600	25,500	25,600	25,500	31/03/2008	25,600
Hinkler Shopping Centre, Maryborough Street, Bundaberg QLD		12/08/2003	79,223	96,000	92,400	96,000	92,400	31/03/2008	96,000
190 George Street, Sydney NSW		05/08/2003	46,862	46,000	45,000	-	-	31/03/2008	46,000
44 Biloela Street, Villawood NSW	15(d)	24/09/2003	18,882	18,500	20,100	18,500	20,100	31/03/2008	18,500
64 Biloela Street, Villawood NSW		02/02/2004	22,702	25,800	25,000	25,800	25,000	31/03/2008	25,800
Stanhope Village, Sentry Drive, Stanhope Gardens NSW		14/11/2003	54,311	65,500	65,000	65,500	65,000	30/06/2007	65,000
333-343 Frankston-Dandenong Rds & 4 Abbotts Road, Dandenong South, VIC		15/01/2004	12,631	15,350	13,700	15,350	13,700	31/03/2008	15,350
189 Grey Street, Southbank QLD		19/04/2004	39,224	72,000	65,000	72,000	65,000	30/06/2007	65,000
Ballina Central, Ballina NSW		01/12/2004	44,711	40,200	42,500	40,200	42,500	31/03/2008	40,200

Mirvac Property Trust and its consolidated entities
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		Consolidated Entity			Parent Entity				
	Notes	Date of acquisition	Cost & additions to 30/6/07 \$'000	Book value 30/06/2008 \$'000	Book value 30/06/2007 \$'000	Book value 30/06/2008 \$'000	Book value 30/06/2007 \$'000	Date of last external valuation	Last external valuation \$'000
Nexus Industry Park (Atlas) , Prestons NSW		03/08/2004	16,945	20,300	19,500	20,300	19,500	31/03/2008	20,300
Nexus Industry Park (EWR), Prestons NSW		03/08/2004	13,034	15,000	14,500	15,000	14,500	30/06/2007	14,500
Nexus Industry Park (Building 3), Prestons NSW		03/08/2004	20,213	25,250	-	25,250	-	31/12/2007	26,000
1 Darling Island, Pyrmont, NSW		15/05/2006	134,501	186,500	155,000	186,500	155,000	31/12/2006	144,500
Kwinana Hub Shopping Centre, Cnr Gilmore & Chisham Aves, Kwinana WA		16/09/2005	27,494	30,000	29,500	30,000	29,500	31/03/2008	30,000
Perpetual Trustees Building, 10 Rudd Street, Canberra ACT		15/10/1987	14,843	22,000	19,600	-	-	31/03/2008	22,000
54 Marcus Clarke Street, Canberra, ACT		15/10/1987	14,271	21,000	19,500	-	-	31/12/2006	18,800
St George Centre, 60 Marcus Clarke Street, Canberra ACT		01/09/1989	47,010	58,023	54,000	-	-	31/03/2008	58,000
Arts House, 40 Macquarie Street, Barton ACT		08/12/1995	-	-	19,000	-	-	30/06/2005	18,000
38 Sydney Avenue, Forrest ACT		26/06/1996	32,019	44,500	39,500	-	-	31/12/2006	38,000
101-103 Miller Street, North Sydney ¹		30/06/1994	189,982	228,500	372,000	-	-	30/06/2007	372,000
The Metcentre, 60 Margaret Street, Sydney NSW (50% interest)		06/08/1998	188,524	235,000	191,000	-	-	31/12/2007	227,000
127 Creek Street, Brisbane QLD		01/05/1998	-	-	88,972	-	-	30/06/2006	72,000
253 Wellington Road & 18-20 Compark Circuit, Mulgrave VIC		01/08/2001	15,924	15,200	19,000	-	-	31/03/2008	15,200
30-32 Compark Circuit, Mulgrave VIC		01/02/2003	6,723	6,550	8,300	-	-	31/03/2008	6,550
Peninsula Lifestyle Centre, 1128 Nepean Highway, Mornington VIC		01/12/2003	55,307	56,000	58,500	-	-	30/06/2007	58,500
Logan Mega Centre, Slacks Creek QLD		01/03/2007	80,984	83,750	82,500	-	-	30/06/2007	82,500
Orion Springfield, Springfield Lakes QLD		15/03/2007	130,478	150,000	155,000	-	-	30/06/2007	155,000
Broadway Shopping Centre, Broadway NSW		15/01/2007	227,393	227,000	226,500	-	-	-	-
Rhodes Shopping Centre, Rhodes NSW		15/01/2007	106,214	111,500	111,500	-	-	-	-
Lake Haven Mega Centre, Lakehaven NSW		15/01/2007	52,256	42,250	-	-	-	31/12/2007	47,000
Glasshouse, 48 Furzer St, Phillip ACT		19/07/2007	78,345	73,920	-	-	-	31/03/2008	74,000
1900-2000 Pratt Blvd, Elk Grove Village, Illinois USA		06/12/2007	42,608	42,608	-	-	-	-	-
7 Railway St, Chatswood NSW		11/08/2003	-	-	4,171	-	-	31/12/2005	3,750
Total investment properties				3,628,531	3,484,876	2,018,730	1,850,333		

1. During the period 50% of this investment property was disposed of. The book value reported at 30 June 2007 is the value at 100% ownership.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

15. Investment properties (continued)

(a) Reconciliation of carrying amounts of investment properties

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
At fair value:				
Opening balance at 1 July	3,484,876	2,887,069	1,850,333	1,724,294
Additions	220,391	572,366	68,283	104,132
Disposals	(349,554)	(263,845)	-	(151,100)
Properties classified as held for sale	-	(53,500)	-	(7,500)
Net gains on assets held for sale	48,578	13,988	-	8,011
Net gains from fair value adjustments	181,808	245,805	101,961	168,696
Transfer from property, plant and equipment	57,199	91,719	5,184	9,860
Amortisation	(10,853)	(8,726)	(7,031)	(6,060)
Foreign currency translation loss	(3,914)	-	-	-
Closing balance at 30 June	3,628,531	3,484,876	2,018,730	1,850,333

(b) Amounts recognised in profit and loss for investment property

Rental income	318,984	305,278	173,020	170,853
Direct operating expenses from property that generated rental income	(85,749)	(77,617)	(44,187)	(45,090)

(c) Valuation basis

Investment properties are revalued by external valuers on a rotation basis with one half of the portfolio being valued annually. The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between knowledgeable willing parties in an arm's length transaction. Investment properties which are not subject to an external valuation at the reporting date are carried at internal Directors' valuation.

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

(d) Non-current assets pledged as security

These properties are secured as part of The Mirvac Group Commercial Mortgage Backed Security issue. Refer to note 19(a) for information on non-current assets pledged as security by the Trust or its controlled entities.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

15. Investment properties (continued)

(e) Property portfolio

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

	Consolidated 2008 \$'000	2007 \$'000
Investment properties per Balance Sheet	3,628,531	3,484,876
Properties classified as current assets held for sale	-	53,500
Properties under construction classified as property, plant and equipment	96,240	143,822
	3,724,771	3,682,198

16. Property, plant and equipment

Reconciliation of carrying amounts of property, plant & equipment

	Consolidated 2008 \$'000	2007 \$'000
Consolidated		
<i>Year ended 30 June 2008</i>		
Opening net book amount	143,822	135,423
Additions	9,617	100,118
Transfer to investment properties	(57,199)	(91,719)
Closing net book amount	96,240	143,822
<i>At 30 June 2008</i>		
Cost of fair value	96,240	143,822
Accumulated depreciation	-	-
Net book amount	96,240	143,822

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

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

17. Intangible assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'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. 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	
	2008	2007	2008	2007
Property investment	5%	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 post-tax and reflect specific risks relating to the relevant segments and the countries in which they operate.

The recoverable amount of goodwill for property investment exceeds its carrying value as at 30 June 2008. For the carrying value to exceed the recoverable amount there would have to be significant changes to key assumptions. The consolidated entity deem the chances of these significant changes occurring as highly unlikely.

18. Payables

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Trade creditors	14,255	10,930	7,248	6,305
Other creditors and accruals	31,591	16,040	3,265	9,074
Rent in advance	6,659	8,039	4,513	4,260
Security deposits received	1,779	1,595	1,271	1,146
Amount owing to entities related to the responsible entity	78,947	96,865	71,259	76,977
Amounts due to controlled entities	-	-	45,598	-
	133,231	133,469	133,154	97,762

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

19. Borrowings

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Unsecured				
Syndicated bank loans	828,697	1,340,000	803,141	1,340,000
Medium term notes	500,000	500,000	500,000	500,000
Deferred borrowing costs	(1,963)	(1,883)	(1,963)	(1,883)
	1,326,734	1,838,117	1,301,178	1,838,117

Syndicated Bank loans

The Mirvac Group has an unsecured revolving syndicated loan facility totalling \$2,225 million (2007: \$2,225 million), of which \$1,112.5 million, undrawn at 30 June 2008 (2007: \$1,112.5 million) matures in June 2009 and \$1,112.5 million (2007: \$1,112.5) matures in June 2011. During the financial year, Mirvac signed \$200m of bilateral facilities of which \$150 million expires in March 2011 and \$50 million in June 2011. Subject to the compliance with the terms, the bank loan facilities may be drawn at any time.

Commercial notes (CMBS)

The Mirvac Group has one issue of commercial notes outstanding under its Commercial Mortgage Backed Securities (CMBS) program totalling \$138 million which matures on 22 October 2008 (2007: \$138 million). Interest is payable semi-annually in arrears in accordance with the terms of the notes. At expiry, the CMBS will be repaid from existing undrawn facilities. None of this facility is currently utilise by the consolidated entity.

Domestic medium term notes program

The Mirvac Group 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.

(a) Assets pledged as security

The CMBS is secured by a first ranking real property mortgages and a fixed and floating charge over specific investment properties of the consolidated entity. 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	
		2008	2007	2008	2007
	Note	\$'000	\$'000	\$'000	\$'000
The carrying amount of assets pledged as security are:					
First ranking real property mortgage					
Investment properties	15(d)	417,550	378,850	417,050	378,850
Total assets pledged as security		417,550	378,850	417,050	378,850

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

19. Borrowings (continued)

(b) Financing arrangements

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Total facilities				
Domestic medium term note	500,000	500,000	500,000	500,000
Syndicated bank loans *	2,425,000	2,225,000	2,425,000	2,225,000
	2,925,000	2,725,000	2,925,000	2,725,000
Used at balance date				
Domestic medium term note	500,000	500,000	500,000	500,000
Syndicated bank loans *	1,228,697	1,398,127	1,228,697	1,398,127
	1,728,697	1,898,127	1,728,697	1,898,127
Unused at balance date				
Domestic medium term note	-	-	-	-
Syndicated bank loans *	1,196,303	826,873	1,196,303	826,873
	1,196,303	826,873	1,196,303	826,873

* Total syndicated bank loan facilities relate to Mirvac Group, these facilities are available to the consolidated entity. The consolidated entity has drawn down \$829 million at 30 June 2008 (2007: \$1,340 million).

(c) Fair value

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
On Balance Sheet				
<i>Non traded financial liabilities</i>				
Domestic medium term notes	500,000	500,000	500,000	500,000
Syndicated bank loans	828,697	1,340,000	803,141	1,340,000
	1,328,697	1,840,000	1,303,141	1,840,000

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 consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

19. 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 28. 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.

20. Provisions

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Distributions payable	90,555	64,737	90,561	64,737
Movements:				
Carrying amount at beginning of year	64,737	41,422	64,737	41,422
Interim and final distributions	348,897	250,138	348,897	250,138
Payments made during the year (including issue of units under Mirvac Distribution Reinvestment Plan)	(323,079)	(226,823)	(323,073)	(226,823)
Carrying amount at end of year	90,555	64,737	90,561	64,737

21. Contributed equity

(a) Paid up capital

	2008	2007	2008	2007
Consolidated	Units	Units	\$'000	\$'000
Mirvac Property Trust – ordinary units issued	1,084,371,184	995,918,784	2,880,164	2,512,904
Total contributed equity	1,084,371,184	995,918,784	2,880,164	2,512,904

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

21. Contributed equity (continued)

(b) Movements in paid up capital of the Trust for the 2008 and 2007 years were as follows:

Consolidated	Issue date	Issue price	Note	Consolidated No of units	
				000's	\$'000's
Opening balance at 30 June 2007				995,920	2,512,905
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	01/02/2008	\$4.27	(f)	57,692	246,570
Distribution reinvestment plan issues	24/04/2008	\$3.13	(d)	9,348	29,281
Less: Transaction costs arising on share issue				-	(1,234)
EIS securities converted/sold/forfeited	various			2,338	5,864
Balance at 30 June 2008				1,084,371	2,880,164
Opening balance at 30 June 2006				870,038	2,044,080
Distribution reinvestment plan issues	28/07/2006	\$3.41	(d)	7,693	26,199
Distribution reinvestment plan issues	27/10/2006	\$3.64	(d)	7,846	28,570
Equity raising	31/10/2006	\$3.81		78,125	297,300
Security purchase plan	18/12/2006	\$3.81	(e)	9,509	36,209
Escrow profit shares	22/12/2006	\$3.46		2,605	9,016
Distribution reinvestment plan issues	25/01/2007	\$4.17	(d)	7,530	31,363
Distribution reinvestment plan issues	27/04/2007	\$4.13	(d)	6,852	28,321
Less: Transaction costs arising on share issue				-	(4,353)
EIS securities converted/sold/forfeited	various			5,722	16,200
Balance at 30 June 2007				995,920	2,512,905

Ordinary units

All ordinary units are fully paid at 30 June 2008. Ordinary securities 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 consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

21. Contributed equity (continued)

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

Current LTI Plan

As at 30 June 2008, 2,910,520 performance rights and 4,246,500 options were issued to participants under the current LTI plan. No performance rights or options vested during the year to 30 June 2008.

Employee Exemption Plan

As at 30 June 2008, 664,588 (2007: 302,968) 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 (2007: 3,719,135 ordinary stapled securities). The total of stapled securities issued to employees under the superseded LTI and EIS at 30 June 2008 is 16,605,128 (2007: 18,583,435). The market price per ordinary stapled security at 30 June 2008 was \$2.96 (2007: \$5.70). Securities issued as part of the Mirvac EIS are not classified as ordinary securities, until such time as the employee loans are fully repaid or they leave the Mirvac Group.

(d) Distribution reinvestment plan

Under the distribution reinvestment plan, unitholders 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% discount to the market price.

(e) Unit placement with institutions

Units eligible for issue under the distribution reinvestment plan, and not taken up by unitholders, for the December 2005 and March 2006 quarter distributions, were placed with JP Morgan Australia Limited respectively, under underwriting agreements. The placement units were issued at the same price as the distribution reinvestment plan issue.

(f) Capital placement

During the period Mirvac 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).

In October 2006 the Mirvac Group undertook an equity raising of \$375 million (consolidated entity's share \$297.3 million) through an institutional placement. Mirvac also offered its retail securityholders the opportunity to acquire additional securities at the same price as the institutional placement through a security purchase plan.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

21. Contributed equity (continued)

(h) Reconciliation of securities issued 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 employees leaves the Mirvac Group.

Total ordinary units issued as detailed above is reconciled to units issued on the Australian Stock Exchange (ASX) as follows:

	2008 Number	2007 Number
Total ordinary securities issued	1,084,371,184	995,918,784
Securities issued under EIS	16,605,128	18,583,435
Total securities issued on ASX	1,100,976,312	1,014,502,219

(i) Capital risk management

Refer to note 32 for the consolidated entity's capital risk management.

22. Reserves

	Consolidated 2008 \$'000	2007 \$'000	Parent entity 2008 \$'000	2007 \$'000
a) Reserves				
Currency fluctuation reserve	(27)	-	1,548	-
b) Movements in reserves:				
<i>Currency fluctuation reserve</i>				
Opening balance	-	-	-	-
(Decrease)/Increase in reserve due to translation of foreign controlled entity	(27)	-	1,548	-
Closing balance	(27)	-	1,548	-

(c) Nature and purpose of reserves

(i) 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 consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

23. Retained profits

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Retained earnings at the beginning of the year	595,657	340,606	447,949	264,949
Net profit attributable to the unitholders of the Mirvac Property Trust	396,042	505,189	401,586	433,138
Distributions provided for or paid	(348,897)	(250,138)	(348,897)	(250,138)
Retained earnings at the end of the year	642,802	595,657	500,638	447,949

24. Minority interest

	Consolidated	
	2008	2007
	\$'000	\$'000
Interest in:		
Unit capital	51,792	51,792
Retained earnings	6,507	8,262
	58,299	60,054

25. Distributions

Ordinary units	Consolidated	
	2008	2007
	\$'000	\$'000
Quarterly ordinary distributions paid as follows:		
8.225 cents per ordinary unit paid on 26 October 2007	84,042	
6.38 cents per ordinary unit paid on 27 October 2006		57,313
8.225 cents per ordinary unit paid on 25 January 2008	84,514	
6.38 cents per ordinary unit paid on 25 January 2007		63,807
8.225 cents per ordinary unit paid on 24 April 2008	89,786	
6.38 cents per ordinary unit paid on 27 April 2007		64,293
8.225 cents per ordinary unit paid on 25 July 2008	90,555	
6.38 cents per ordinary unit paid on 27 July 2007		64,725
Total distribution 32.9 cents per fully paid ordinary unit (2007: 25.52 cents per ordinary unit)	348,897	250,138

Distribution Reinvestment Plan (DRP)

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

Paid in cash	207,021	117,940
Satisfied by the issue of units	116,058	108,883
	323,079	226,823

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

26. 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	
		2008	2007	2008	2007
		%	%	\$'000	\$'000
Mirvac Real Estate Investment Trust	Listed property investment trust	23%	20%	134,841	174,868
Mirvac Industrial Trust	Listed property investment trust	14%	9%	23,156	38,343
Tuckerbox Pty Ltd	Hotel investment	1%	1%	1,494	1,494
Mirvac Wholesale Hotel Fund	Hotel investment	45%	49%	122,420	142,108
				281,911	356,813

Each of the above associates is incorporated in Australia.

	Consolidated 2008 \$'000	2007 \$'000
Movements in carrying amounts		
Carrying amount at the beginning of the year	356,813	196,061
New investment during the reporting period	20,585	177,771
Impairment of investment	(71,110)	-
Distributions received	(29,333)	(20,591)
Share of profits	4,956	3,572
Balance at end of the financial year	281,911	356,813

Associate entities - aggregate share of entities' assets and liabilities		
Current assets	255,054	236,332
Non-current assets	2,868,409	2,745,393
Total assets	3,123,463	2,981,725
Current liabilities	773,755	259,070
Non-current liabilities	743,143	1,029,978
Total liabilities	1,516,898	1,289,048
Net Assets	1,606,565	1,692,677

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

26. Investments in associates (continued)

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

	Consolidated	
	2008	2007
	\$'000	\$'000
Aggregate share of entities' revenues, expenses and results		
Revenues	182,905	196,314
Expenses	156,734	75,749
Profit before income tax	26,171	120,565
Share of associates expenditure commitments		
Capital commitments	51,230	6,700
Fair value of listed investments in associates:		
Mirvac Real Estate Investment Trust	89,502	169,480
Mirvac Industrial Trust	12,178	38,083

(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. In valuing Mirvac Real Estate Investment Trust, a post-tax discount rate of 9% was applied to future estimated distributions, which resulted in an impairment expense of \$50,813,000. In valuing Mirvac Industrial Trust, a post-tax discount rate of 13% was applied to future estimated distributions, which resulted in an impairment expense of \$20,297,000.

27. Investment in joint ventures

(a) Joint Venture Entities

Joint Venture entities are equity accounted and are included in investments in Joint Ventures – refer note 12.

Name	Principal activities	Ownership		Consolidated	
		2008	2007	2008	2007
		%	%	\$'000	\$'000
197 Salmon Street Trust	Property investment	50%	50%	56,299	56,010
Mirvac AustralianSuper Trust	Property investment	50%	50%	23,527	18,192
Old Wallgrove Road Trust	Property investment	50%	50%	3,520	8,520
				83,346	82,722

Each of the above JV is incorporated in Australia

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

27. Investment in joint ventures (continued)

(b) Joint Venture Entities

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

	Consolidated 2008 \$'000	2007 \$'000
Movement in carrying amount of investment in entities		
Carrying amount at the beginning of the financial year	82,722	98,050
New capital contributions	5,330	1,286
Repayment of capital contributions	-	(2,500)
Distributions received/contributions repaid	(4,580)	(8,384)
Impairment of investment	(5,000)	-
Disposal of investment	-	(17,527)
Share of profits	4,874	11,797
Carrying amount at the end of the financial year	83,346	82,722
Joint venture entities – aggregate share of entities' assets and liabilities		
Current assets	4,850	9,232
Non-current assets	196,919	187,954
Total assets	201,769	197,186
Current liabilities	3,003	9,618
Non-current liabilities	29,498	29,498
Total liabilities	32,501	39,116
Net Assets	169,268	158,070
Aggregate share of entities' revenues, expenses and results		
Revenues	11,734	27,887
Expenses	1,987	4,292
Profit before income tax	9,747	23,595
Share of joint venture expenditure commitments		
Capital commitments	2,930	-

(c) Impairment of investment

The consolidated entity currently holds an investment in Old Wallgrove Road Trust. On a regular basis, the carrying value of these type of investments are compared to the discounted forecast future cash flows or the fair value less costs to sell of the underlying assets. In valuing Old Wallgrove Road Trust a review of the carrying value of the investment to the fair value less costs to sell of the assets of the entity resulted in an impairment expense of \$5,000,000.

Mirvac Property Trust and its consolidated entities
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28. Contingent liabilities

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Contingent liabilities in respect of certain performance guarantees granted in the normal course of business	526	8,528	-	10,700

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

29. Commitments

Capital commitments

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Investment properties				
Not later than one year	102,617	88,923	15,135	44,137
Later than one year but not later than 5 years	13,215	150,634	13,215	-
Later than 5 years	-	-	-	-
	115,832	239,557	28,350	44,137

30. Key management personnel

(a) Directors

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

Chairman – Non-Executive Director

J A C MacKenzie

Executive Directors

G J Paramor, Managing Director (retired 26 August 2008)

N R Collishaw (appointed Managing Director 26 August 2008)

A G Fini

Non-executive Directors

P J Biancardi

P J O Hawkins

P Morris

R W Turner

Mirvac Property Trust and its consolidated entities
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For the Year Ended 30 June 2008

30. Key management personnel (continued)

(b) Other key management personnel

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

Name	Position	Employer
E I Campbell	Chief Executive Western Australia	Mirvac Projects Pty Limited
J Carfi	Chief Executive New South Wales (appointed 21 April 2008)	Mirvac Projects Pty Limited
G J Collins	Chief Executive Victoria	Mirvac Projects Pty Limited
B Draffen	Chief Executive Development (appointed 21 April 2008 formerly Chief Executive New South Wales)	Mirvac Projects Pty Limited
C R Freeman	Chairman, Mirvac UAE, UK and QLD Development (appointed 21 April 2008 formerly Chief Executive Queensland)	Mirvac Projects Pty Limited
A Harrington	Joint Chief Executive Funds Management	Mirvac Projects Pty Limited
G B Hodgetts	Joint Chief Executive Funds Management	Mirvac Projects Pty Limited
J M Mitchell	Chief Financial Officer	Mirvac Projects Pty Limited
T J Regan	Chief Operating Officer	Mirvac Projects Pty Limited
A J Turner	Chief Executive Hotels	Mirvac Projects Pty Limited
M J Wallace	Chief Executive Queensland (appointed 21 April 2008)	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 consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

30. 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:

2008	Balance at start of the year	Securities issued under EEP	Other changes	Balance at end of the year
Directors				
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	55,886	-	92	55,978
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
Other key management personnel				
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

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

30. Key management personnel (continued)

2007	Balance at start of the year	Securities issued under EIS/LTI/EEP	Other changes	Balance at end of the year
Directors				
P J Biancardi	7,000	-	1,041	8,041
N R Collishaw	1,371,749	77,306	2,082	1,451,137
A G Fini	6,105,675	77,306	2,597,065	8,780,046
P J O Hawkins	9,000	-	9,684	18,684
J A C MacKenzie	53,751	-	2,115	55,866
P Morris	-	-	42,841	42,841
G J Paramor	5,414,938	339,495	1,041	5,755,474
R W Turner	65,224	-	2,864	68,088
Other key management personnel				
G J Collins	118,925	43,376	1,194	163,495
E I Campbell	53,285	31,037	1,041	85,363
B Draffen	78,523	58,027	-	136,550
C R Freeman	252,372	67,667	-	320,039
A Harrington	857,816	48,388	(298,518)	607,686
G B Hodgetts	46,383	48,196	1,056	95,635
R P Lynch (resigned 9 August 2006)	708,546	-	(708,546)	-
T J Regan	733,116	58,027	(158,518)	632,625
A J Turner	633,692	48,388	(41,959)	640,121

(ii) Options

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

2008	Balance at start of the year	Options issued under LTI	Balance at end of the year	Unvested
Directors				
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
Other key personnel				
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
M J Wallace	-	-	-	-

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
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30. Key management personnel (continued)

(iii) Performance rights

The number of performance rights in the Mirvac Group 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	Balance at end of the year
2008			
Directors			
N R Collishaw	-	116,360	116,360
A G Fini	-	116,360	116,360
G J Paramor	-	327,270	327,270
Other key personnel			
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 key management personnel

Detailed below are transactions between Directors and key management personnel with the Mirvac 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 A C MacKenzie was formerly a consultant to the accounting firm Deloitte Touche Tohmatsu ("Deloitte") until February 2008. Mr MacKenzie received no fees for this position and this position is not dependent on upon, and did not require Mr MacKenzie to, introduce new clients to Deloitte. Mr MacKenzie did not share in any profits of the firm. Mirvac has enjoyed a long standing relationship with Deloitte dating back a number of years before Mr MacKenzie joined the Mirvac Board in January 2005. The relationship between Mirvac and Deloitte has continued independently of Mr MacKenzie's role as a Board member of Mirvac, with Deloitte retained to provide specialist, non auditing services to the Mirvac Group. For the year ending 30 June 2008 Mirvac paid fees of \$279,524 to Deloitte.

Mr A G Fini is a Director of Fini Mirvac Group Management Pty Limited, the landlord at Mirvac Fini's head offices at Hay Street, Perth. Total rent paid for the financial year was \$408,273.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

30. Key management personnel (continued)

(f) Other transactions with Directors and key management personnel

Mr A G Fini leases an investment property to Mirvac as a display home at Hollywood Terraces. Total rent paid for the financial year was \$3,557.

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 N.R 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. GG Espresso Pty Limited was appointed to provide this service following a tender process in which Mr Collishaw took no part due to his interest in the matter.

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

31. 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.

(b) Directors and key management personnel

Disclosures relating to key management personnel are set out in note 30.

(c) Responsible entity's fee

As outlined in the Explanatory Memorandum dated 4 May 1999, as part of the merger of the Mirvac Group, 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 2008 were \$3,027,000 (30 June 2007: \$3,036,000) in accordance with the terms contained in the merger proposal in 1999.

(d) Controlled entities

Interests in controlled entities are set out in note 14.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
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31. Related parties (continued)

(e) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Revenue and other income				
Rental income from entities related to responsible entity	19,026	23,342	11,985	15,714
Interest received from entities related to responsible entity	67,726	69,180	67,726	69,180
Expenses				
Interest paid to entity related to responsible entity	978	1,249	343	1,249
Property management fee expense	7,596	7,080	4,086	3,730
Capital expenditure to entities related to responsible entity	32,572	221,110	28,470	95,681

(f) 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.

32. 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 Group 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 Group Treasury identifies, evaluates, reports and manages financial risks in close co-operation with the consolidated entity's operating units in accordance with board policy.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
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32. Financial risk management (continued)

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

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	8,503	16,299	2,730	12,105
Receivables	887,904	942,683	967,897	1,261,820
Other financial assets at fair value through profit or loss	25,618	24,657	-	-
Derivative financial assets	63,826	45,254	63,826	45,254
	985,851	1,028,893	1,034,453	1,319,179
Financial liabilities				
Payables	133,231	133,469	133,154	97,762
Borrowings	1,326,734	1,838,117	1,301,178	1,838,117
	1,459,965	1,971,586	1,434,332	1,935,879

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 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.

(i) Foreign exchange 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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

32. Financial risk management (continued)

(a) Market risk (continued)

(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.

			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	Total	
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Syndicated bank loans	828,697	-	-	-	-	-	-	828,697	
Medium term notes	500,000	-	-	-	-	-	-	500,000	
Interest rate swaps ¹	(1,125,000)	100,000	175,000	150,000	-	-	700,000	-	
Total	203,697	100,000	175,000	150,000	-	-	700,000	1,328,697	

			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	Total	
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Syndicated bank loans	1,340,000	-	-	-	-	-	-	1,340,000	
Medium term notes	500,000	-	-	-	-	-	-	500,000	
Interest rate swaps ¹	(1,125,000)	100,000	100,000	175,000	150,000	-	600,000	-	
Total	715,000	100,000	100,000	175,000	150,000	-	600,000	1,840,000	

¹ Notional principal amounts

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

32. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Cash

Cash held exposes the consolidated entity to cash flow interest rate risk. It is 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	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
	850,000	-	-	-	-	-	-	37,904	887,904

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
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	-	-	-	-	-	-	-	4,869	4,869
Related party receivables	900,000	-	-	-	-	-	-	198	900,198
Other receivables	-	-	-	-	-	-	-	37,616	37,616
	900,000	-	-	-	-	-	-	42,683	942,683

Mirvac Property Trust and its consolidated entities
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32. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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 \$21,428,000 (2007: increase of \$18,367,000). The impact on the consolidated entity's result of a 100 basis point decrease in interest rates would be a decrease in profit of \$26,135,000 (2007: \$25,442,000)

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 \$1,281,000 (2007: \$1,233,000).

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 on page 57.

To help manage this risk we have a policy for establishing credit limits for the entities we deal with which is based the size or previous trading experience of the entity. Based upon the size or previous trading experience, we may require collateral, such as bank guarantees, lease or security deposits in relation to the investment property. We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 28.

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.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

32. Financial risk management (continued)

(b) Credit risk (continued)

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 the Mirvac Group's Dividend Reinvestment Plan. Committed credit lines are kept available in order to take advantage of growth opportunities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets. The Trust's financial liabilities are largely inter-trust loan balances with entities within the consolidated entity, as such these balances do not pose any liquidity risk to the consolidated entity.

The consolidated entity has no current borrowings as such there is no liquidity risk to refinance any current borrowings.

(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 Group. The mix of debt and equity is measured by reference to the Mirvac Group's gearing ratio not to exceed 40%. At 30 June 2008 the gearing ratio (net debt to total assets) was 30.9%. In order to maintain or adjust the capital structure, we may adjust the amount of distributions paid to unitholders, return capital to unitholders or issue new units.

The Mirvac Group 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.

The Mirvac Group has complied with Borrowing covenant ratios as at 30 June 2008.

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

32. 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.

	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	
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-interest bearing							
Payables	133,231	-	-	-	-	-	133,231
Interest bearing							
Syndicated bank loans	63,194	950,756	-	-	-	-	1,013,950
Medium term notes	38,925	331,183	202,687	-	-	-	572,795
Derivatives							
Net settled (interest rate swaps)	3,590	1,538	(2,246)	-	-	-	2,882
Total	238,940	1,283,477	200,441	-	-	-	1,722,858

	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	
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-interest bearing							
Payables	133,469	-	-	-	-	-	133,469
Interest bearing							
Syndicated bank loans	86,611	972,671	506,179	-	-	-	1,565,461
Medium term notes	32,067	32,067	325,688	202,214	-	-	592,036
Derivatives							
Net settled (interest rate swaps)	823	1,460	(1,030)	(1,551)	-	-	(298)
Total	252,970	1,006,198	830,837	200,663	-	-	2,290,668

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

33. Remuneration of auditors

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

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(a) Assurance services				
Audit services – Australian firm				
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	361,865	327,000	361,865	281,500
Total remuneration for audit services	361,865	327,000	361,865	281,500
Other assurance and advisory services – Australian firm				
Audit of regulatory returns	21,000	16,000	21,000	16,000
Audit of property outgoing statements	160,000	95,155	55,000	37,700
Financial due diligence and transactions	30,000	-	30,000	-
Total remuneration for assurance services	211,000	111,155	106,000	53,700
Total remuneration for assurance services	572,865	438,155	467,865	335,200
(b) Taxation services				
Australian firm				
Tax compliance services, including review of trust income tax returns	72,120	96,860	19,820	38,038
Other tax services including Due Diligence	313,000	-	313,000	-
Total remuneration for taxation services	385,120	96,860	332,820	38,038

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

34. Note to the cash flow statement

	Consolidated		Parent entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
a) Reconciliation of cash				
<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	8,503	16,299	2,730	12,105
Cash assets	8,503	16,299	2,730	12,105
b) Reconciliation of net cash inflows from operating activities to profit after tax				
Net profit	397,903	514,736	401,586	433,138
Revaluation of investment properties	(181,808)	(245,805)	(120,533)	(168,697)
Amortisation	10,853	11,456	9,350	8,790
Non-cash rent free incentive	(9,815)	-	(7,305)	-
Impairment of investment in associates and joint ventures	76,110	-	24,926	-
Unrealised gain on other financials at fair value through profit or loss	(961)	-	-	-
Profit on sale of non-current assets	(41,146)	(27,167)	(1,357)	(24,590)
Profit on sale of investment	-	(350)	-	(1,639)
Net gain on held for sale assets	(48,578)	(13,988)	-	(8,011)
Unrealised gain on financial instruments	(18,572)	(41,115)	-	(38,738)
Deferred tax expense	209	-	-	-
Share of profits of associates and joint ventures not received as distributions	(9,830)	(14,865)	-	-
<i>Change in operating assets and liabilities, net of effects from purchase of controlled entity:</i>				
(Increase)/decrease in receivables	(2,867)	(14,812)	(47,890)	12,699
Increase)/decrease in other assets	32,142	27,919	(1,179)	(1,252)
(Decrease)/increase in creditors	(3,030)	(13,335)	1,150	(3,595)
Net cash inflows from operating activities	200,610	182,674	258,749	208,105

Mirvac Property Trust and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

35. Events occurring after reporting date

Retirement and Replacement of the Mirvac Group's Managing Director

On 27 July 2008, the Chairman of Mirvac Group, James MacKenzie, announced that the Board appointed Nick Collishaw, Mirvac's Executive Director, to take over the role of Managing Director on the retirement of Greg Paramor. Mr Paramor will leave Mirvac after delivering the Company's Annual Results on 26 August 2008.

Other events

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 and its consolidated entities
Notes to the Financial Statements
For the Year Ended 30 June 2008

Mirvac Property Trust and its controlled entities
Directors' declaration

For the Year Ended 30 June 2008

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 65 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 2008 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.



G J Paramor
Director

Sydney
26 August 2008

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**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 2008, 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 of both 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 of 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.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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 Mirvac Property Trust and consolidated entity's financial position as at 30 June 2008 and of their performance for the 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
26 August 2008